

2022

# The State of LatAm Fintech





Now is its second year, The State of LatAm Fintech Report offers a glimpse into the thinking, plans and priorities of fintech professionals working within the region.

Last year, our inaugural report highlighted financial inclusion as the biggest opportunity before the region's fintech sector (cited by **55.6%**) of all respondents, and online retail (**59.7%**) as the biggest non-banking opportunity (followed by agriculture (**12.6%**) and public services (**8.5%**).

It also provided some unexpected insights: **40.0%** of client-facing respondents cited 'digital transformation' as a key opportunity for the sector, compared to just **29.4%** of respondents working in management, marketing and strategy and – surprisingly – just **20.7%** of those working in technology!

Finally, the continued role and importance of informal information sources when choosing and validating banking services was revealed. According to last year's data, 'friends and family' represented by far the single most important influence for Latin American customers when choosing a bank, according to the surveyed professionals working in the sector (**56.0%**), compared to just **13.7%** citing media (TV, radio), **12.6%** social media, and **10.6%** bank information or advertising.

This year's report provides a fascinating comparison, particularly in light of the geo-political and economic forces that impacted the region throughout the year (questionnaires were completed during the month of October).

The first part of the year was defined by the surprising resilience of local currencies; the Brazilian Real remained up **17.3%** between 1 January and 31 March against the US\$, the Chilean Peso (**9.49%**), the Colombian Peso (**8.25%**) and the Peruvian Sol (**7.34%**). This upward trend was also reflected across local stock markets: during the same period, market cap-weighted indexes (MSCI) revealed the post-pandemic recovery across the region with Peruvian stocks up **36.91%** during the first quarter, followed by Brazil (**34.07%**), Colombia (**29.58%**) and Chile (**28.58%**).

However, by the second quarter, this trend reversed, particularly in Argentina, Colombia and Chile, which saw their currencies fall by up to **15%** against the US\$ compared to the beginning of the year. A trend which was reflected in local retail prices and – eventually – inflation, which the region's central banks appeared determined to address with correspondingly high interest rates. By the end of the year, the base rate in Brazil was **13.75%**, while rates in Chile and Colombia were approaching double digits.



These dynamics – and associated levels of uncertainty – were also reflected across the fintech sector with ‘weather vane’ investors such as Softbank questioning whether the rate of investment seen in the region between 2019 and 2021 could be sustained. By the turn of the year, CB Insights was projecting global VC funding to decline by **19%**, leading to a **29%** fall in expected fintech investment.

Across the region, a resulting trend has been the doubling down on financial inclusion and serving the under-banked; a priority that only increases as the economy bites. The impact of these and other socio-economic trends will be revealed in this year’s The State of LatAm Fintech Report.

While last year’s report included a section on crypto-currencies (which is being repeated), this year’s research also includes a particular focus on Web3 and Metaverse technologies and their likely impact on the region’s financial sector.

Each of the above represents an area of interest to both our organizations and our respective clients. Fintech Nexus is the World’s largest media and events company dedicated to innovation in lending and digital banking; LatAm Intersect PR is a specialist communications firm helping traditional banking and fintech companies position themselves across Latin America.

This report provides a unique insight not only into the issues facing the fintech sector in the region, but the opportunities for collaboration, communication, education and – of course – investment.

**Claudia Daré,**  
Founder, Managing  
Director,  
**LatAm Intersect PR**

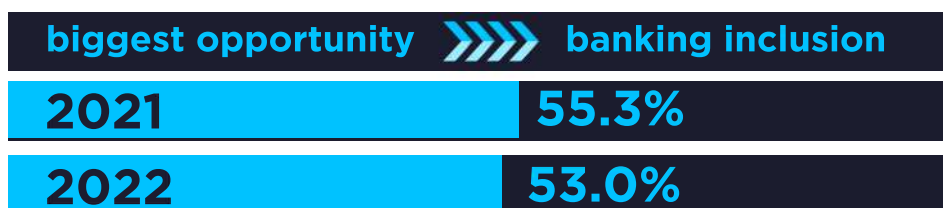
**Roger Darashah,**  
Founder  
**LatAm Intersect PR**

**Joy Schwartz,**  
President  
**Fintech Nexus**

## Chapter 1

2022 compared to 2021

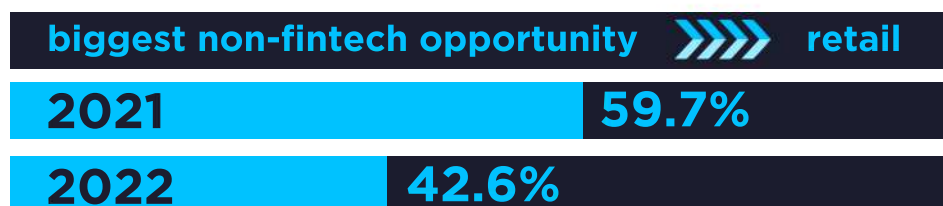
For a second year, banking inclusion remains fintech's biggest opportunity in Latin America. In 2022, **53.0%** of respondents chose this as the biggest opportunity, in spite of a reduction of 2.3% percentage points from 2021 (**55.3%**). The decrease could point to the increasing number of Latin Americans opening bank accounts and having access to financial services. For example, due to government subsidies during the pandemic, it is estimated that in Brazil 17% of the region's unbanked became banked and in Argentina the government program led to an estimated three million new bank accounts.



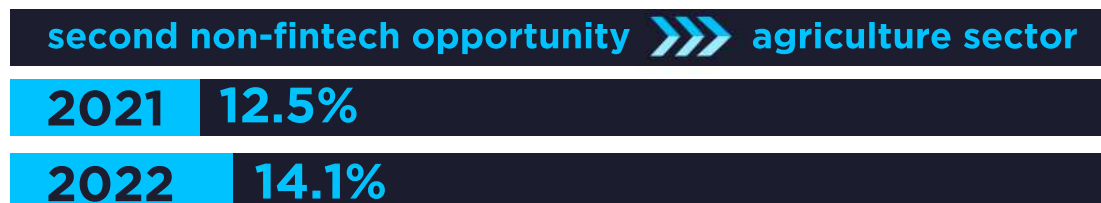
According to this year's data, **31.6%** of respondents believe that the biggest positive impact in the region will come from government regulation to reduce bank fees and charges for under-represented consumer segments. **30.4%** expressed that fiscal and commercial incentives (i.e. discounts) to encourage online transactions would play a role in financial inclusion. This latter approach brings with it the massive opportunity fintech has in penetrating non-financial sectors.

This year, retail continues to present the biggest non-financial sector opportunity for fintech (**42.6%**).

The reduction of **17.1%** between 2021 and 2022 may reflect how retail has already greatly benefited from fintech. For example, it is estimated that in Latin America the e-commerce market will reach US\$379 billion in 2022, a 32% growth from 2021.

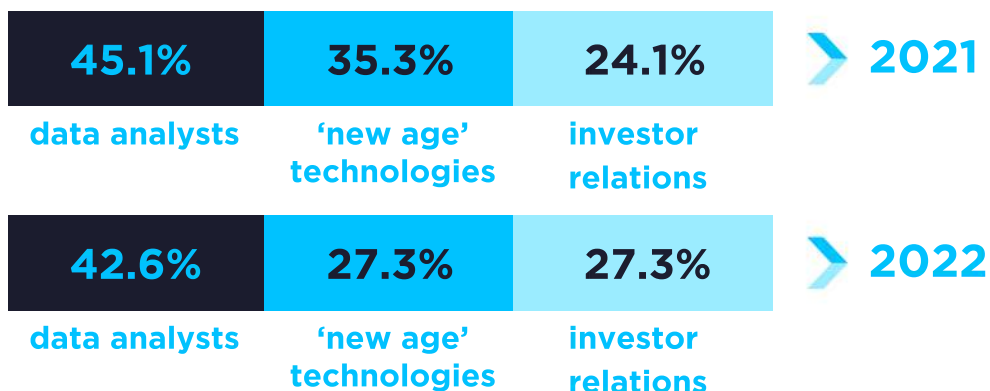


Similar to last year, agriculture continues to present rich opportunities for fintech, reflected in the increase of 1.6% from **12.6%** in 2021 to **14.1%** in 2022.



However, the fintech sector in Latin America will depend on particular skills to deliver on its potential. In 2022, data analysts and ‘new age’ technologies (such as artificial intelligence and virtual reality), representing **42.6%** and **27.3%** respectively, are cited as the top two professional skills the fintech sector will require to fulfill its potential. In terms of ranking, these two skills remain unchanged from 2021 even if they have decreased in absolute terms by **2.5%** and **8.0%**, respectively.

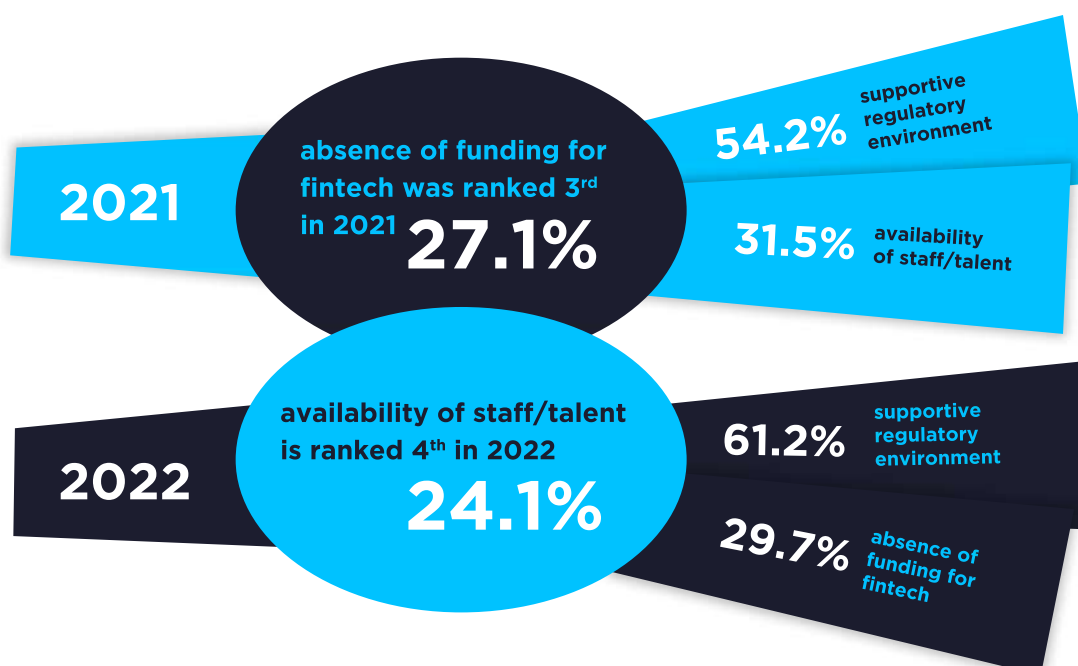
#### Top two skills:



It may also be of interest to note that there is a growing number of respondents who consider investor relations to be as important as ‘new age’ technologies for the fintech sector to reach its potential. This is especially so for respondents working in Web3 businesses.

When it comes to possible barriers to fintech achieving its potential, **61.0%** of respondents in 2022 continue to consider a supportive regulatory environment as the primary one. This is an increase from **54.2%** in 2021, with respondents from B2B organizations stating this the most clearly (**71.4%**).

#### Top two issues that are barriers:



These findings could reflect the benefits the region has experienced from having a supportive regulatory environment and its correlation with banking inclusion. For example, the Brazilian banking scene has transformed from being defined by five dominant incumbents in 2010 to the multiplicity of new banks and online alternatives available today. Improved regulation has helped drive financial inclusion from 57% to 86%; the equivalent of around 75 million Brazilians now using the formal banking structure. This example demonstrates the importance and impact of a supportive regulatory environment.

Additionally, despite the surge in funding that Latin America experienced in 2021 (US\$16.3 billion invested in start-ups, of which 39% was invested in fintech and financial services) and even up until Q2 2022 (US\$2.9 billion in Q1 and US\$2.5 billion in Q2), **29.7%** of respondents consider the absence of funding to be the second biggest barrier, an increase from 2021 (**27.1%**).

Even though investments in the region may have slowed down in 2022, sector professionals appear unperturbed; **46.4%** remain indifferent to the dip, describing it as “a natural part of the business cycle and to be expected.” However, **35.1%** do see the downside citing “many good companies are no longer getting funded.”

When it comes to fintech adoption from a consumer perspective, **39.8%** of survey respondents consider a lack of trust in online banking and fintech services as the biggest barrier. This increased from 2021 when **38.0%** of respondents considered this to be the biggest barrier. And what about the source of this trust? Where do consumers find information and recommendations to make decisions?

## Top barrier to fintech adoption

lack of trust

**38.0%**  
2021

lack of trust

**39.8%**  
2022



When it comes to recommendations and information, **55.2%** of the survey respondents consider friends and family to be the principal source for Latin American consumers. This may have remained the primacy source in 2022, but it has decreased slightly from **56.0%** in 2021. On the other hand, social media continues to be considered the secondary source and in fact has increased between 2021 and 2022, from **12.6%** to **13.7%**. Another change to note, is the increase in respondents identifying Internet searches as a principle source for information.

**Top source of information/recommendation for consumers**  **friends and family**



**56.0%**  
2021

**55.2%**  
2022

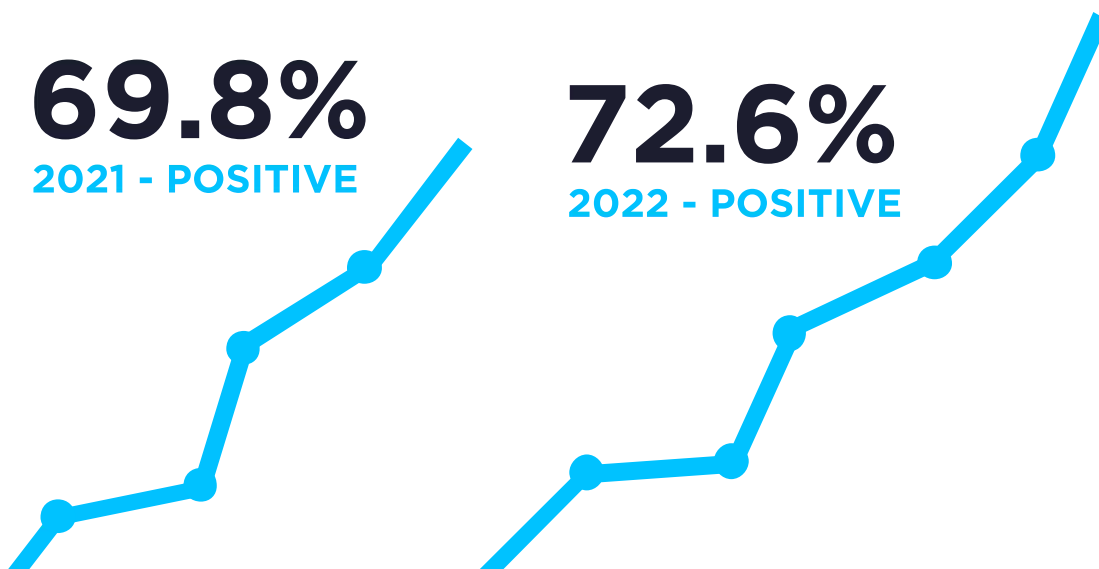
Finally, despite this year's volatility, 72.6% of respondents continue to perceive cryptocurrencies in a positive light when it comes to fintech and banking, an increase from 69.8% in 2021.

**Cryptocurrencies**



**69.8%**  
2021 - POSITIVE

**72.6%**  
2022 - POSITIVE



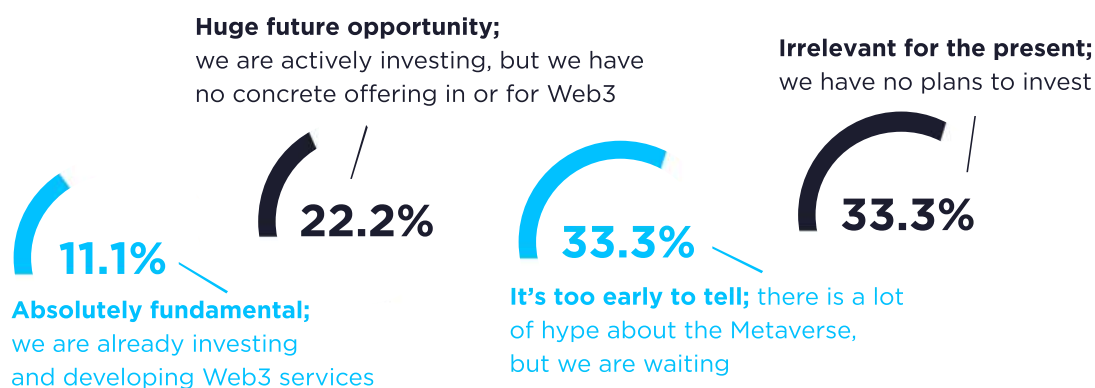
## Chapter 2

### Beyond the Internet: Web3 and the Metaverse

When it comes to Web3 and the Metaverse it is clear that the jury is still out. Only **11.1%** of those working in Web3 core businesses consider the Metaverse absolutely fundamental to the fintech sector and are already investing and developing Web3 services. But what about the **33.3%** from the same respondent group who say it is irrelevant for the present and have no plans to invest?

**75.8%** of respondents in wealth management, for instance, described it as 'too early to tell' and that they are waiting. Perhaps the direction of the Metaverse and Web3 in the region can be observed in the responses of those working in roles closer to consumers. Those working in B2C organizations and client facing roles, **10.5%** and **12.9%**, respectively, see the Metaverse as absolutely fundamental and are already investing and developing Web3 services, a significantly higher perception than the survey average of **3.6%**.

#### How Web3 respondents see the opportunity for their organization regarding the Metaverse



In terms of skills required, inevitably perhaps, **44.4%** of respondents working in Web3 core businesses cite blockchain and decentralized finance knowledge as a priority for fintech to reach its potential. More interestingly, **29.3%** of respondents working in traditional organizations and **28.9%** of those in management roles also considered this as a 'top two' skill.

When it comes to financial inclusion, **55.6%** of respondents in Web3 businesses cited fiscal and commercial incentives to encourage online transactions as fintech's biggest positive impact. The example of cross-border remittances being a case in point: the use of blockchain (and decentralized finance, in general), for instance, could help reduce transfer fees by up to **80%**.


## Chapter 3

### Banking Inclusion

As demonstrated in other geographies, the implementation of fintech services represents a principle driver for financial inclusion; however, our data also reveals barriers to broader adoption.

Almost **40%** of respondents (**39.8%**) consider a lack of trust to be the primary barrier to fintech adoption, a view that increased from **38.0%** in 2021. This view is particularly high amongst those in B2C organizations at **52.6%**. Additionally, **50.0%** of respondents in Web3 businesses and those in technology and support roles also consider a lack of trust to be the biggest barrier. These results present an opportunity for fintech to develop strategies that could increase trust which, in turn, could represent a key driver for financial inclusion.

For example, based on the survey results, **31.6%** of respondents cite the reduction of banking fees using government regulation as having the biggest impact in terms of banking inclusion. Those in technology and support roles and wealth management view this highest at **62.5%** and **42.4%**. Almost equally so at **30.4%**, fiscal and commercial incentives are also considered to have an impact on banking inclusion. Those working in Web3 core businesses and client facing roles consider this highest at **55.6%** and **46.9%**. Could both or either of these approaches assist in increasing financial inclusion and concurrently build trust?

	Reduction of bank fees using government regulation	Fiscal and commercial incentives to encourage online transactions
	Total - 31.6%	Total - 30.4%
	Technology and support - 62.5	Web3 core business - 55.6%
	Wealth management core business - 42.4%	Client facing role - 46.9%

Additionally, there was a particularly interesting result from respondents working in traditional banking organizations. Although **34.1%** cited fiscal and commercial incentives as a principal driver of financial inclusion, **29.3%** suggested that deeper and cheaper smartphone penetration across the region is likely to make the next biggest impact (compared to the survey average of **24.7%**). In terms of obstacles, **34.4%** of client facing roles see reliable technology infrastructure as a significant barrier to fintech achieving its potential, in contrast to the survey average of **20.1%**. Perhaps these data insights are unsurprising since fintech products are built for mobile use and cater to the millions of people confronted with the notorious administrative barriers Latin Americans traditionally face when applying for an account. According to one piece of research on the ease of account opening in Brazil conducted by (ID Wall), prospective customers of one well-known bank were required to fill out 26 fields to apply for an account. And if that wasn't enough of a deterrent, it took another 18 hours for the account to receive a decision of approval!

## Chapter 4

### By Organization type

For this survey, respondents represented three types of organizations: traditional, online-only, and hybrid (combination of traditional and online). Additionally, the survey results included further details as to the type of consumer the organizations catered to: B2B and B2C.

#### Banking Inclusion

In addition to all organizations citing banking inclusion as fintech's biggest opportunity in the region, this was particularly so for those in B2C organizations with **57.9%** in comparison to **39.3%** of B2B organizations.

As for ways that fintech can make the biggest impact when it comes to financial inclusion, **31.1%** of those working across all organizations considered fiscal and commercial incentives as a primary impact, compared to the survey average of **30.4%**. This is especially so for respondents in traditional organizations (**34.1%**) and B2C organizations (**36.8%**).

#### Skills and Regulation

When it comes to identifying what is a top skill fintech needs to fulfill its potential, all organizations place primary importance for data analysts. As for a second skill, the more diverse response rate is a particularly interesting revelation. Perhaps unsurprisingly, online-only organizations place engineering skills as the second top skill and for hybrid organizations this is 'new age' technologies. What may be a noteworthy surprise is that **29.3%** of respondents from traditional organizations believe that blockchain and decentralized finance knowledge will be a top two skill, which is also much higher than the 16.9% survey average.

**29.3%**

*of respondents from traditional financial organizations believe that blockchain and decentralized finance knowledge will be a top two skill.*

### A supportive regulatory environment



All organizations consider a supportive regulatory environment as the primary barrier when it comes to achieving fintech's potential, a view especially held by **71.4%** of respondents in B2B organizations. This may also explain B2B organization's view on the impact of cryptocurrencies for banking and fintech in which only 53.6% regard cryptocurrencies in a positive light, compared to the survey average of **72.6%**.

#### Trust

There is agreement that a lack of trust in online banking seems to be the primary barrier from a consumer perspective when it comes to widespread fintech adoption. This is especially so for B2C organizations (**52.6%**). It is particularly interesting to note that B2B organizations are equally divided (**35.7%**) between lack of trust and lack of awareness of online banking and financial services. Noting also that **39.1%** of those in hybrid organizations cite lack of access to online banking and financial services to be the biggest barrier, in comparison to the survey average of **30.5%**.

## Chapter 5

### By job function

When looking at fintech in the region, the survey also gathered the perspective from a number of job roles to include client facing, management and technology and support.

#### Skills

There is a general consensus across all job roles that data analysts are the top skill that the fintech sector will require. As for the second top skill, there are notable disparities. Client facing and technology and support roles consider 'new age' technologies as a secondary skill of importance. On the other hand, those in management roles are equally divided (**28.9%**) between engineering and blockchain and decentralized finance knowledge.

#### Financial Inclusion

When it comes to financial inclusion, client facing and technology and support roles cited differing views about fintech's biggest positive impact. For client facing roles, **46.9%** consider fiscal and commercial incentives (i.e. discounts) to encourage online transactions as fintech's ability to make a positive impact (**16.5%** higher than the survey average). Whereas, more than half (**62.5%**) of respondents in technology and support roles consider government regulation to reduce bank fees and charges for under-represented consumer segments as the biggest impact (**30.9%** higher than the survey average).

#### Slowdown in Investments

As for the slowdown in fintech investment in the region, those in technology and support roles have a higher than average perspective that this is a bad thing (**45.8%** in comparison to the survey average of **35.1%**). Whereas those in management roles (**52.6%**) regard this to be neither good nor bad and that it is part of the business cycle.

#### The Metaverse






As for the Metaverse, all roles coincide with the survey average response that it is too early to tell. Interestingly, **12.9%** of respondents in client facing roles, in contrast to the survey average of **3.6%**, consider the Metaverse to be absolutely fundamental and are already investing and developing Web3 services.



### Trust and Recommendations

Across all job roles a lack of trust was cited as the primary barrier to consumer fintech adoption. Although not a significant barrier, it should be noted that 12.5% of respondents in technology and support roles, in comparison to the survey average of 4.0%, consider consumer satisfaction with traditional banking as a barrier. This leads to the question: 'where can trust come from?'

### Source of information/recommendation for consumers

	Client Facing	Management	Technology and Support
 Media, newspapers, TV and radio	15.6%	9.4%	8.7%
 Internet/Search	15.6%	9.4%	8.7%
 Social media	18.8%	12.5%	26.1%
 Friends and family	34.4%	58.3%	47.8%
 Bank information and advertising	15.6%	10.4%	8.7%

When it comes to the principal source for consumers in selecting a bank, this year's survey resulted in an interesting distribution of perspectives amongst the respondents especially those in client facing roles. Only **34.4%** stated friends and family (this is **58.3%** for management and **47.8%** for technology and support roles). Additionally, there is an equal distribution (**15.6%**) across internet searches; media, newspapers, TV and radio; and bank information and advertising (**8.7%** to **10.4%** range for the other roles).



## Chapter 6

### By core business

The survey also analyzed responses according to the core business of respondents organizations: retail and digital banking; lending; wealth management; business and investment banking; Web3 (decentralized finance, blockchain and crypto); and other financial services.

#### Retail Reigns

Similar to the responses based on the perspective of organizations, those in core businesses perceive retail to be the primary non-financial sector benefactor of fintech in the region, notably for those in Web3 core businesses, **61.1%** against the survey average of **42.6%**. The agriculture sector is a secondary opportunity especially for those in wealth management, **21.2%** compared to the survey average of **14.1%**.

#### Skills

All respondents, with the exception of those working in Web3, consider data analytics to be the top skill that the fintech sector will need to fulfill its potential.

For those in Web3, the top skill naturally resides in blockchain and decentralized finance knowledge.

As for a secondary skill, there is less of a consensus, perhaps reflecting the specific needs of each core business. For example, retail and digital banking, investment banking and other financial services consider 'new age' technologies of primary importance.

Across wealth management respondents, a broader range of 'top two' skills is highlighted, ranging from blockchain and decentralized finance knowledge, to compliance and regulation, and engineering skills equally highlighted.

**Retail to be the primary non-financial sector benefactor of fintech in the region, notably for those in Web3 core businesses, 61.1%**



## Financial Inclusion

In terms of what is likely to make the biggest positive impact when it comes to financial inclusion, all but wealth management consider this to be fiscal and commercial incentives to encourage online transactions; with those in Web3 core businesses citing this highest at **55.6%** (compared to the survey average of **30.4%**). For wealth management businesses, **42.4%** consider government regulation to reduce bank fees and charges for under-represented consumer segments to be the primary means of making a positive impact for financial inclusion.

## Cryptocurrencies

Perhaps unsurprisingly **83.3%** of respondents in Web3 core businesses see cryptocurrencies as having a positive impact on businesses. Yet, only **60.0%** of those in business and investment banking hold this view. Instead, **37.5%** from this core business group consider cryptocurrencies to have zero impact.

## Investment Slowdown

When it comes to the slowdown in fintech investment there is a fairly equal split in the response averages. **40.7%** consider the slowdown as neither good nor bad and **39.2%** consider this to be a bad thing because many good companies are no longer getting funded. Notably, half (**50.0%**) of respondents in Web3 regard the slowdown in funding as a bad thing, a perspective that could correspond to the nature of the core business.

For wealth management businesses, 42.4% consider government regulation to reduce bank fees and charges for under-represented consumer segments to be the primary means of making a positive impact for financial inclusion.



## Chapter 7

### Conclusions

The global downturn is impacting the fintech sector in Latin America in a number of ways. While the number of deals and level of investment is lower compared to 2021 and 2020, there is an increased level of focus on financial inclusion and reaching the under-banked.

This is clearly reflected in this year's research with over half respondents (**53.0%**) citing financial inclusion as fintech's biggest opportunity in the region.

While the emergence of next generation technologies such as Web3 and the Metaverse is acknowledged, its mainstream adoption is likely to be slower according to our research with only 11.1% of respondents working in Web3 core businesses currently investing and developing Web3 services.

Remarkably, 33.3% of respondents in Web3 core businesses describe the technologies as currently 'irrelevant for the present' and have no plans to invest. The interest in the Metaverse is actually coming from respondents working in B2C organizations and client facing roles that stand out with 10.5% and 12.9%, respectively, describing the Metaverse as 'absolutely fundamental' and are already investing and developing Web3 services.

Perhaps, next year will see a convergence of these two dynamics, with financial inclusion initiatives actually being driven via the Metaverse. We'll be watching with interest.

Another notable revelation from this year's report was the role informal relationships play in informing decisions about banking and finance in Latin America. This year is no different, with 55.2% of respondents citing friends and family as the principal source of information. While this finding continues to be a particularity of the region (ahead of TV/radio, social media, and bank information or advertising which tend to be more prominent sources in other regions), the rise of Web searches (as a principle source) – 10.5% this year, up from 7.1% in 2021 – is also a trend to watch.

Finally, the issue of trust remains primordial: **39.8%** of survey respondents consider a lack of trust in online banking and fintech services as the biggest barrier, a slight increase from 2021 (**38.0%**), and a fundamental consideration for the fintech sector.

As consumers look beyond traditional information sources (friends/family and banks themselves) for advice, if the sector is to become the principal driver for financial inclusion, new and innovative ways are now vital to build relationships between online financial services and their local communities.

Perhaps, some of the answers will be found in the establishment of direct – one-on-one – relationships through the Metaverse? We'll be watching closely to find out.

### About this paper:

This paper was jointly curated by Latam Intersect PR and Fintech Nexus. In addition to substantial desk research, together we surveyed more than 250 members from our Latin America business network to gather the data points which guided this report.

### About Latam Intersect PR

**<https://latamintersectpr.com/>**

Latam Intersect PR is a public relations firm specializing in corporate and consumer campaigns across the Latin American region. We enable international brands to propagate stories, messaging and brand positioning across Latin America through the use of a proven methodology based on the adaptation of global content, the leveraging of deep relationships and a profound knowledge of the region. Today, with a presence in 12 Latin American countries, we provide public relations, social media, influencer engagement and public affairs services to some of the World's fastest growing fintechs.

### About Fintech Nexus

**<https://www.fintechnexus.com/latam/2022/>**

**<https://www.fintechnexus.com/>**

Fintech Nexus (formerly LendIt Fintech) is a diversified media company providing essential knowledge, connections and inspiration to the entire financial services industry, creating a link between traditional finance and the future of finance. Popular offerings include: News, Events, Podcasts, Webinars, Whitepapers and credentialed educational courses. Our annual Latin American Fintech Conference, Fintech Nexus LatAm will take place December 12-14, 2022 in Miami, FL.



[fintechnexus.com](http://fintechnexus.com)

[latamintersectpr.com](http://latamintersectpr.com)