

How Mercado Libre, the ‘Amazon of Latin America,’ could disrupt the region’s banking industry

Article

The news: **Goldman Sachs** has loaned \$233 million to Latin American online marketplace **Mercado Libre** as the ecommerce heavyweight looks to grow its financial services presence in the region.

The fintech arm of the company **Mercado Pago** plans to use \$106 million to expand its credit portfolio in Brazil, while setting aside \$127 million for its Mexican operations.

Shaking up LATAM banking: Sometimes dubbed the “Amazon of Latin America,” Mercado Libre already generates huge sales and boasts a vast **active user base of over 80 million**, mainly from its ecommerce operations. Now it’s targeting financial services growth.

- Last week, it partnered with **Western Union** on US-Mexico remittances.
- And **Citi** loaned the firm \$375 million in November to grow its credit arm in Brazil and Mexico.

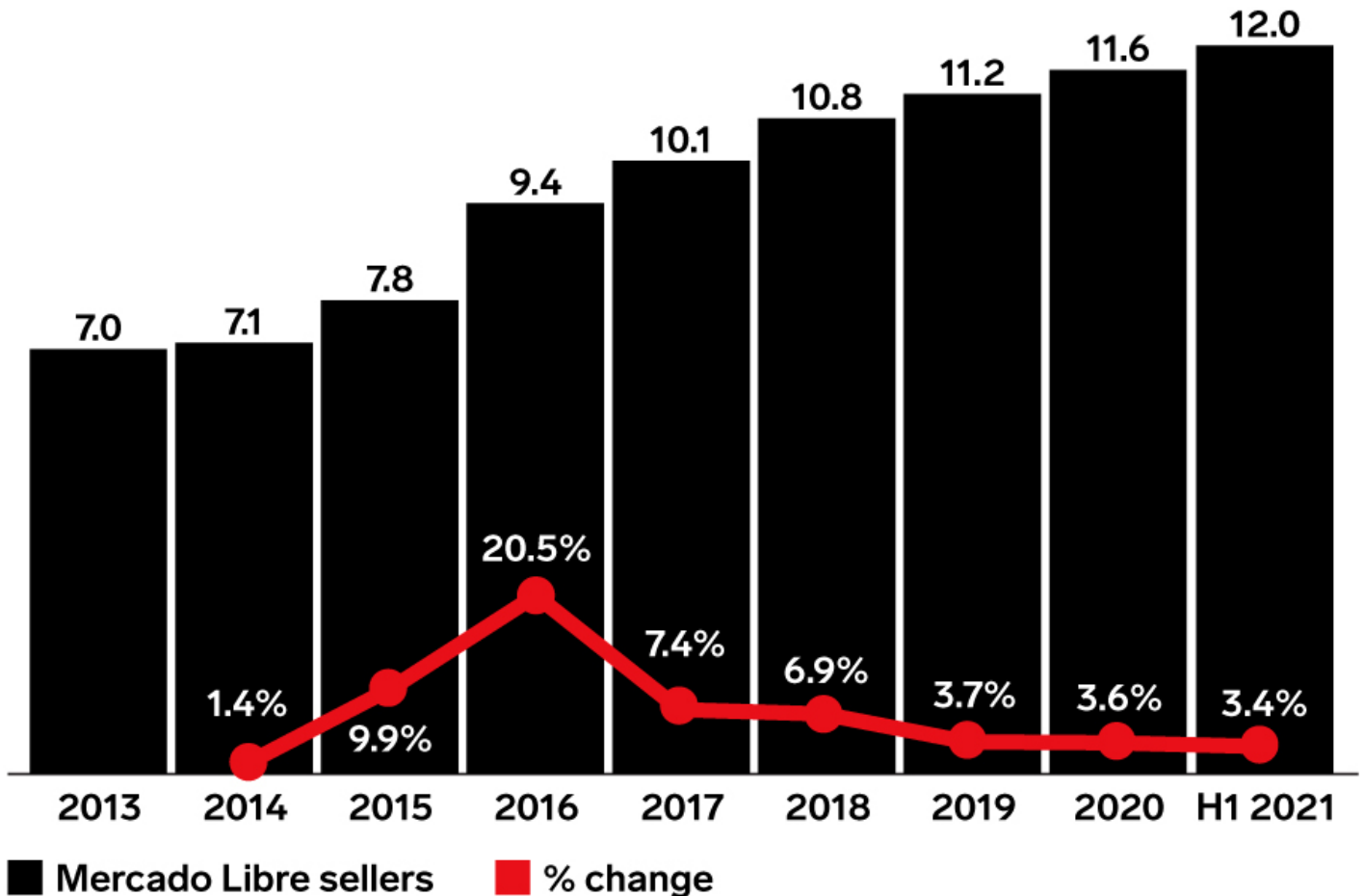
These investors see Mercado Libre’s growth potential determined by whether it can harness its regional retail success and use it to build its finance arm.

Mercado Pago is already one of the most lucrative parts of the company’s wider business and has successfully picked up customers by attempting to democratize finance for the millions of underbanked Latin Americans.

This is, however, an increasingly competitive space that already contains neobanks like Nubank and **Revolut**, fintechs such as Creditas and Inter, and incumbents including **Santander** and **Banco do Brasil**.

Digital Sellers in Latin America Who Have Made a Digital Sale on Mercado Libre, 2013-H1 2021

millions and % change



Note: includes new or existing unique users who have made at least one sale on Mercado Libre over the course of each one-year period; excludes aircraft, motor vehicles, real estate sales, and vessels
Source: Mercado Libre, "Second Quarter 2021 Results"; Insider Intelligence calculations, Aug 4, 2021

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Analyst comment: "Mercado Libre is Latin America's biggest ecommerce company, but competition from local players is heating up," says Insider Intelligence senior analyst [Matteo Ceurvels](#). "This has forced the digital retailer to continuously innovate and invest billions of

dollars into its ecommerce and fintech businesses in Latin America—most notably in Mexico and Brazil.”

- "Goldman Sachs' loan will enable Mercado Libre to provide [its millions of sellers](#) with the crucial access to funding they need to take their businesses to the next level," Ceurvels added.
- "Shoppers also stand to benefit through more democratized access to consumer credit in a region where fewer than three in 10 banked adults owned a credit card, according to the World Bank's [2021 Global Findex survey](#)."

Ceurvels also believes that "capital injections into its regional and local operations will pay dividends. We expect them to help **the pure-play retailer grow market share in Mexico [and Argentina] and mitigate more severe decreases in Brazil.**"

Find out more: For more information, watch out for our upcoming report on Mercado Libre, which will be available in August, or read our latest report, "[Latin America Retail Ecommerce Players Update 2022](#)."