Fintech: International Experience and Challenges

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2017 THE AMERICAS ALTERNATIVE FINANCE INDUSTRY REPORT Hitting Stride

BUSINESS ACCESS TO ALTERNATIVE FINANCE A DEEP-DIVE INTO MEXICO & CHILE

FINTECH

Innovaciones que no sabías que eran de América Latina y el Caribe
1. Fintech Landscape in Latin America
How many and where?

2017

700+ Startups identified

BRASIL 230 (32.7%)
MÉXICO 180 (25.6%)
COLOMBIA 84 (11.9%)
ARGENTINA 72 (10.2%)
CHILE 65 (9.2%)
OTROS 31 (4.4%)
How many and where?
2018

66% Growth

1160+ Firms identified
How many and where?

2018

- Brazil: 366
- Mexico: 273
- Colombia: 148
- Argentina: 116
- Chile: 84
- Peru: 57
- Ecuador: 34
- Uruguay: 28
- Venezuela: 11
- Costa Rica: 9
- Rep. Dominicana: 6
- Panama: 6
- Guatemala: 4
- El Salvador: 4
- Paraguay: 3
- Bolivia: 3
- Honduras: 2
- Nicaragua: 1

Total: 100%
Fintech “Multilatinas”

≈1/3 operating in more than one country
Year of incorporation

- (10.9%) antes del 2011
- (07.0%) 2011
- (07.7%) 2012
- (14.4%) 2013
- (15.1%) 2014
- (23.2%) 2015
- (21.8%) 2016
Has your company received any external funding or investments?

- **63%** No
- **34%** Yes

- **47.9%** Sponsoring Investors
- **30.0%** Accelerators
- **17.4%** Foreign Private Capital Funds
- **20.5%** Local Private Capital Funds
- **13.7%** Government Programs
- **11.1%** Other Corporate Institutions
- **7.9%** Financial Institutions
- **3.2%** Crowdfunding
Business Segments

54% B2C
46% B2B
Target Clients

≈46% aim to serve clients that remain excluded or underserved by the traditional sector.
Focus on SMEs

27% consider SMEs as their main client
Alternative Finance: LAC (US$)

2015-2016 growth: 209%
Alternative Finance: LAC segments (US$)

Business lending:
✓ 57% of total
✓ 239% growth

<table>
<thead>
<tr>
<th>Segment</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketplace/P2P Consumer Lending</td>
<td>$18.2M</td>
<td>$19.4M</td>
<td>$2.9M</td>
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<tr>
<td>Balance Sheet Consumer Lending</td>
<td></td>
<td>$73.9M</td>
<td></td>
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<tr>
<td><strong>Marketplace/P2P Business Lending</strong></td>
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<td></td>
<td>$188.5M</td>
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<tr>
<td>Balance Sheet Business Lending</td>
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<td>$22.6M</td>
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<tr>
<td>Marketplace/P2P Property Lending</td>
<td>$2.7M</td>
<td>$600K</td>
<td>$1.6M</td>
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<tr>
<td>Equity-based Crowdfunding</td>
<td>$7.3M</td>
<td>$2.1M</td>
<td>$151K</td>
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<tr>
<td>Real Estate Crowdfunding</td>
<td>$3.4M</td>
<td>$14.9M</td>
<td>$3.2M</td>
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<tr>
<td>Donation-based Crowdfunding</td>
<td>$9.7M</td>
<td>$5.2M</td>
<td>$2.2M</td>
</tr>
<tr>
<td>Reward-based Crowdfunding</td>
<td>$9.3M</td>
<td>$12.8M</td>
<td>$7.8M</td>
</tr>
<tr>
<td>Other</td>
<td>$6.5M</td>
<td></td>
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</table>
2. Challenges
Development Stage

Only a third is in a mature stage

2018 2017
Main Challenge for your firm in 2018

- Scaling-up remains as the main challenge
Are you currently fundraising?

- Yes, Equity
- Yes, Debt
- No
"Regulation is excessive."  "Current regulation is satisfactory or specific regulation isn’t required."  "There is no specific regulation and it would be necessary."

<table>
<thead>
<tr>
<th>Service</th>
<th>&quot;Regulation is weak.&quot;</th>
<th>&quot;Regulation is weak.&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crowdfunding</td>
<td>33.3%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Lending</td>
<td>20.9%</td>
<td>31.3%</td>
</tr>
<tr>
<td>Payments</td>
<td>24.5%</td>
<td>34.7%</td>
</tr>
<tr>
<td>Technology Companies for Financial Institutions</td>
<td>8.0%</td>
<td>64.0%</td>
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<tr>
<td>Personal Financial Management</td>
<td>26.9%</td>
<td>53.8%</td>
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<tr>
<td>Asset management</td>
<td>31.6%</td>
<td>52.6%</td>
</tr>
<tr>
<td>Business Financial Management</td>
<td>26.8%</td>
<td>61.0%</td>
</tr>
</tbody>
</table>
Dialogue with Regulators (2018)

- There’s a STRONG openness to dialogue from regulators towards the Fintech industry
- There’s a WEAK openness to dialogue from regulators towards the Fintech industry
- There’s NO openness to dialogue from regulators towards the Fintech industry
Thank you