

Nubank plants its flag in Mexico with \$135M capital injection

Article

The Brazil-based neobank's investment will broaden its banking solutions in Mexico, [per](#) Nasdaq. Nubank first entered the market in 2019 with a [commission-free](#) credit card and has since onboarded 1.5 million users to the service. Details on potential new products remain unclear—but should its Brazil operation serve as a guide, debit cards, personal loans, and insurance could follow.

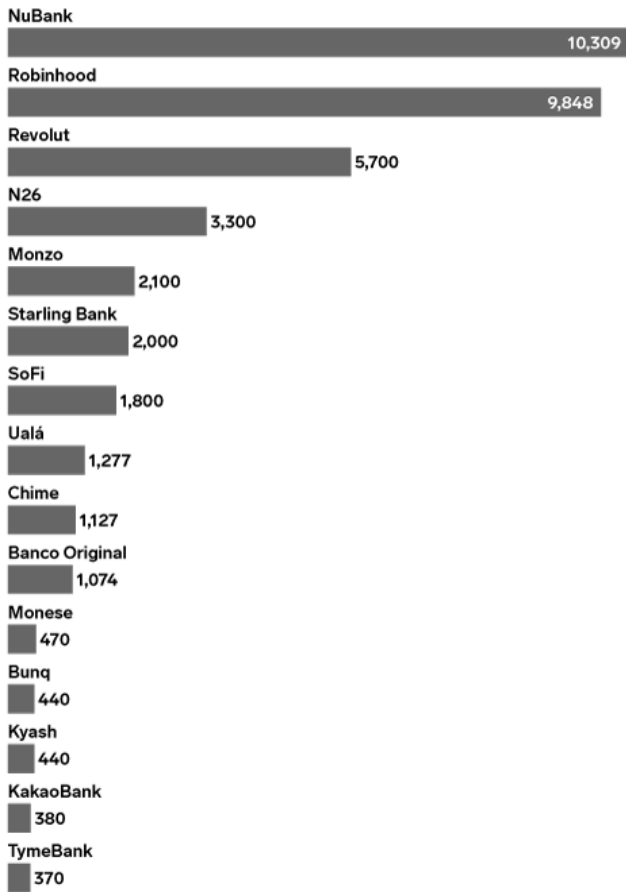
Mexico has become a hotspot for neobank expansion, but Nubank seems best positioned to gain the most market share.

- **Challenger bank activity in the area has lived up to expectations.** At the outset of 2020, Insider Intelligence **predicted** that Mexico would be a top neobank market to watch over the year. Since then, several digital banks have begun to broaden their presence in the country. In early 2020, Spain-based neobank Bnext **entered** the picture and had **added** more than 60,000 customers as of last summer. More recently, Oyster Financial **raised** \$14 million and rolled out **new** credit solutions aimed at small and medium-sized businesses (SMBs). With Nubank's latest investment, the market is showing no signs of slowing down.
- **Nubank's size and experience could help it outflank other challengers.** Since launching in 2013, Nubank has **accumulated** over 34 million customers worldwide, and its **latest** capital raise values it among the top five financial institutions in Latin America. It reached these milestones while operating in Brazil's incumbent-dominated banking sector—**experience** it could carry into Mexico's similar landscape. That experience may already be giving the neobank a leg up in the country, with Nubank's head of Mexico operations claiming it is already among the top five credit card issuers in the country, just two years after launching there.

The country's massive unbanked population and digitally engaged consumers make it ripe for disruption. As of 2018, only 37% of Mexico's adult population **had** a bank account, while the remaining 63% relied mostly on cash to transact within the country. On top of that, just 15% of adults have **access** to a credit card. But a large base of **young**, digitally proficient consumers give neobanks a major opportunity to build engagement. With a consumer fintech adoption rate of **72%**, challengers like Nubank are primed for success as they look to bring consumers long overlooked by incumbents into the banking ecosystem through digitization.

Performance of Challenger Banks/Neobanks* Worldwide During the Coronavirus Pandemic, Jan-May 2020

growth index**



Note: *a fintech-based bank that operates solely digitally or via a mobile app; **based on monthly internet search frequency of 100 challenger banks worldwide
Source: The Fintech Consulting Group (Fincog) as cited in company blog, June 9, 2020

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