

DriveWealth brings fractional share trading to Chile

Article

The news: The US-based API brokerage platform partnered with broker dealer **Vector Capital Corredores de Bolsa SpA** to power the underlying infrastructure of **Racional**, its partner digital trading app in Chile, per its press release.

Why Chile? The partnership should boost **DriveWealth's** trading volumes.

- DriveWealth already powers trading for over **100 startup and institutional partners** globally, including **Revolut** and **Moneylion**, which has helped it surpass its 2020 trading volumes in just H1 of this year.
- Opening up access to US stocks to an underserved population in Chile will offer an additional boost.
- Traditional brokers in the region impose high minimum thresholds, especially for international investments. “Only **2.7 percent** of the Chilean population has access to a brokerage account,” per Racional **CEO Boris Garafulic Domínguez**.
- DriveWealth will let Chileans invest via Racional in over **6,000 US securities and ETFs**, starting at amounts less than **\$10**.

Looking ahead: The partnership also highlights DriveWealth’s plan to expand in LATAM.

- This marks the fintech’s second expansion in the region: It partnered with Mexico-based digital broker **Flink** in August 2020.
- **DriveWealth CEO Bob Cortright** explained to Insider Intelligence in April that retail investing “is a global phenomenon, rather than just in the US.” In India and Mexico, his company has seen “tens of millions of digital wallets” created for this purpose.
- The company is likely to seek further partners or acquisitions in the region to accelerate its expansion. DriveWealth said it would use some of the **\$450 million** it raised in August for strategic acquisitions.

Bottom line: LATAM presents a huge user and trading volume growth opportunity for foreign digital brokers. The region’s economic growth has been slow and is prone to rising domestic inflation and political instability. Consumers therefore have a big appetite for assets like US stocks and cryptocurrencies that diversify their investments.

Current vs. Future Use of Alternative Investments According to Investors Worldwide, by Region, Q4 2020

% of respondents in each group

Latin America

Latin America



Middle East



Asia-Pacific



Europe



North America



Worldwide



■ Current

■ Future

Source: EY, "Where Will Wealth Take Clients Next? 2021 EY Global Wealth Research Report," April 22, 2021

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