

Q&A: Parallel18 executive director on LATAM's fintech boom

Article



LATAM consumers are rapidly shifting to fintech solutions, with lockdown measures encouraging millions to download apps like neobank **Nubank** for easier access to financial services.

Yet large swaths of the population remain underserved, meaning there are huge user acquisition opportunities in the region: **75% of transactions in Argentina and 80% in Mexico**

are still conducted in cash due to lack of card acceptance.

Investors are eagerly pouring money into startups that can alleviate these pain points and become big local winners. **Private fintech funding in LATAM reached \$4.25 billion** in H1 this year, up from \$2.80 billion for all of 2020.

Insider Intelligence spoke with the executive director at the Puerto Rico-based startup accelerator **Parallel18**, Sebastián Vidal, about what's behind the recent fintech adoption boom and the challenges unique to the region over the long term.

The following has been edited for brevity and clarity.

Insider Intelligence (II): What are the factors behind the recent fintech boom?

Sebastián Vidal (SV):

- **Changing entrepreneurial mindset.** Fintech is so popular today in Latin America because the opportunity is so huge—the mindset of the Latin American entrepreneur has shifted to trying to solve their own problems rather than reiterate successes from Silicon Valley and other more developed tech ecosystems. Right around the time Nubank was born, local founders started understanding that we have a huge underserved community for many services, most notoriously fintech.
- **Government support.** There's a lot to say about governments in Latin America, and most of the things are not positive. But there is a percentage of lawmakers who have been working in the last 10 years to make regulations more friendly to entrepreneurs in general, like the fintech law in Mexico and upcoming open banking standards in Brazil.
- **Small-business demand.** The unofficial small-business economy in the region is huge: **probably 80% of the economy of Mexico is cash**, for example. Here, fintech can provide a huge flywheel—it can help these informal small businesses access more financial opportunities like credit, which leads to further growth and greater need for more fintech services, and so on.

Read the full Q&A [here](#).