



**Buy Now,**

**Pay Later,**

**Win Every Time.**



Buy Now, Pay Later in LATAM

## Buy Now, Pay Later, Win Every Time.

Latin America, home to a burst in fintech activity, is poised to see adoption of Buy Now, Pay Later explode like a supernova.

The concept of Buy Now, Pay Later has been around for a while, but new technology has revolutionized this convenience across Latin America, an area with traditionally low financial inclusion rates.

Buy Now, Pay Later is, well, just what it sounds like – you grab your phone, find something you like on an app or online, be it an article of clothing or a durable consumer good like a washer and dryer.

You then arrange to take delivery of it today and pay later in a variety of ways that could include interest-free instalments or even via a longer-term, credit-based payment plan.

Buy Now, Pay Later (BNPL) is big business. According to the report published by Allied Market Research, the global BNPL market generated \$90.69 billion in 2020, and is projected to reach \$3.98 trillion by 2030, witnessing a compounded annual growth rate of 45.7% from 2021 to 2030<sup>1</sup>.

Some 69% of millennial shoppers are more likely to shop if Buy Now, Pay Later is available<sup>2</sup>.

For businesses, BNPL boosts payment options, which in turn, differentiates product and service offerings, which in turn, boosts sales conversions and empowers buyers to consider buying more. A truly virtuous cycle grows.

BNPL isn't new – think of your parent's retail department store credit cards in the mid-to-late Twentieth Century.

Technology, however, is making it new for countless millions now banked thanks to the rise of fintechs – as digital banking platforms such as Mambu's allow for rapid scaling and management of ecosystem partners in such a way that anyone involved in the delivery and financing of consumer goods and business inputs can do so seamlessly and with great agility. The best part is, this trend is in its infancy.

According to World Bank data, about 56% of Latin Americans are banked,

compared to about 85–90% in the U.S<sup>3</sup>.

They were deemed too unprofitable by incumbent institutions when requesting financing for personal or professional reasons. Technology is changing all that today.

The rise of fintechs offered services like payments to millions who had never held a bank account before, and these services have morphed into other products like loans, insurance and platforms to buy and sell securities.

The pandemic accelerated this trend, as emergency stimulus aid came in the form of bank cards in many countries, which essentially banked dozens of millions of people, giving them the wherewithal to shop online while sitting at home waiting for the pandemic to ease. Expect this trend to continue.

According to some studies, worldwide retail e-commerce sales grew...

**27.6%** 

on year in Covid-stricken 2020 to hit...

**\$4.28trn**

Worldwide, overall retail sales declined by...

**3.0%**  to \$23.839 trillion<sup>4</sup>.

- <https://www.globenewswire.com/news-release/2021/08/25/2285991/0/en/Buy-Now-Pay-Later-Market-to-Reach-3-98-Trillion-By-2030-Allied-Market-Research.html>
- Insider Intelligence, RBC Markets, Mambu Research
- <https://www.americanbanker.com/payments/news/visa-mastercard-enlist-fintechs-to-reach-latin-americas-unbanked>
- <https://www.emarketer.com/content/global-ecommerce-update-2021>

Latin America outpaced this global trend and saw e-commerce sales rise...

**36.7%**

while overall retail sales fell...

**3.4%**

Separately, the Latin American Federation of Banks (Felaban) has reported that digital banking grew at an average annual rate of...

**144%**   
in the 2009–2019 decade in the region.<sup>5</sup>

Add to that, the trade group pointed out digital banking could have expanded by an additional...

**50%**   
between 2020 and 2021 alone.

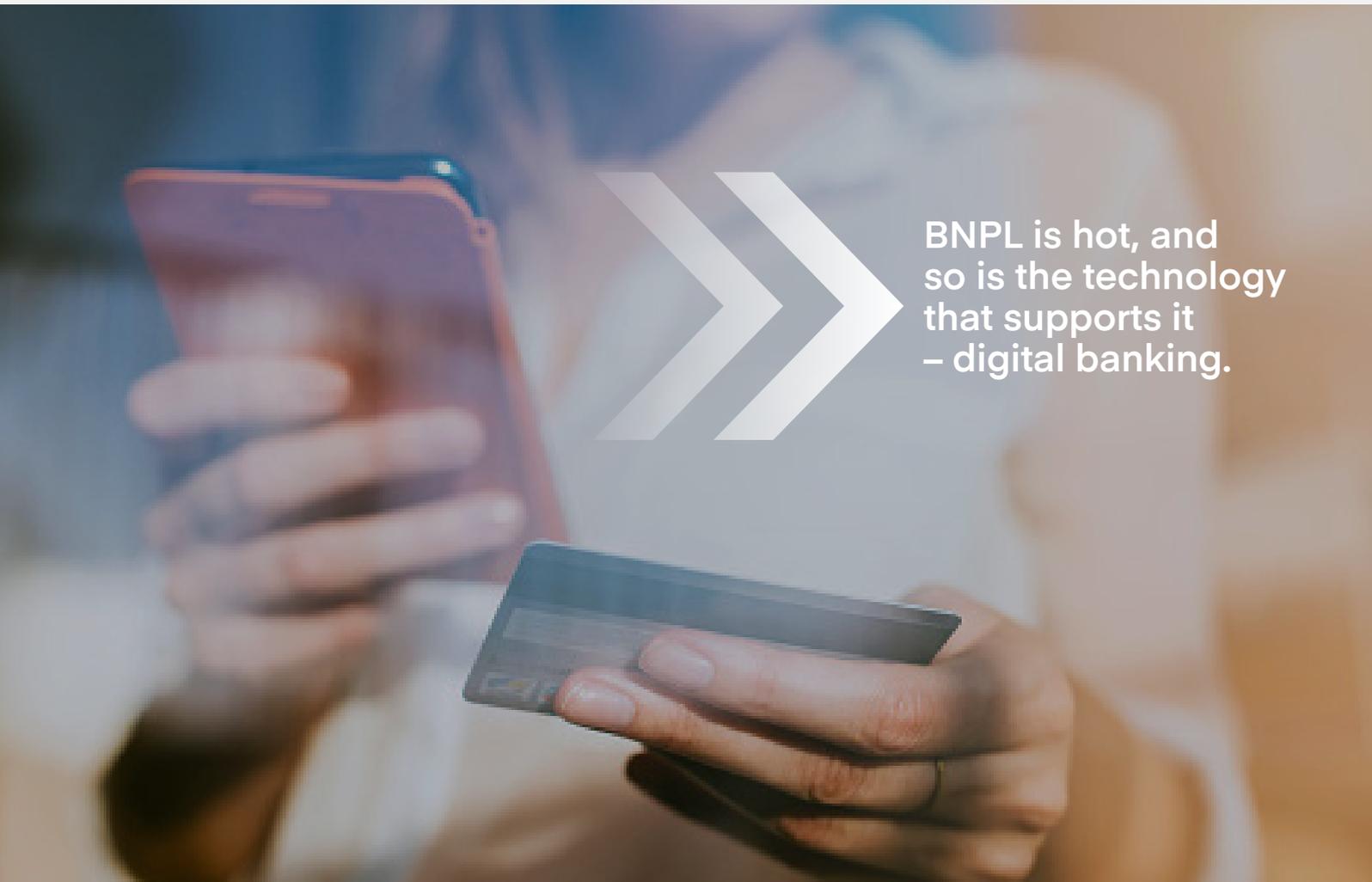
As a result, Latin America is poised to run through a BNPL boom.

A researchandmarkets.com survey found that the BNPL payment industry in the region is expected to grow by 92.9% on an annual basis to reach US\$9.2 billion in 2022.<sup>6</sup>

Add to that, the BNPL payment adoption is expected to grow steadily in the foreseeable period and record a compounded annual growth rate of 40.2% during 2022–2028.

<sup>5</sup> [https://felaban.s3-us-west-2.amazonaws.com/noticias/Reporte%20Inclusi%C3%B3n%20Financiera%202021%20VII\\_1.pdf](https://felaban.s3-us-west-2.amazonaws.com/noticias/Reporte%20Inclusi%C3%B3n%20Financiera%202021%20VII_1.pdf)

<sup>6</sup> [https://www.researchandmarkets.com/reports/5305007/latin-america-buy-now-pay-later-business-and?utm\\_source=BW&utm\\_medium=PressRelease&utm\\_code=7x4q6z&utm\\_campaign=1654314+-+2022+Latin+America+Buy+Now+Pay+Later+Business+and+Investment+Opportunities+Report&utm\\_exec=jamu273prd](https://www.researchandmarkets.com/reports/5305007/latin-america-buy-now-pay-later-business-and?utm_source=BW&utm_medium=PressRelease&utm_code=7x4q6z&utm_campaign=1654314+-+2022+Latin+America+Buy+Now+Pay+Later+Business+and+Investment+Opportunities+Report&utm_exec=jamu273prd)



BNPL is hot, and so is the technology that supports it – digital banking.

## The Age of the User Experience

The world is moving towards a new era where technology will optimize user experiences, meaning entities that offer financial services will no longer provide them things on a take-it-or-leave basis but rather, they'll offer endless bundles of products customized to particular individual and business needs.

BNPL and the broader realm of embedded finance (i.e., where entities like retailers, logistics firms, tech concerns and even brewers offer banking services like credit) will drive this trend big time.

And best of all, Mambu's platform will make it much easier for businesses to offer BNPL and embedded finance

solutions in terms of quick rollouts at lower costs and in ways that make innovation and integration with other parties and partners much easier than ever before.

Such convenience is key, and timely, because it's estimated that the market capitalization for embedded finance companies

will reach \$7.2 trillion within the next decade.<sup>7</sup>

That figure is twice the combined value of the world's top 30 banks today and more than the combined nominal GDPs of India, France and Italy.

Latin American success stories are already showing results.

Mambu customer Kueski, a Mexican consumer lender and BNPL specialist, raised...

Annual recurring revenue should soon approach...

# \$202m

in financing in 2021 to help it expand its BNPL model.<sup>8</sup>

# \$100m

a sign this hot sector is getting even hotter.

And it is poised to heat up in other areas of the industry as well as commerce grows increasingly digital.

A Mambu survey of roughly 3,000 consumers carried out in May 2021 showed that:

# 81%

would be interested in purchasing health insurance via an app and almost half of these would pay a small premium for the convenience.<sup>9</sup>

# 60%

would prefer to take out an education loan directly from their academic institution rather than a bank.

# 86%

would be interested in purchasing groceries from a cashier-less store.

7 <https://www.businessinsider.com/embedded-finance-explainer?IR=T>

8 <https://techcrunch.com/2021/12/02/mexican-bnpl-player-kueski-secures-202m-as-it-nears-100m-in-arr/>

9 <https://www.mambu.com/insights/press/retail-sector-set-to-account-for-almost-half-of-embedded-finance-market>

In Argentina, Ualá, a multinational fintech and also a Mambu client, gives its more than 3 million users a digital space to manage their personal finances as well as develop and build credit histories without needing historically tough-to-access accounts from traditional banks.

The mobile application operates via a free debit/prepaid Mastercard that allows users to make online and in-store purchases, including Buy-Now-Pay-Later (BNPL) solutions.



## Bringing Innovation to Life with Mambu

To succeed in the BNPL space, the ability to quickly scale up or down is of utmost importance.

Scaling and innovating on a traditional core banking system is challenging, costly and often clumsy when compared to a flexible and agile experience found on Mambu's digital banking core.

With the right platform, anyone getting into the BNPL space can easily orchestrate and launch hyper-personalized end-to-end financial services – without any coding or heavy lifting.

The end result is a very open and responsive ecosystem without single vendor lock-in.

Mambu's cloud banking platform, composable approach and proven APIs accelerate the orchestration, integration and automation of customized financial journeys.

Non-banks such as e-commerce providers can get on board with BNPL in a matter of weeks or months instead of years. Such speed enables organizations to quickly adapt to consumer preferences and keep up with changes in the market.

By enabling innovation in payments, we empower e-commerce platforms to maintain a competitive edge by delivering more consumer choice and a seamless user experience.

With Mambu you can streamline, simplify and automate, leaving more of your investment free to focus on customer acquisition and growth.

And we make compliance simpler too, lifting the burden from your shoulders by making your products reliable, secure and compliant.



**Mambu.**  
We make financial change happen.

[mambu.com](https://mambu.com)

[hello@mambu.com](mailto:hello@mambu.com)