

# How Mercado Pago Is Reshaping Mobile Payments in Latin America

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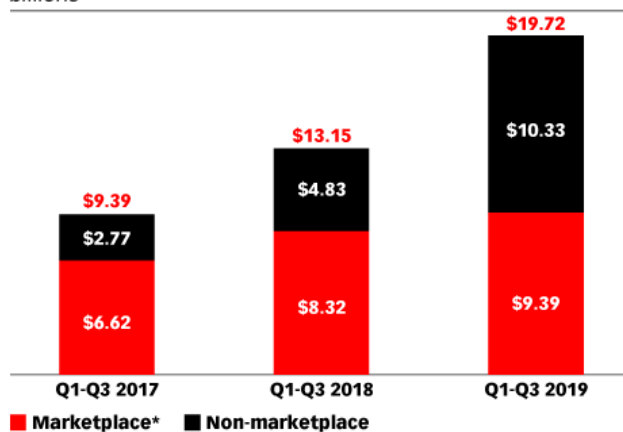
**Matteo Ceurvels**

In response to changing consumer behavior, mobile payment platforms around the world are innovating quicker than their traditional bank counterparts. Latin America is no exception; it is home to Argentina-based Mercado Pago, a major player in the global adoption of cashless transactions.

Launched in 2003, Mercado Pago is a digital payment platform available to consumers and businesses exclusively in Latin America—originally created as an integrated online payments solution to complement ecommerce platform MercadoLibre.

According to MercadoLibre’s financial results for Q3 2019, Mercado Pago processed \$19.72 billion worth of transactions between Q1 and Q3 2019. Offline payments—referred to by the company as “non-marketplace transactions”—accounted for more than half (52.4%) of the total payment volume, or \$10.33 billion.

**Mercado Pago Marketplace\* vs. Nonmarketplace  
Payment Volume\*\* in Latin America\*\*\*, 2017-2019**  
billions



*Note: \*excludes shipping and financing fees; \*\*the sum of all transactions paid for using Mercado Pago, including marketplace and nonmarketplace transactions; \*\*\*Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay and Venezuela*  
Source: MercadoLibre, "Third Quarter 2019 Financial Results"; eMarketer calculations, Oct 31, 2019

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In the past decade, Mercado Pago has been rolled out across the region in eight key countries: Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay and Venezuela.

Today, the company offers a wide variety of financial services, ranging from payment processing and gateway services to mobile payments and credit cards. Mercado Pago launched its mobile point-of-sale (mPOS) machines to small and midsize merchants in 2015, and QR codes in 2018. Following those advancements, offline payments made with the platform's app and mobile wallet skyrocketed.

Of all the Latin American countries it's active in, Mercado Pago has been most widely adopted by consumers in Argentina. The platform has processed more than 8.5 million payments there since it began offering QR code payment services in 2018. These transactions were also subject to discount incentives for consumers and merchants (zero transaction costs for any payments made with a QR code for a limited time earlier this year).

Its success in Argentina is also a result of a lack of major competitors in the market—payment services from Apple, Google and Samsung are currently unavailable there—which has given Mercado Pago a first-to-market advantage. According to a July 2019 study from mobile data

company Ogury, Mercado Pago was present on 16.5% of Android and iOS mobile devices, a significantly greater share compared with PayPal (0.7%) and Todo Pago (0.5%).

**Select Mobile Payment Apps\* Used by Mobile App Users in Argentina, Brazil and Mexico, Ranked by Market Share\*\*, July 2019**

	Market share	Active users***	Sessions per user
<b>Argentina</b>			
—Mercado Pago	16.5%	65.2%	20.9
—PayPal	0.7%	26.9%	4.0
—Todo Pago-PEI	0.5%	20.0%	3.0
<b>Brazil</b>			
—Samsung Pay	6.5%	31.3%	12.0
—Mercado Pago	4.4%	67.6%	22.2
—Google Play	1.9%	45.2%	15.4
—PayPal	0.9%	34.8%	2.7
<b>Mexico</b>			
—Samsung Pay	6.8%	29.3%	3.7
—PayPal	1.9%	26.3%	9.1
—Mercado Pago	1.7%	46.1%	12.4
—Cashi (from Walmart)	0.1%	35.4%	3.8

*Note: ages 18+; represents activity on Ogury's platforms, broader industry metrics may vary; \*includes Android and iOS; \*\*refers to the percent of devices that have the app installed on them; \*\*\*refers to the number of users who have logged into the app at least once per month on their mobile device*  
Source: Ogury, Sep 11, 2019

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The biggest challenge to Mercado Pago's future success is Latin America's decades-long love affair with cash. Even among the region's Gen Z and millennial adopters of proximity mobile payment technologies, cash is still heavily used, according to a September 2019 report published by Vocalink in association with Kantar.

When Vocalink asked respondents to indicate which purchases they paid for in cash, 77% in the region overall said they did so for small, everyday purchases, while more than six in 10 used cash for restaurants/dining out (67%) or to buy their weekly groceries (61%).

### What Types of In-Person Purchases Have Young Adult\* Consumers in Latin America Paid for in Cash?

% of respondents, by country, Aug 2018

	Small, everyday purchases	Weekly grocery shopping	Restaurants/dining out
Colombia	92%	74%	77%
Argentina	84%	59%	78%
Peru	77%	61%	63%
Brazil	68%	61%	60%
Chile	67%	52%	56%
<b>Latin America</b>	<b>77%</b>	<b>61%</b>	<b>67%</b>

Note: \*ages 18-35 who have a bank account and access to a smartphone  
Source: Vocalink, "Young Latin Americans and their money" conducted in association with Kantar, Sep 5, 2019

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"Changing ingrained behaviors in traditionally cash-heavy markets is tough and can take years," said Mark Colleran, research and insights director at Vocalink. "Our findings reflect this: When we asked young Latin Americans what they expected payments to be like in 10 years, less than a third [29%] expected stores to no longer accept cash."

The work necessary for growth is already cut out for Mercado Pago: It needs to continue to educate consumers on the many benefits mobile payments offer.

"If we don't fight against cash usage as an industry, it'll be very difficult for each player to really make a difference," said Paula Arregui, chief operating officer of Mercado Pago at MercadoLibre. "Cash is something that should disappear in due time, but it won't happen overnight in Latin America. That's why we, as technology companies, have an equally important role to play as educators, evangelizers and agents of change."

For more analysis on mobile payments in Latin America, eMarketer PRO subscribers can read our latest report.

**Report** by Matteo Ceurvels Oct 24, 2019

## Latin America Mobile Payment Users 2019

### LATIN AMERICA MOBILE PAYMENT USERS 2019

What's Driving Adoption in  
Argentina, Brazil, Mexico and  
Other Markets

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