



EDUCATION: MAY 14-17, 2018
EXPO HALL: MAY 15-16, 2018

ROSEN SHINGLE CREEK RESORT ♦ ORLANDO, FL

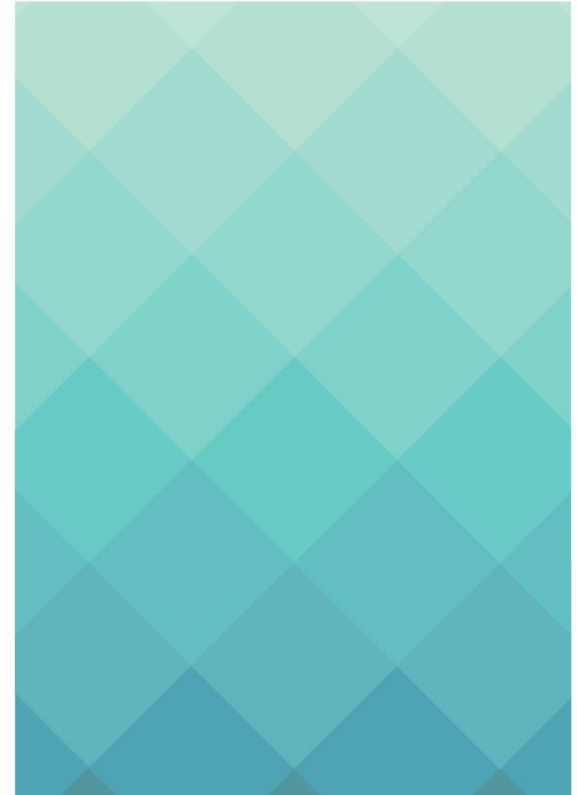
Creating a Successful Payments Strategy in LatAm

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Payment Operations Group

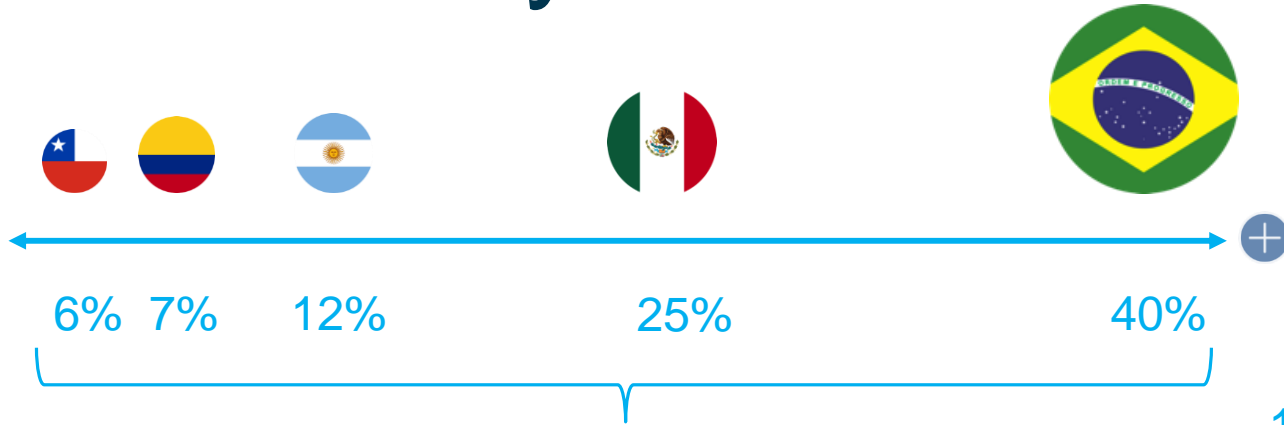
May 16, 2018



Agenda

- LATAM by the Numbers
- Stages of Entry
- Features
- Pitfalls

LATAM by the Numbers



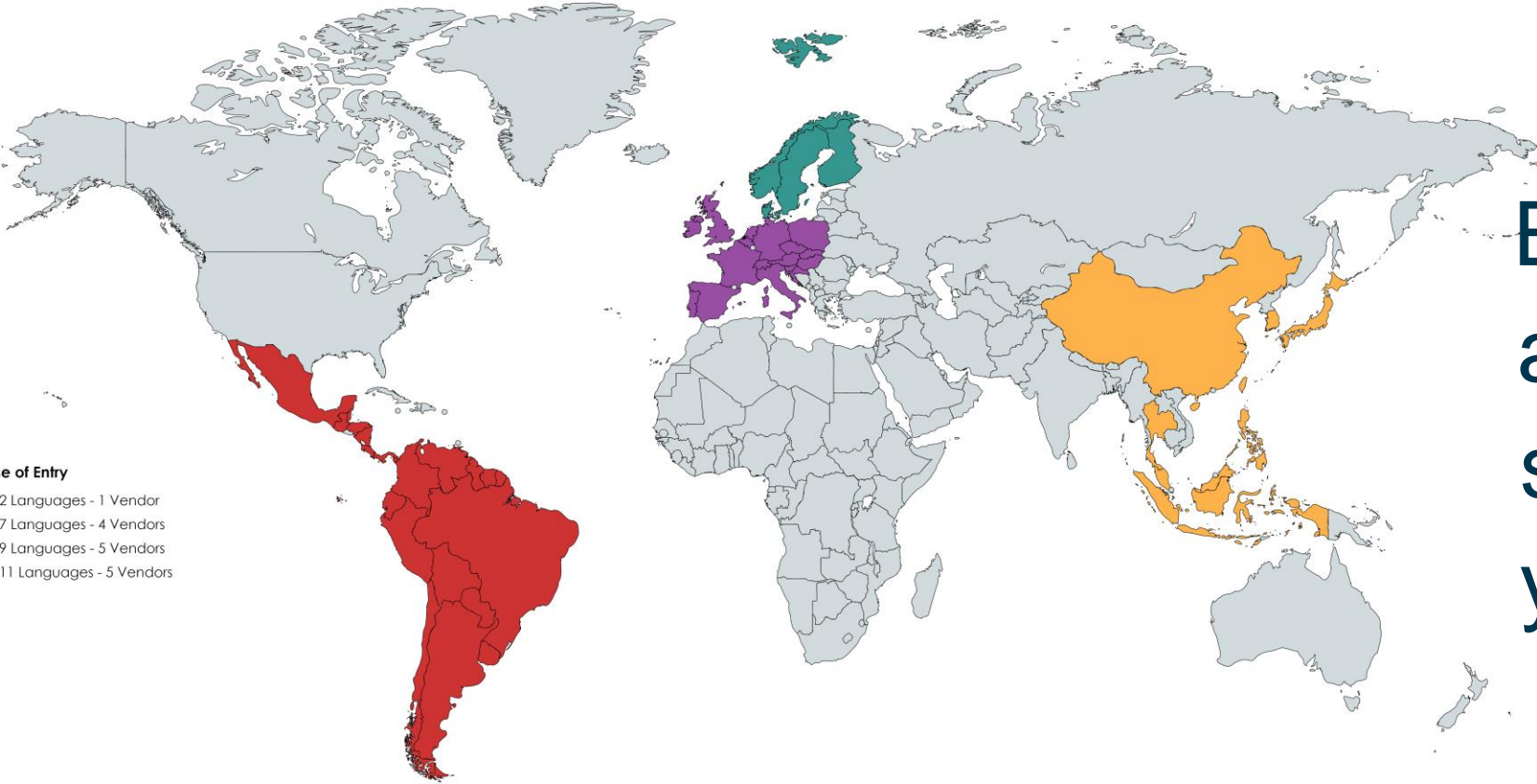
15% growth
CAGR
(2011-2016)

Total LATAM Market (2016): **78 billion USD**

Total US Market (2016): **349 billion USD**

N u m b e r s

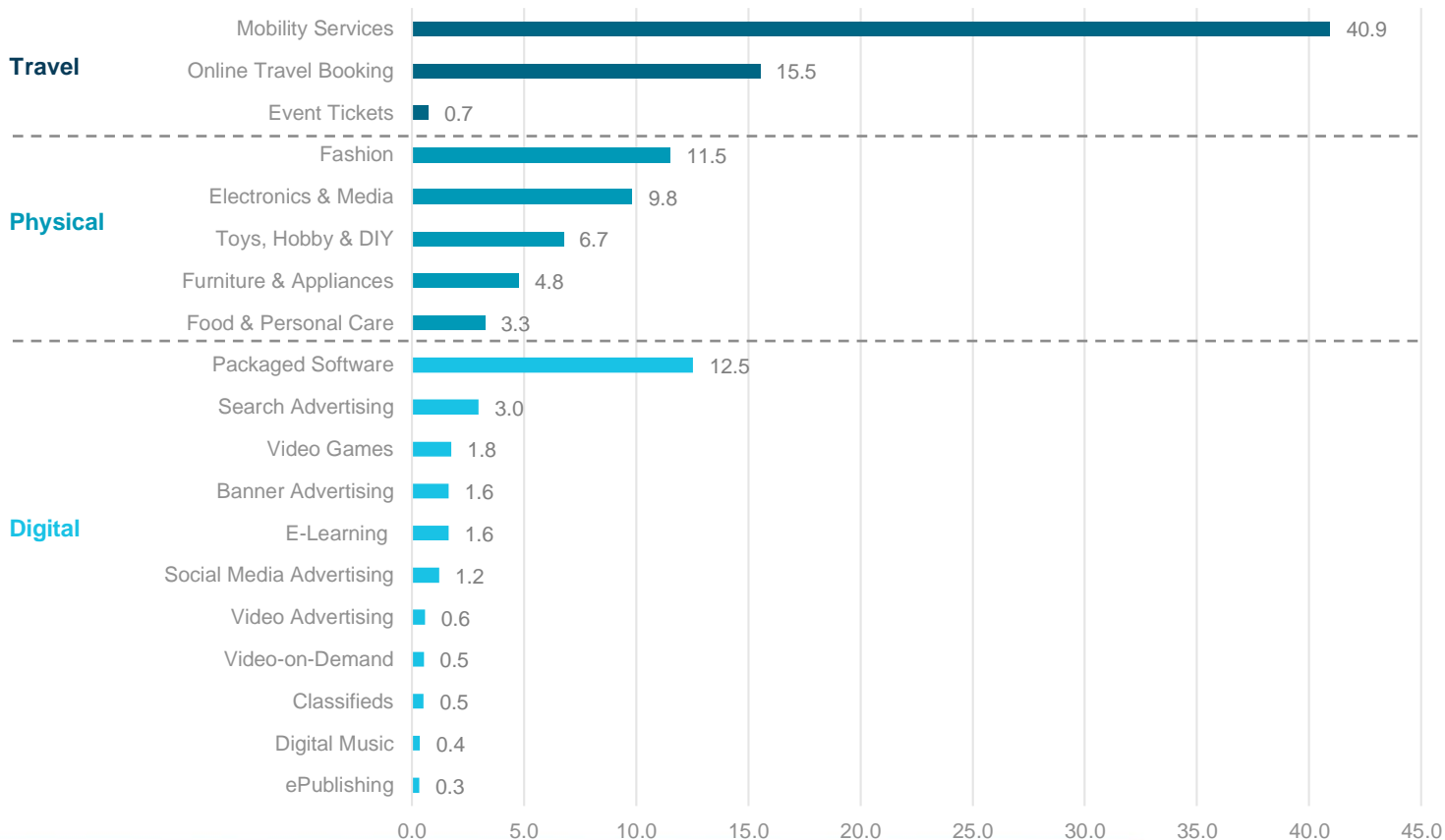
E a s y



Ease of Entry
■ 2 Languages - 1 Vendor
■ 7 Languages - 4 Vendors
■ 9 Languages - 5 Vendors
■ 11 Languages - 5 Vendors

Created with mapchart.net ©

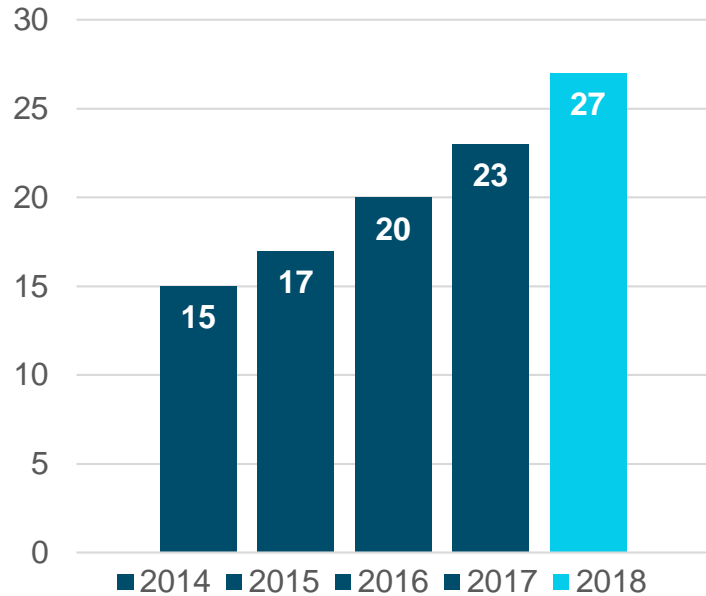
Latam Market 2016



Source: Statista, eMarketer; vendor analysis

Exciting Numbers

E-commerce Sales in Mexico
2014 – 2018 (billion USD)



45 billion USD mkt 2018

14% growth CAGR (2011-2016)

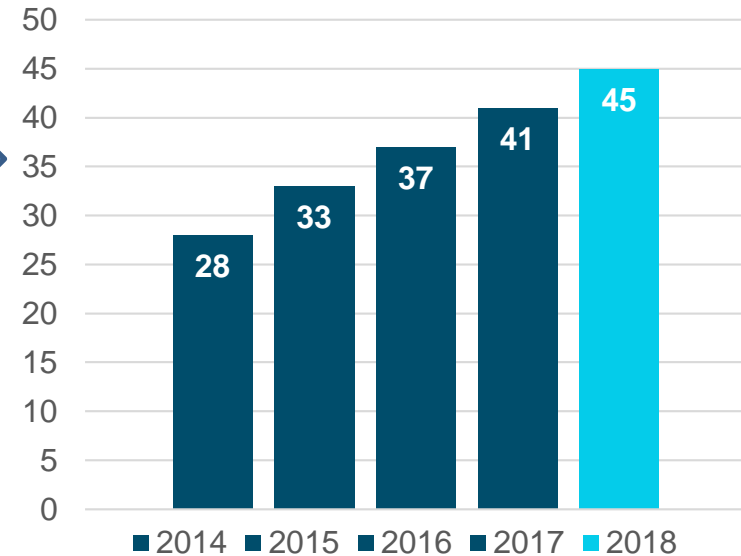
40% share LATAM mkt

17 billion USD mkt in 2015

23% growth CAGR (2014-2018)

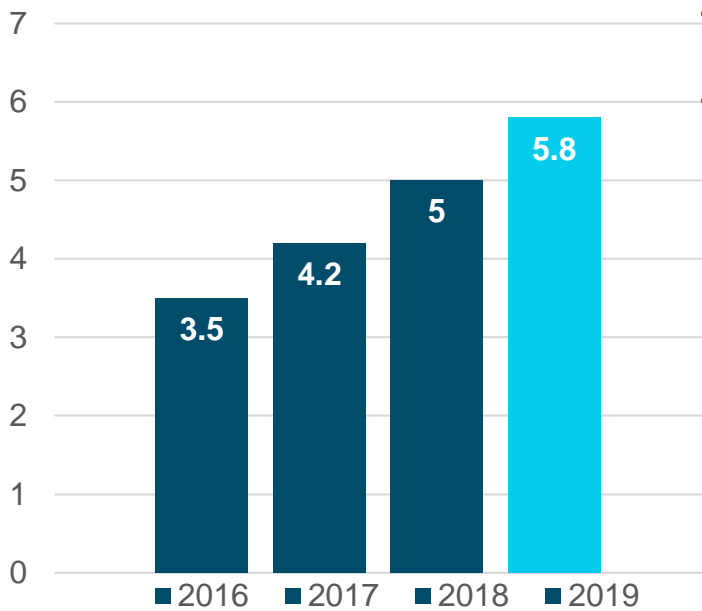
25% share of LATAM mkt

E-commerce Sales in Brazil 2014 – 2018 (billion USD)



More Exciting Numbers

E-commerce Sales in Colombia
2016 – 2019 (billion USD)



9 billion USD mkt in 2016

14% growth CAGR (2016-2018)

12% share of LATAM mkt

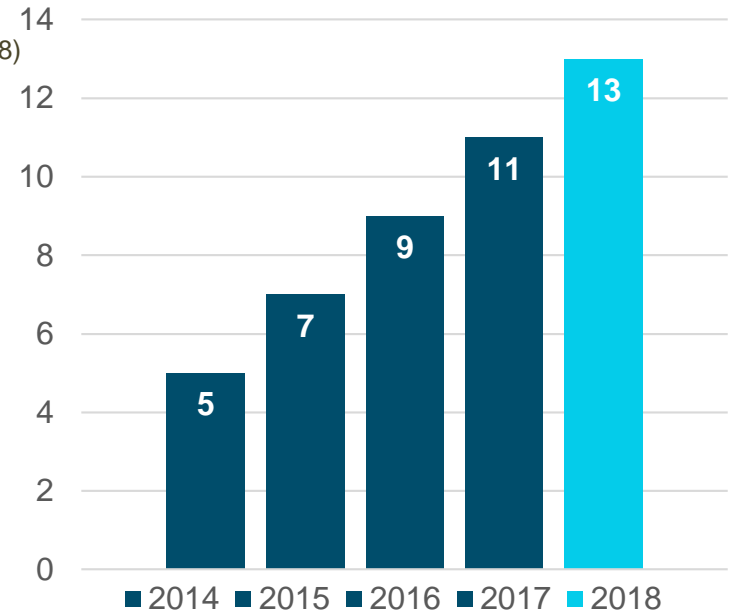


6 billion USD mkt

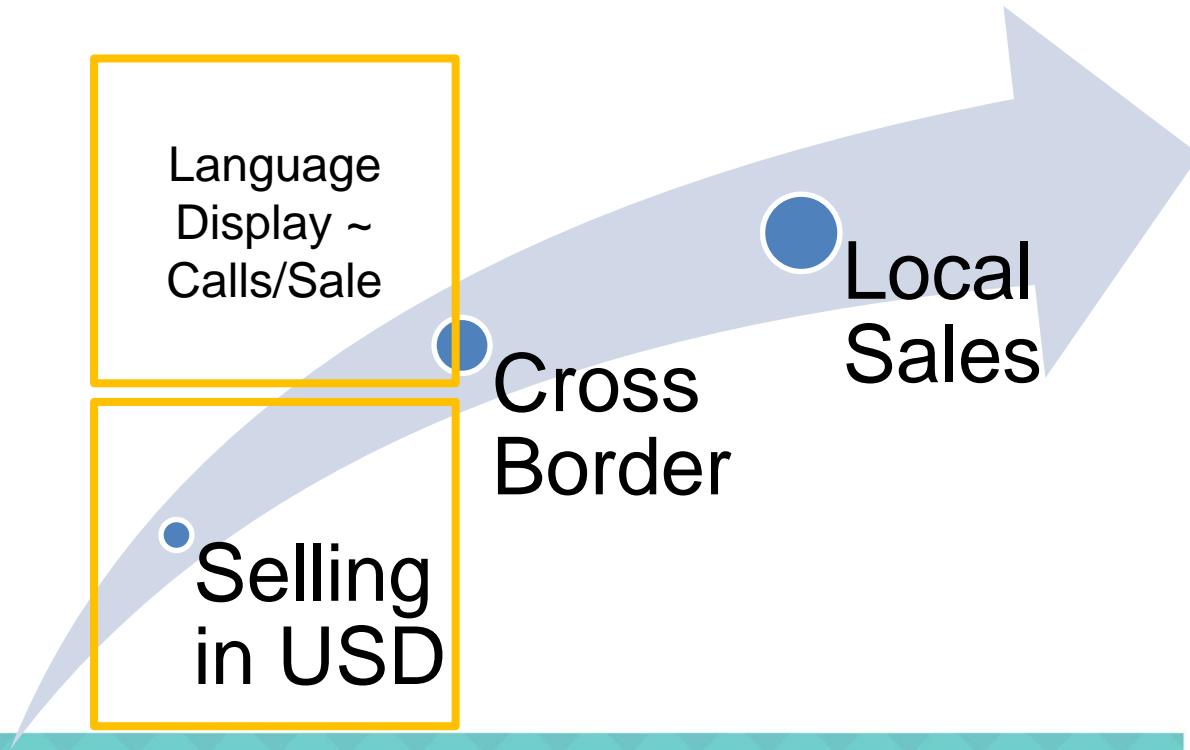
18% growth CAGR (2016-2019)

7% share of LATAM mkt

E-commerce Sales in Argentina 2014 –
2018 (billion USD)



Stages of Entry



Selling in USD

Pros

- No Development Work!
- No new vendors
- No currency impacts

Cons

- Customers are paying FX
- Potential Buyers are shopping elsewhere
- Customer Service call stats impacted
- Only 8-10% of the market

When You Should Move Up

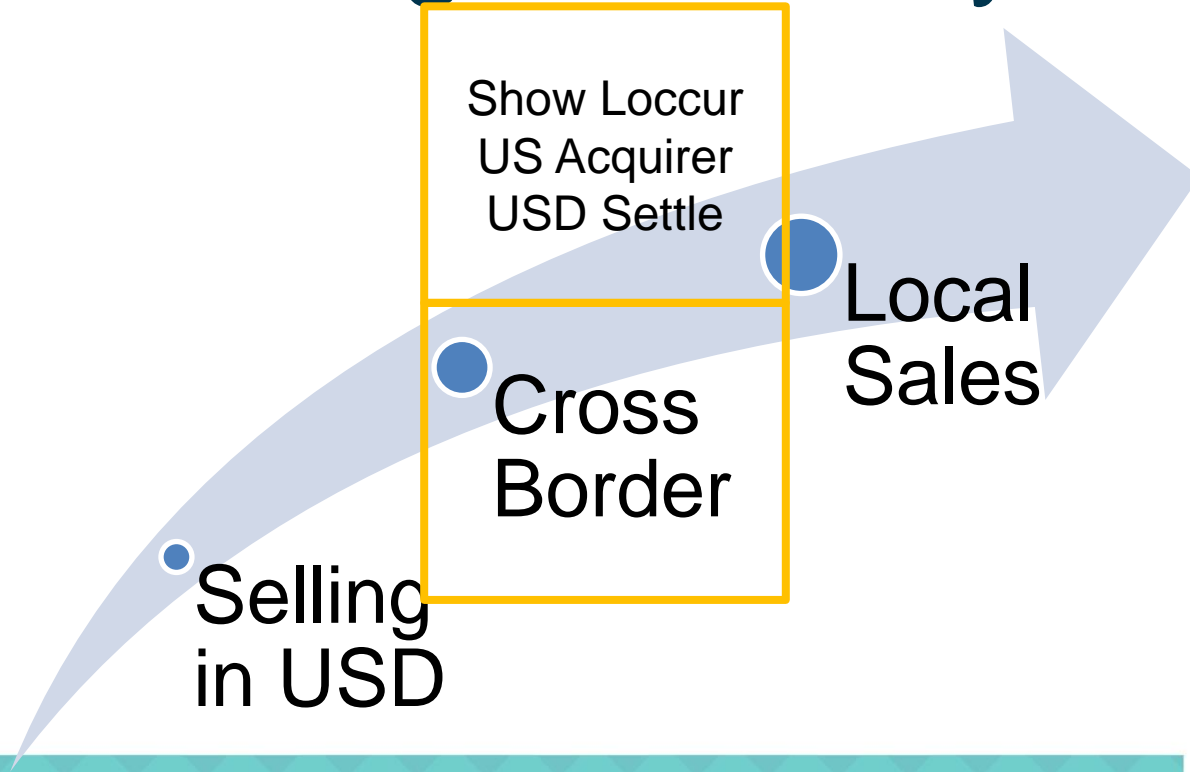
Symptoms

- Does every MXN sale require multiple calls?
- Are Intl IPs shopping your site but leaving?

Steps

- Talk to your current USD Acquirer
 - Do they offer DCC/CB?
 - Upgrade Catalog/Cart
 - Staff Customer Service

Stages of Entry



Cross Border

Pros

- Increased sales
- Product demand increases
- Brand recognition expands

Cons

- Additional MIDs
- IT development
- Small FX and fee impacts
- Only 30% of the market (ave.)

When You Should Move Up

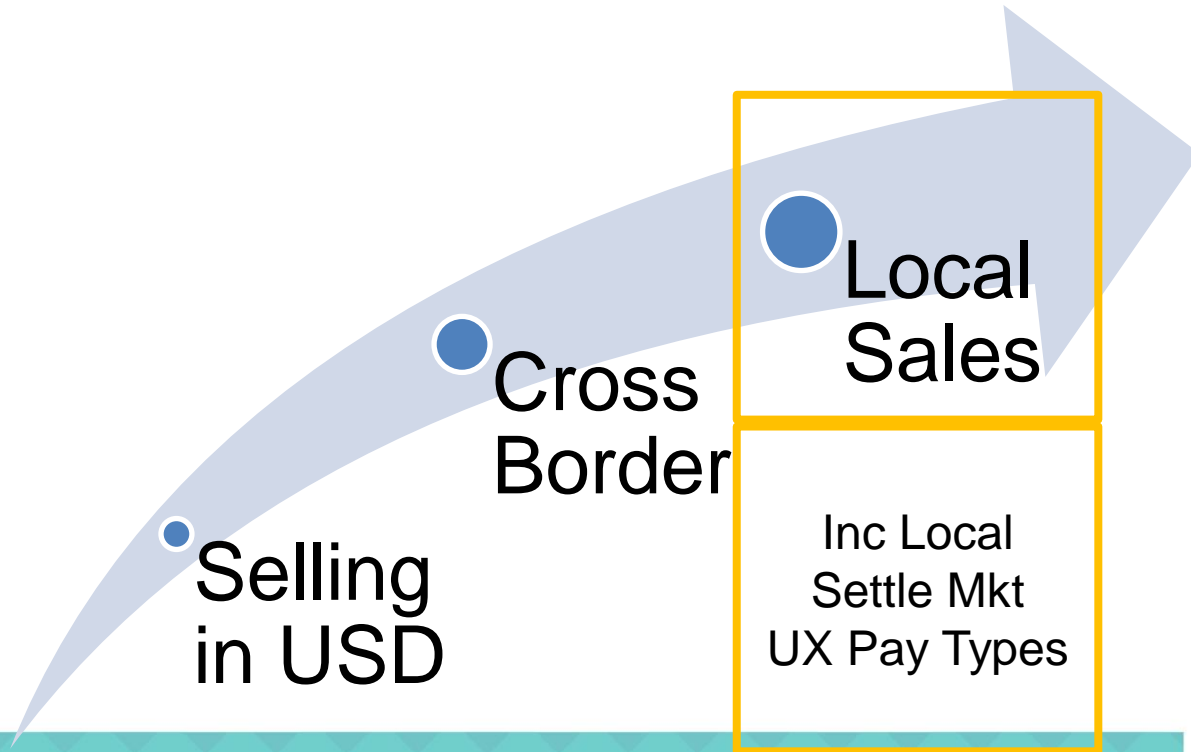
Symptoms

- Customer complaints about cross border fees
- Are Intl IPs filling carts but abandoning?
- Auth:Settle ratios >2:1

Steps

- Select In Country Processing Partner
 - Upgrade Catalog/Cart (again)
 - Build new local payment types
 - Teach Customer Service

Local Sales



Local Sales

Pros

- Even more sales
- Market expansion
- Only 2 languages

Cons

- Learning local preferences
- Handling new processing paths
- Managing more vendors and reports

Local Features Easy to Use

- Process normalization is ongoing across these countries.
- Most services are available to some degree in this market
- Non-US styled requirements are easy to address

Very Similar Services

Available in the LATAM market:

- Auth/Settle Stages
- Real-time and Batch processing
- Refund and Recurring Services
- Fraud Services
- Chargeback dispute processes (with winback)
- Chargeback prevention resources
- Card Account Updater

Different but Doable

- Your cart needs to list Debit Cards AND Credit Cards
- Bank Names may be more effective than Brand Names
- Cash Equivalent payment types will pay faster than Credit Backed payment types (~3 days vs. 30 days)
- If you are using a local partner, a disclosure notice on your cart page should state this.

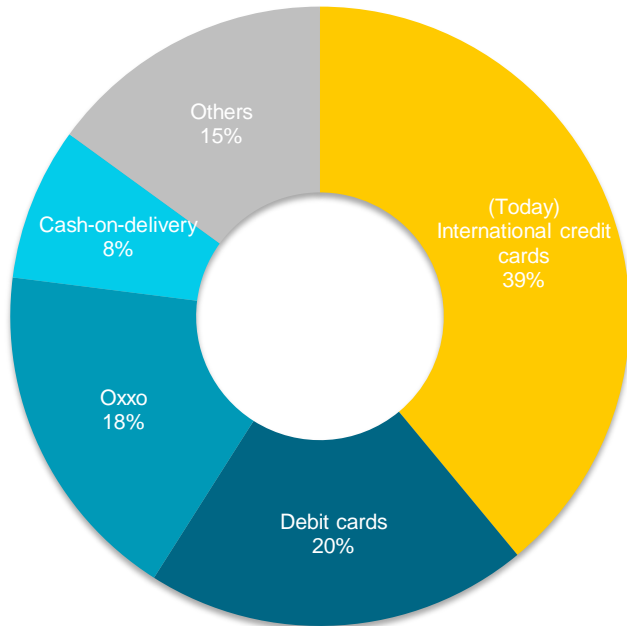
Local Payment Types for Mexico



Oxxo positions itself as the convenient store payment leader with more than 14,000 stores across Mexico.

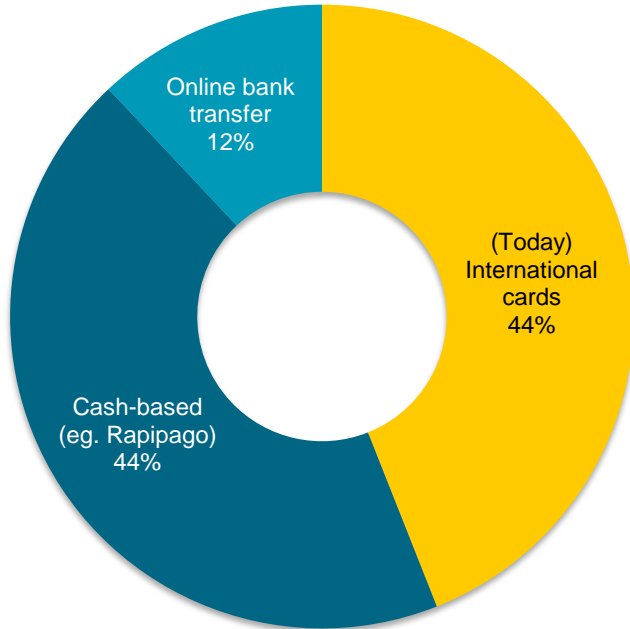


Cash-on-delivery, has been used by nearly four in ten Online shoppers but only when buying physical goods.



Local payment methods dominate Mexican online payments, nearly 60% of purchases are made through credit and debit cards, followed by cash (18%), cash-on-delivery (8%) and others (15%).

Local Payments for Argentina



RapiPago and Pago Fácil

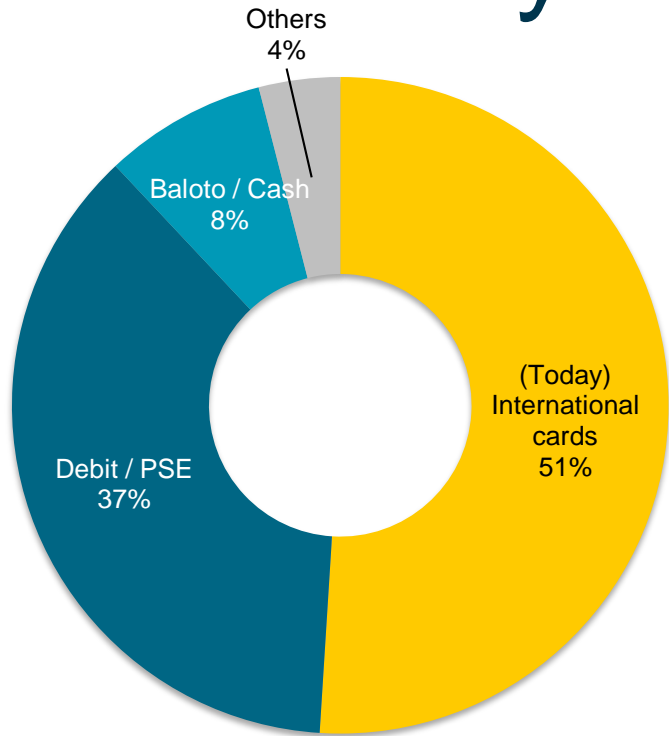


rapiPago

Over 40% of buyers from Argentina use local payment types.

Over 80% of workers receive account funding via debit card.

Local Payments in Columbia



By Mastercard and Visa



There are only 42 credit cards for every 100 people in Columbia.

Gotchas!

Brazil can have hidden issues to be managed.

- Citizen and Business ID #'s will need to be added to your cart.
- Some transactions can decline for reasons you would not expect.
- Taxes and FX are necessary evils.

Mexico also has hurdles.

- Many potential buyers do not have cards or online available cards.
- Forex is managed by the banking system.

Brazilian Identification

CPF, CNPJ, and CEP Validation

Every individual and business in Brazil has its an identification number. The taxpayer ID (CPF) or the National Register of Legal Entities (CNPJ) to the Ministry of Finance should be collected at checkout and be sent to the Central Bank of Brazil. The Zip Codes (CEP) can return address data if your TPP coded to the service.

- CPF - Cadastro de Pessoas Físicas
- CNPJ - Cadastro Nacional da Pessoa Jurídica
- CEP - Códigos de Endereçamento Postal

Brazilian Purchase Restrictions

Transactions can be declined even if a CPF is provided. Brazilian shoppers can have their CPF suspended (not paying bills or illegal activity) causing a transaction to be declined.

Additionally, in order to purchase from a non-Brazilian entity, the shopper must be at least 16 years old.

Brazilian Limits

Purchase Amount Restriction

Your Brazilian buyer may make online purchases up to \$3,000 USD per calendar month. Attempts to exceed this monthly limit are non-compliant with Anti Money Laundering (AML) policies and procedures set forth by the Banco do Central Brasil.

Transactions are declined if their values place the buyer over this limit.

Brazilian Taxes and Forex

Taxes should always be tracked and paid.

Either your company or your local Payment Partner should register your transactions for their correct taxation rate. Avoidance of the Tourism tax is important, however, avoidance of all taxation is a myth.

Forex is controlled by the Central Bank

If you choose to receive settlement in local currency, you will need to carefully manage your expatriation FX. If you have a provider settle to you in USD, know that the FX rate is controlled by the banking system.

Mexico Buyers Blocked

Not all Mexican buyers can execute a purchase.

Unlike the rest of Latin America, the number of debit cards (103 million) is much larger than credit cards (27 million). By default, most debit cards are not allowed to process online transactions or foreign currencies.

Mastercard is trying to change this...

Mastercard is working with Mexican banks and transportation hubs to issue cards to unbanked and under-banked local travelers. Prior success in Bogota is driving this program to 16 large LATAM cities.

Mexican Banks Regulate Forex

Care should be taken to manage FX rates. Mexican banks do control the rates to manage currency stabilization plans. The FX loss here is not as impactful as is found in other LATAM countries.

Decisions about settlement currency need to be made with these behaviors in mind.

It's a Wrap!

- You can move in Stages – But don't stop until you are fully expanded!
- A Partner can be your Local Presence.
- Going Local means Alternative Payment Types!
- Be mindful of cart quirks...

Thank You For Your Time!!

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