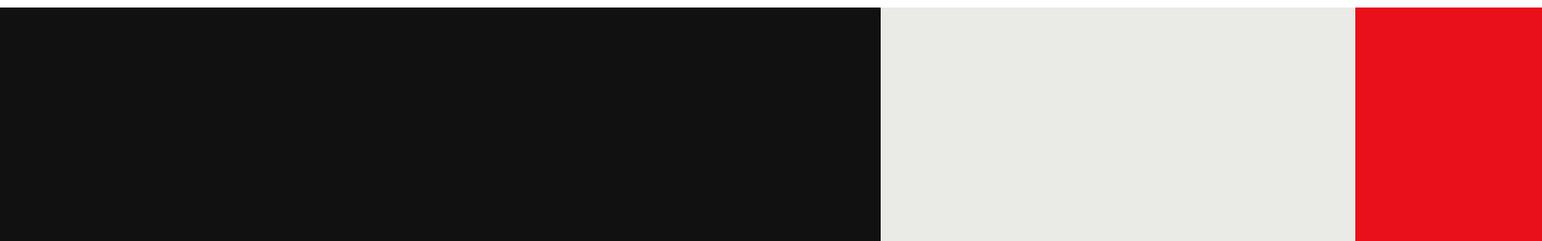


# Why fintech investment in LATAM more than tripled over the past year

Article



**The news:** Venture capitalists invested a record **\$15.3 billion in funding in Latin American firms during 2021**—triple the funding raised in 2020. About 75% of investments went to fintech, proptech, and ecommerce firms, [per](#) the Financial Times.

**By the numbers:**

- **650 deals in Latin America were backed by VCs in 2021**, according to [preliminary data](#) from the Association for Private Capital Investment in Latin America (Lavca).
- The fintech sector led with **six newly created unicorns, representing 39% of funding**.
- Ecommerce followed with 25% of funding, and proptech with 9%.

**Who got the money?** Most of this was driven by mega-rounds, which made [almost 70% of the funding in 2021](#), per Dealroom. Here are the top three hauls:

- Latin America's biggest fundraiser of 2021 was **\$1.15 billion, which went to the Brazilian neobank Nubank**. When Nubank began trading on the New York Stock Exchange in December 2021, its valuation topped \$40 billion.
- Next was the Brazil-based payment technology provider **eBanx**, with \$430 million from Advent International.
- The fintech super-app **Ualá** raised the largest private investment round in Argentina ever, at \$350 million.

[The number of rounds in Latin America is also higher than ever](#). And a bigger chunk of funding is going to later-stage startups as the fintech ecosystem [grows](#).

**What's the opportunity?** There's enormous latent demand for fintech services in Latin America.

- The current [population](#) of Latin America and the Caribbean is about **663,000,000 people across 33 countries**. Its two largest countries, Brazil and Mexico, have populations of 210 million and 130 million, respectively, and GDPs of [\\$1.8 trillion](#) and [\\$1.3 trillion](#).
- Yet within this large addressable market, **only 56% of consumers in Latin America have traditional bank accounts**, according to World Bank data.
- Latin American banks cater to the affluent through strict underwriting rules that limit access to a large proportion of the population: The number of **bank accounts offered by traditional banks grew at just 3% to 5% per year** through 2019.
- In some regions, **more than 50% of the population remains unbanked**. So there's enormous pent-up demand among consumers historically locked out of the financial system by incumbents.

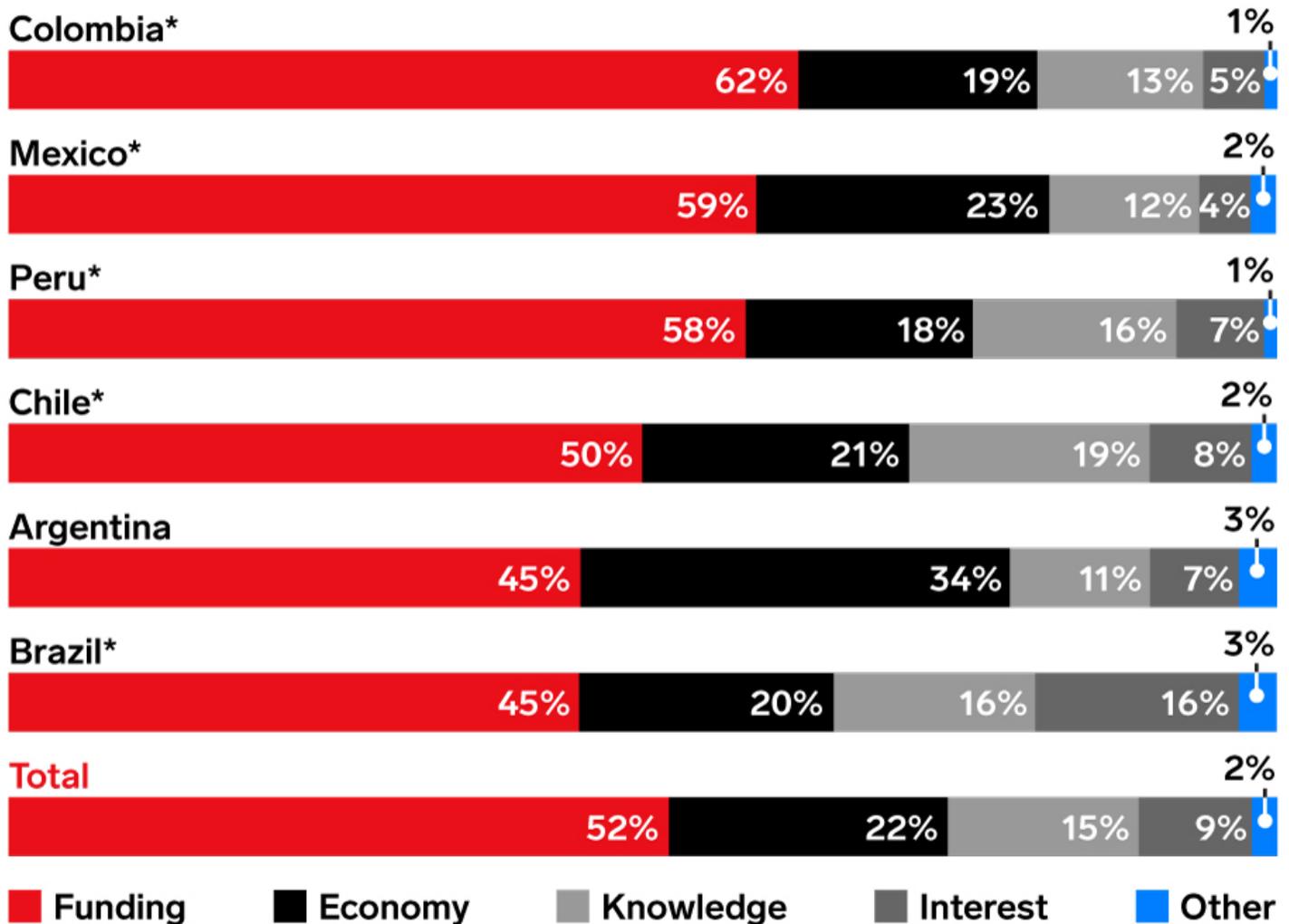
- Cash use dropped as a result of the pandemic: People became wary of handling it, and widespread lockdowns made it harder to access. Use of cash in the region is expected to drop 36% between 2020 and 2024, per Worldpay (owned by FIS).

**What's ripe for LATAM fintech disruption?** Sebastián Vidal, an exec at the Puerto Rico-based startup accelerator **Parallel18**, pointed to the limited number of digital brokers in the region, as well as to the huge remittances market, which he saw as an opportunity for crypto.

- He mentioned the relative scarcity of neobanks in Latin America: “If you look at the market,” he told Insider Intelligence, “you have in Brazil about 40 traditional banks; in Mexico you have 30. While if you look at neobanks, you only have two or three.”
- Vidal also flagged the opportunity for fintechs that can make digital banking “super friendly and easy to understand for people who haven't had access to those types of services before.”

# Primary Barriers to Starting a New Business According to Adults in Latin America, by Country, Dec 2020

% of respondents in each group



Note: n=3,500 ages 16-74; \*sample represent a more affluent, connected population  
 Source: Ipsos, "Entrepreneurialism in the Time of the Pandemic"; Insider Intelligence calculations, Jan 12, 2021

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