



THE FINTECH MARKET IN MEXICO- AN OVERVIEW

Enterprise Ireland

1. Introduction

The main objective of FinTech is to provide financial services that are flexible, quick, and improve traditional financial institutions.

The Bank for International Settlements (BIS) ¹ is owned by 63 central banks whose head office is in Basel, Switzerland. It has two representative offices in Hong Kong SAR and Mexico City.

BIS identifies in the table below four innovative sectors in which Fintech is widely used and where market support services are required.

Figure 1 Innovation per sector

Innovative Sectors			
Credit, deposit, and capital-raising services	Payments, clearing and settlement services		Investment management services
Crowdfunding	Retail	Wholesale	High-frequency trading
Lending marketplaces	Mobile wallets	Value transfer networks	Copy trading
Mobile banks	Peer-to-peer transfers	FX wholesale	E-trading
Credit scoring	Digital currencies	Digital exchange platforms	Robo-advice
Market support services	Portal and data aggregators		
	Ecosystems (infrastructure, open source, APIs)		
	Data applications (big data analysis, machine learning, predictive modelling)		
	Distributed ledger technology (blockchain, smart contracts)		
	Security (customer identification and authentication)		
	Cloud computing		
	Internet of things / mobile technology		
Artificial intelligence (bots, automation in finance, algorithms)			

Fuente: BCBS.

The global Fintech market was valued at \$127.66 billion US in 2018 and is expected to grow 24.8% through 2022.² The Fintech market goes hand in hand with the digital adoption of technologies, the use of mobile devices, cloud computing, big data, artificial intelligence, and more.

¹ Bank for International Settlements, Accessed January 28, 2021 Referenced from <https://www.bis.org/>

² 13 Top Fintech Companies for E-commerce Business. Accessed January 28, 2021 Referenced from <https://www.ecommerceceo.com/top-fintech-companies/>

The document will cover the general overview of Fintech and the banking sector in Mexico, including the Fintech legal framework. A discussion of Mexico's financial inclusion and the difference in LATAM. Finally, it is presented the Fintech services and the platforms available in the market.

i) General overview of Fintech sector in Mexico

The history of financial technologies in Mexico goes back to the implementation of ATMs in the '60s and the incorporation of technologies to facilitate the banking process. However, the origin of Fintech as we know it today, came about with the presence in the market of [Paypal](#) that started in March of 2000. In 2011 new startups such as [Kubo.Financiero](#) and [Conekta](#) appeared which entered the peer-to-peer market.³

Every year new startups are coming to the market. In 2018 Finnovista published Fintech Radar Mexico. Mexico has become an important Fintech hub, with 334 Fintech startups, below Brazil, which is the leader in LATAM with 377 FinTech startups.⁴ The majority of the startups are in the services of lending and payments. The new Fintech revolution has been led by startups that focus on technology and provide new flexible services, low cost, and accessibility to everyone through mobile devices.

In March 2018, the Official Gazette of the Federation was published during the administration of President Enrique Peña Nieto, which stated that the main objective of the new Fintech Law was to regulate and oversee the operation, organization, and functions of Fintech companies to protect users and consumers and to avoid money laundering operations.⁵

ii) Fintech Market in Mexico

The Mexican National Banking and Securities Commission (CNBV) is familiar with 515 Fintech companies, of which only 200 comply with the 2018 Fintech Law, which established the framework for the participation in electronic payment services, virtual assets, and crowdfunding. The annual value of Fintech operations in Mexico is 68.4 billion pesos, with 4.7 million users, and Mexico has 48% of the Fintech Ecosystem Maturation

³ Chávez, Alejandro, Historia de la Industria Fintech mexicana, My Press, July 2018. Accessed January 29, 2021 Referenced from <https://www.mypress.mx/negocios/historia-de-la-industria-fintech-mexicana->

⁴ Mexico supera la barrera de los 300 startups Fintech; Fintech Radar Mexico, junio 2018; Accessed January 29, 2021 Referenced from <https://www.finnovista.com/radar/mexico-supera-la-barrera-de-las-300-startups-fintech/>

⁵ Excelsior, Esto es lo que debes saber sobre la Ley Fintech, September 24, 2019; Accessed January 29, 2021 Referenced from <https://www.excelsior.com.mx/nacional/esto-es-lo-que-debes-saber-sobre-la-ley-fintech/>

Index (INFIN); meaning that it is in a developmental stage.⁶ IFIN is part of a study developed by a joint effort by Endeavor, Santander, the British Embassy in Mexico, Finnovista, and Google in 2019 titled: “Fintech Thermometer: The Challenges of Regulation”⁷ The index is comprised of several quantitative variables that determine the business maturity of the firms in the region, such as variables in the amount of sales, number of employees, operational volume, active users, and the market and technology being used.

Mexico’s Fintech ecosystem is made up of a small group of entrepreneurs. Capital has been raised by 70% of the startups and debt in the last five years totals 629 million dollars. However, 80% of those resources are concentrated in only 8 startups. The ecosystem has generated 3,600 direct employment opportunities, and the majority are concentrated in 7 firms that have over 100 employees, generating 36% of employment in the sector. In firms that has between 1-10 employees, it falls 56%, and 22% of firms generated direct employment to 11-25 people.⁸

The digital transformation has challenged business models, one of which is the banking sector that needs to change in order to meet customer expectations. Banking customers have become more digital, and they demand that their bank provides financial solutions from their mobile devices. The 2019 pandemic has proven the need to launch new products with a very tight timeframe to hit the market. Mobile applications have become an experience generator, and the banking sector needs to provide new services for digital applications to satisfy the needs of their clients, in the same way that Fintech startups and neobank have done.⁹

The total number of fintech startups varied from one source to another. Legal Paradox, which provides legal solutions for Fintech companies, has identified a total of 702 Fintech firms in Mexico. In Mexico 70% of these firms are located in Mexico City (495).¹⁰

⁶ Agencia EFE, Sector tecnofinanciero vive auge en Mexico tras dos años de la ley Fintech, Gestión Internacional, February 2, 2020, Accessed January 29, 2021 Referenced from <https://gestion.pe/mundo/internacional/sector-tecnofinanciero-vive-auge-en-mexico-tras-dos-anos-de-la-ley-fintech-noticia/>

⁷ Endeavor, Termómetro Financiero: Los retos de la regulación, June 2019 Accessed January 30, 2021 Referenced from <https://www.endeavor.org.mx/santander-presenta-el-termometro-fintech-los-retos-de-la-regulacion.html>

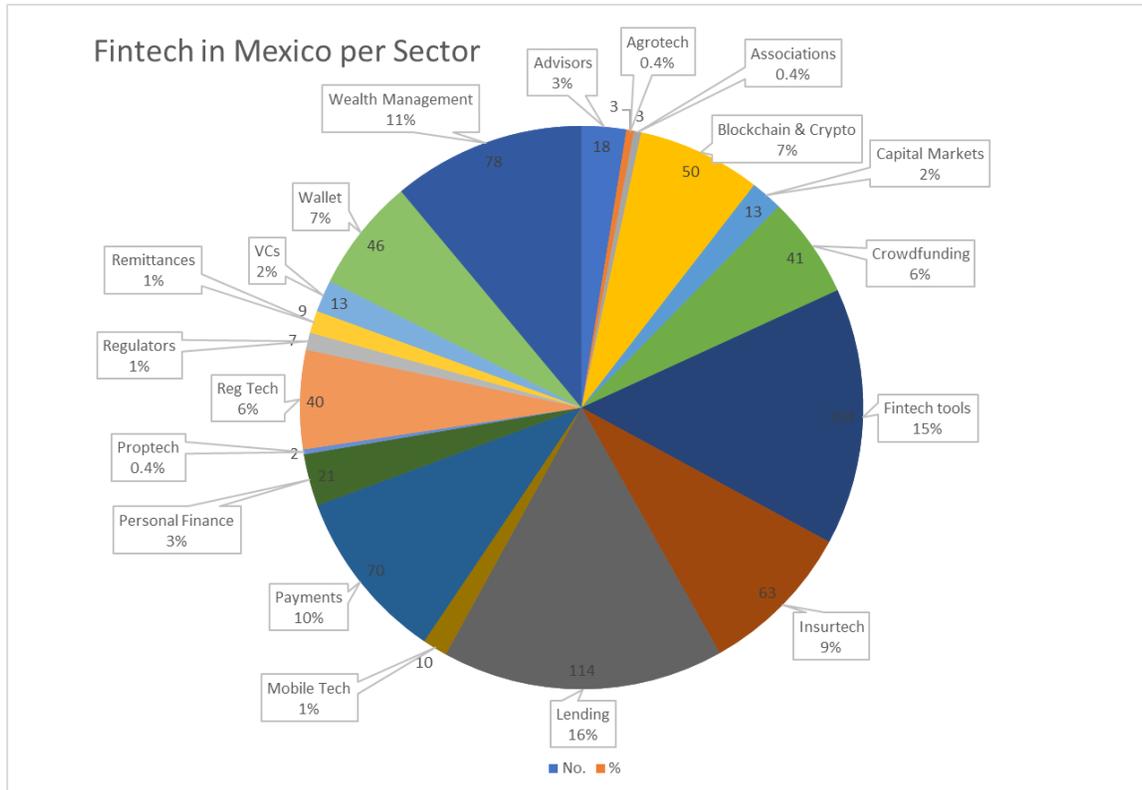
⁸ Endeavor, Termómetro Financiero: Los retos de la regulación, June 2019 Accessed January 30, 2021 Referenced from <https://www.endeavor.org.mx/santander-presenta-el-termometro-fintech-los-retos-de-la-regulacion.html>

⁹Garia, Carmen, La banca debe migrar a la nube para que sus clientes tenga experiencias digitales memorables, IBM January 18, 2021 Accessed January 30, 2021 Referenced from <https://www.ibm.com/blogs/think/es-es/2021/01/18/la-banca-debe-migrar-a-la-nube-para-que-sus-clientes-tengan-experiencias-digitales-memorables/>

¹⁰ Legal Paradox, Explora el sistema Fintech Mexico Accessed February 1, 2021 Referenced from <https://www.legalparadox.com/>

The following graph from Legal Paradox shows information from 702 FinTechs classified into the services they provide.

Figure 2 Fintech in Mexico per Sector



Source: Legal Paradox: <https://www.legalparadox.com/>

In the summer of 2020, Kore Fusion, strategy consulting, and M&A advisory for Fintech international presented the 2020 LATAM Fintech Report. The report covered 5 markets: Brazil, Mexico, Chile, Colombia and Argentina. The Kore Fusion report used for classifying Fintechs provides the following definition: “it is a company that creates innovative financial products and develops technology to improve the current processes, and it uses technology to promote access to the financial system”.¹¹

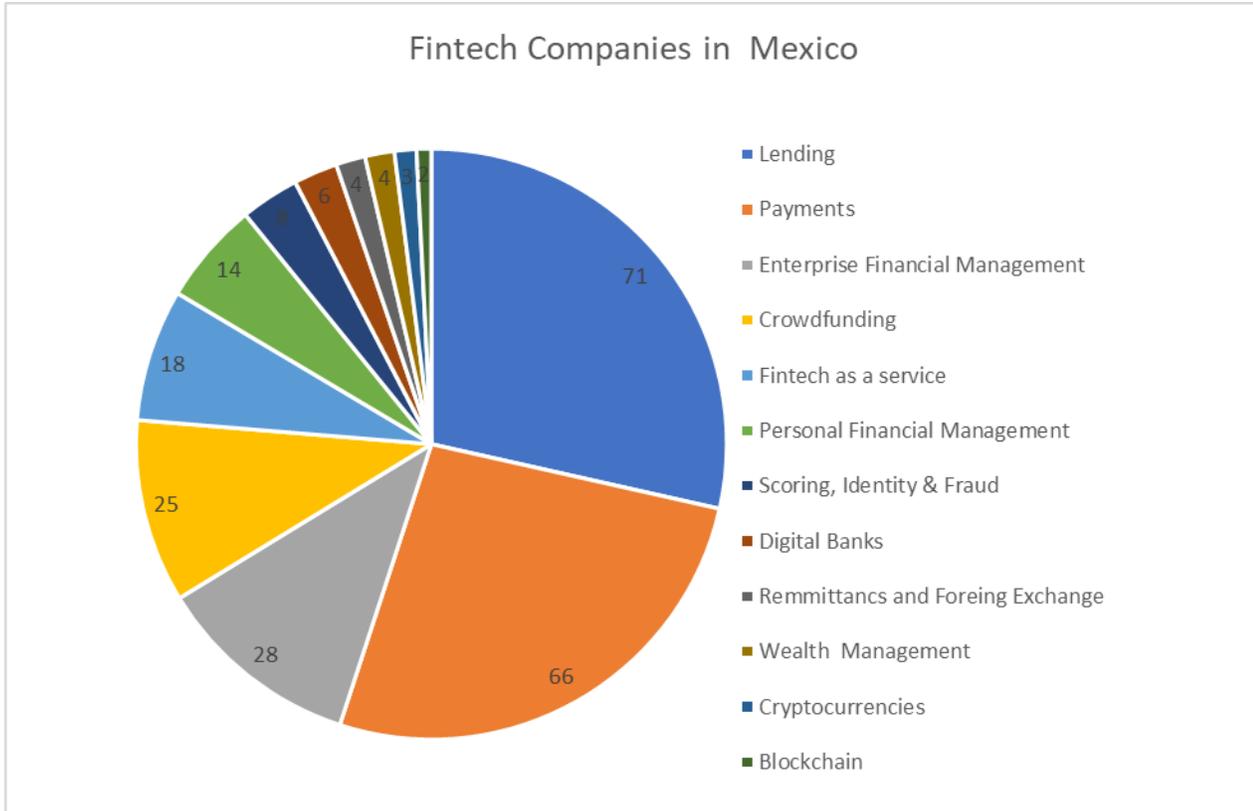
In total, the report included an analysis of 2,800 companies, excluding 1,725 records and concluding with 1,075 companies in 5 markets, divided into 12 categories and 45 subcategories.

Based on the above, the total number of Fintech companies analyzed for the Mexican market was 249.

¹¹ Kore Fusion, Kore Fusion 2020 LATAM Fintech Report, Summer 2020. <https://korefusion.com/report-download/>

Below is a chart that shows the total number of companies in each category:

Figure 3 Fintech companies in Mexico



Source: Kore Fusion, Kore Fusion 2020 LATAM Fintech Report, Summer 2020

In comparison to 2019, Fintech Radar Mexico 2020, published by Finnovista, showed that Mexican participation in Fintech grew 14% with 441 Fintech active startups in Mexico. The sector that had the largest impact is Insurtech which grew 46% compared to 2019. An important aspect is the mortality rate that in 2018 was 11.3%, and for 2020 the rate has decreased to 4.5%, only 18 companies of which did during the previous year.¹²

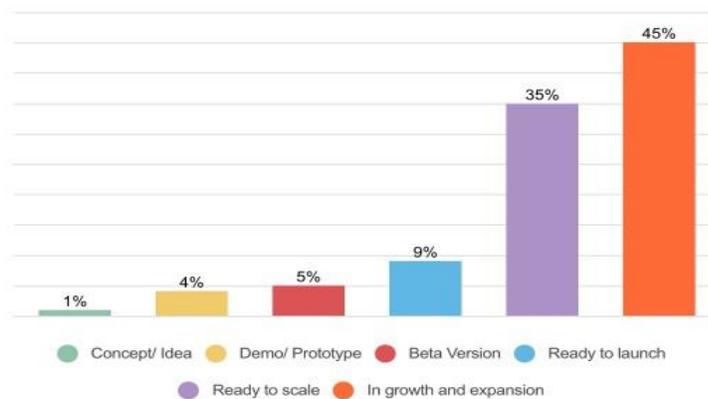
It is worth noting that Mexico has continued to grow in the Fintech sector and has become the hub of LATAM. All sources agree that the categories that have the most companies are those that are dedicated to lending and payments, which are the ones that the population that does not have a banking account required more.

¹² Finnovista, Fintech Radar Mexico, March 2020, Accessed February 1, 2021 Referenced from <https://www.finnovista.com/radar/el-numero-de-startups-fintech-en-mexico-crecio-un-14-en-un-ano-hasta-las-441/>

In fact, Mexico is the Latin American country with the highest FINTECH development, ahead of countries such as Brazil, Colombia, Chile, and Argentina. In the report Fintech Thermometer: the challenges of regulation, generated in 2019 by Banco Santander, the Endeavor organization, the British Embassy in Mexico, Finnovista and Google, affirm that the annual volume of operation of FINTECH is equivalent to 6.8 billion pesos, with 4.7 million registered users. This data can be equated to the portfolio and assets managed by a traditional bank.¹³

Moreover, the report indicates that the most typical company in the FINTECH sector has the following characteristics: it was founded close to 3 years ago and has \$105,000 in annual income, nine employees, and \$230,000 in capital. These figures indicate that the companies that make up the Fintech sector in Mexico are, to a greater extent, from entrepreneurial projects at an early stage, but with high growth. Proof of this is that of the 515 Fintech companies that existed in Mexico at the end of 2019, more than 266 new companies have been created since 2015. In addition, 270 startups in the sector have raised capital and debt for an amount equivalent to 629 million dollars. Also, in terms of employment, the Fintech system has created 3,600 direct jobs and benefits more than 4.5 million registered users of its services. Figure 3 shows the phase in which Fintechs in Mexico consider itself to be in. This is indicative of a maturing industry, despite its short history.

Figure 4 Maturity of Fintech in Mexico (self-classification)



Source: Endeavor Intelligence, 2019

¹³ Santander, the Endeavor organization, the British Embassy in Mexico, Finnovista and Google, “Termómetro FINTECH: Los retos para la regulación”. Accessed January 30, 2021 Referenced from https://servicios.santander.com.mx/innovacion/reporte_termometro_fintech_digital_2019.pdf

Fintech startups represent 70% of their main operations that are based in Mexico City. They have become the most dynamic Fintech hub in the country and one of the most relevant in Latin America.¹⁴

Fintech has proven that it has flexible businesses capable of providing finance to the population that cannot otherwise access the traditional banking systems. Such is the case with Financial Cooperative Associations (SOFIPOS) that are authorized by the CNBV to lend and receive payments and open banking accounts remotely. Fintechs have to develop an easy and accessible mechanism to open accounts.

Fintech startups are functioning in the following 12 categories:

Blockchain; crowdfunding, cryptocurrencies, digital banking, enterprise financial management, lending, payment, personal financial management, remittances, scoring, identity & fraud, and wealth management. Conversely, digital banks and neobanks have shown considerable growth but are impacted by regulatory issues. The areas that represent more opportunity for expansion due to low saturation are enterprise and personal financial management, scoring, identity, & fraud, blockchain, wealth management, Fintech as a service, and finally remittances and foreign exchange.¹⁵

iii) Fintech in LATAM

The Kore Fusion,¹⁶ LATAM Fintech Report, which covered the five markets in Brazil, Mexico, Chile, Colombia and Argentina, documented the following:

- 20% of the Fintech companies registered in such countries had low economic activity in the last 18 months.
- The average number of years that a Fintech company has been operating in LATAM is seven.
- In the Payments category, the average is more than ten years.
- Brazil is the country with more Fintech startups with 498, and is the only LATAM country with unicorn startups (Pagseguro, Nubank, Stone and Ebank).
- Fintech investment in LATAM is uneven and not proportional to GDP.
- Mexico highest presence of foreign Fintech increases competition and dissuades investor interest in local competitors.

¹⁴ Finnovista, El número de startups Fintech en México crecieron un 14% en un año, hasta 441 Marzo 2020 Accessed January 30, 2021 Referenced from <https://www.finnovista.com/radar/el-numero-de-startups-fintech-en-mexico-crecio-un-14-en-un-ano-hasta-las-441/>

¹⁵ Kore Fusion, Kore Fusion 2020 LATAM Fintech Report, Summer 2020. <https://korefusion.com/report-download/>

¹⁶ Idem

- Brazil domestic funds attempt to invest locally and seek Fintech ventures.
- Chile, Colombia, and Argentina are hampered by being smaller markets with less space for competition and scale.

iv) International Ranking

The Global Fintech Index Rankings 2020 Report¹⁷ identifies emerging hubs, Fintech companies, and trends. The Index algorithm ranks the Fintech ecosystems of more than 230 cities across 65 countries incorporating data from global partners including startup Blink, Crunchbase, and SEMrush¹⁸.

Country and city rankings are calculated from a total score comprised of a combination of three metrics:

- Quantity – Size of Fintech ecosystem and supporting structures – number of Fintech companies, Fintech hubs, co-working spaces, accelerators, global influencers, and population (countries only)
- Quality – Impact/Performance – Size and growth of Fintech companies (e.g. number of unicorns), investment, events, value generation, international collaboration, website ranking
- Environment – Ease of doing business, critical mass, regulatory environment – regulatory interventions to improve competitive environment, incentives for start-ups, Internet censorship, payment portals, Fintech courses.

The table below shows that Mexico is the 30th position, and Brazil is ranked 19. Mexico City is the region with a higher concentration of Fintech companies with 70% that operate in Mexico.¹⁹

¹⁷ https://findexable.com/wp-content/uploads/2019/12/Findexable_Global-Fintech-Rankings-2020exSFA.pdf

¹⁸ <https://findexable.com/news-and-insights/world-leading-financial-centres-missing-out-on-fintech/>

¹⁹ Legal Paradox, Explora el sistema Fintech Mexico Accessed February 1, 2021 Referenced from <https://www.legalparadox.com/>

Table 1 Fintech Country Rankings

Global Fintech Rank	Change from Startup Ranking	Country	Total Score
1	±0	United States	31.789
2	±0	United Kingdom	23.262
3	+18	Singapore	19.176
4	+14	Lithuania	17.343
5	+3	Switzerland	16.018
6	±0	The Netherlands	14.464
7	±0	Sweden	14.272
8	-3	Australia	13.555
9	-6	Canada	13.322
10	+3	Estonia	13.303
11	-2	Germany	12.787
12	-8	Israel	12.771
13	-3	Spain	12.372
14	-2	Finland	12.110
15	+2	India	12.024
16	-5	France	11.803
17	-3	Ireland	11.754
18	+1	South Korea	11.543
19	+18	Brazil	11.456
20	-4	Denmark	11.368
21	+6	China	11.143
22	+1	Japan	11.114
23	+30	Luxembourg	11.088
24	+1	Italy	10.772
25	+3	Austria	10.660
26	-21	Belgium	10.586
27	+19	Norway	10.497

28	+1	Portugal	10.394
29	-9	Poland	10.364
30	+2	Mexico	10.294
31	-9	Czechia	10.188
32	-17	Russia	10.052
33	+56	Malta	9.983
Source: The Global Fintech Index -2020			

v) Operational challenges in Mexico

In Mexico, the only financial entities that can legally operate and offer financial services are:

- Financial institutions that have the authorization, registration, or concession from the Federal government.
- Fintech Organizations that are undergoing approval by the CNBV to operate as Crowdfunding, as well as electronic payments that were being performed before the approval of the 2018 Fintech law, whose registration was requested before September 25th, 2019. Until they received the final authorization, companies must publish on their website that they are undergoing registration, and that currently their activity is not overseen by the Mexican authorities.

vi) COVID-19 and Fintechs in Mexico

The recent regulatory framework for FINTECH in Mexico has also influenced the growth of digital banking in the country. Current regulation allowed financial technology institutions to have real validity to carry out their operations and give their potential clients the certainty of the legality of their services. In less than two years, for example, the Fintech Law triggered the creation of companies in the technology and financial sectors, since, according to data from the firm Legal Paradox, 698 companies have emerged from the publication of the regulatory framework.²⁰

²⁰ César Barboza, “En menos de dos años, la Ley Fintech impulsó a casi 700 compañías a emprender en el camino de la innovación en México”. Business Insider México. Accessed February 3, 2021 Referenced from <https://businessinsider.mx/fintech-cerca-de-700-companias-emprenden-camino-innovacion-mexico/>

The general situation of digital banking in Mexico has changed after the current pandemic caused by COVID-19. The reasons for this change are that social distancing measures and the less and less frequent use of cash have caused the use of digital alternatives to expand to a larger portion of the population. For example, the Association of Mexican Banks [in Spanish: ABM] reported that at the end of 2020 there were 47 million contracts linked to a cell phone, which represented an increase of 113% compared to December 2018. Moreover, there is a downward trend in the number of users who go to physical branches to resolve their financial or banking matters. Proof of this is that in 2018 brokerage operations were 650 million, while in 2020 they decreased to 500 million, which implies an exchange rate of -23%.

2. Banking Sector Overview

The banking sector is one of the seven sectors comprising the Mexican financial system. According to the Ministry of Finance and Public Credit of Mexico, [in Spanish: SHCP], it is composed of four groups of entities: 1.- multiple purposes banks (i.e., retail and commercial), 2.- multi-purpose financial institutions (i.e., investment and savings), 3.- development banks, and 4.- funds and trusts for economic development.

i) Multi-purpose banks:

The financial and banking activities of these banks consist of capturing the resources injected into the economy, pooling them into savings, and channeling them into the form of financing (credit) to individuals or companies that generate added value in the economy. In other words, a commercial bank is an entity that is primarily engaged in raising funds from the public through products and then placing them in lending operations (Government of Mexico, n.d.).

Currently, there are 48 banks of this type operating in Mexico. Seven banks hold 78% of the market share, based on the total assets they control (Private Shield, n.d.). Five of the major banks are owned by foreign groups: the Spanish BBVA and Santander, ScotiaBank from Canada, CitiBanamex by American CitiGroup, and the British based multinational HSBC. Banorte and Inbursa are the only two major banks from Mexico.

ii) Multi-purpose financial institutions:

Financial institutions without a banking focus, the so called IFNB, allow individuals and legal entities to exchange currencies, issue and acquire debt, loans, and credits, participate in the stock exchange, and generally have access to any available financial instrument.

iii) Development Banks

Development Banks are an additional player in the banking sector. Their main purpose is to extend credit and banking services to areas where traditional banks do not deliver. They are autonomous public institutions, and their operations are focused on specific areas, such as infrastructure, housing, and agriculture. The main development banks are Nafinsa, Bancomext, Banobras, Banjercito, Bansefi and Hipotecaria Federal.

iv) Trusts and Funds

These are financial vehicles administered by the government and public institutions with resources from both the state and third parties to deal with specific development purposes (Villafani-Ibarnegaray and González Vega, 2006). However, we will not delve further into this matter because in November 2020 the Federal Government ordered the winding up of all public trusts and funds in order to save administrative costs and improve oversight against corruption. The resources are now centralized and are at the direct disposition of the Federal Government.

v) Governance in the Banking Sector

During the PRI era in the 20th century, the banking sector was governed by an authoritarian institutional framework, where biased political decisions would cause economic, financial, and social crises (Haber et al., 2008). The transition to democracy at the turn of the century has also allowed liberalization and fair regulation of the banking system.

Currently, the Mexican State establishes the guidelines and the general policies to be followed by the Mexican banking system, to ensure that its activities support and promote the development of the country's productive forces and the growth of the national economy, thus ensuring the principles of a sovereign economic national policy. This prerogative also enables the State to orient the banking sector to promote savings in all groups and regions of the country and its adequate channeling to a wide regional coverage that favors the decentralization of the system itself, following banking practices and uses.

While the Federal Government lays out a general legal framework for banks and other financial institutions to operate, it is paramount to underline that Mexico's banking sector is comprised of private and public entities, and that the 1982 nationalization of the banking sector, and the consequences that followed, have been drawn back gradually literally since the same year in which the nationalization was enacted.

vi) Banking and Financial regulations

In the current mixed system, the Federal Government has in place a group of autonomous and semi-autonomous institutions that comprise the National Financial Stability Committee [in Spanish: CESF] , an institutionalized coordination mechanism for all institutions entrusted with financial regulation, with the prime purpose of avoiding interruptions and substantial alterations in the way the financial systems, both traditional and digital, operate, and to minimize their impact in case a major event were to occur.

The Ministry of Finance and Public Credit of Mexico, [in Spanish: SHCP], through its decentralized bodies of the National Insurance and Bonding Commission (CNSF) and the National Banking and Securities Commission (CNBV), and BANXICO, are the bodies granted the major regulatory responsibilities. Thus, the CESF board includes representatives of both the SHCP and BANXICO. The duties of the CNSF in this matter cover the regulation of institutional issues, including the establishment of credit and fiscal policies. CNBV supervises banking operations and credit institutions, and it is in charge of establishing timely preventive and corrective measures to avoid solvency problems based on the levels of capitalization of each bank or financial institution.

BANXICO, the autonomous central bank of Mexico, is primarily tasked with protecting the stability of the Mexican peso and implements the policies established by the Federal Government through the SHCP, and operates inter-bank check clearing and compensation systems (Privacy Shield, n.d.). BANXICO, together with CNBV, also grants authorization for banks to establish themselves and operate in Mexico.

A concrete and important regulatory measure conducted by CNBV is the establishment of a capital buffer, a minimal relative reserve to be kept untouched by banks that is implemented in case of a financial downturn, following countercyclical principles. A complementary action is performed by the Bank Savings Protection Institute [in Spanish: IPAB], another government body member of the National Financial Stability Committee. Should systemic financial problems arise, endangering savings and investments, IPAB must support the financial institutions for up to 400,000 Inflation Indexed Investment Units [in Spanish: UDIs], per individual or legal entity, and per bank.

An additional regulatory commission is the National Commission for the Retirement Savings System [in Spanish: CONSAR], tasked with regulating the Retirement Savings System (SAR) and enforcing the Retirement Savings System Law. In particular, CONSAR ensures that that Retirement Funds Management [in Spanish: AFORE], the institution managing individual retirement accounts on behalf of the workers, properly safeguards and invests the savings of the workers. CONSAR also oversees transparency and accountability in AFORE, and it imposes fines in case of non-compliance or irregularities.

Other interceding parties relevant to the regulatory system of the banking sector is the Association of Mexican Banks, [in Spanish: ABM], which represents the interests of all private banks in Mexico, and the

National Commission for the Protection and Defense of Users of Financial Services, [in Spanish: CONDUSEF], which is the relevant authority to process complaints and claims from the users of the financial institutions.

The National Financial Stability Committee, (CESF), regulatory framework is the result of the agreements reached in Basel III in 2009, an international regulatory accord that introduced a set of reforms designed to mitigate risks within the international banking sector.

vii) Digital banking growth and trends

Following the massive depreciation of the Mexican peso in December 1994, the nationalization of the banking sector in 1982 and the banking collapse in 1995 are two out of many politically driven financial disasters which have to be reversed in order to regain the trust of banks and their users, and to grow and modernize the relatively small banking system in Mexico (Haber et al., 2008). In addition to a more nuanced regulatory framework, as explained in detail above, the latest and greatest efforts to strengthen the banking system in Mexico were put in place by the previous president Enrique Peña Nieto (2012-2018), as part of his broad structural reforms. The purpose of the reforms in the banking and financial legislation were, in part, to “accelerate access to financial funding and reinforce financial inclusion. As explained below, financial exclusion in Mexico is both a paramount challenge and an opportunity for new banking services.

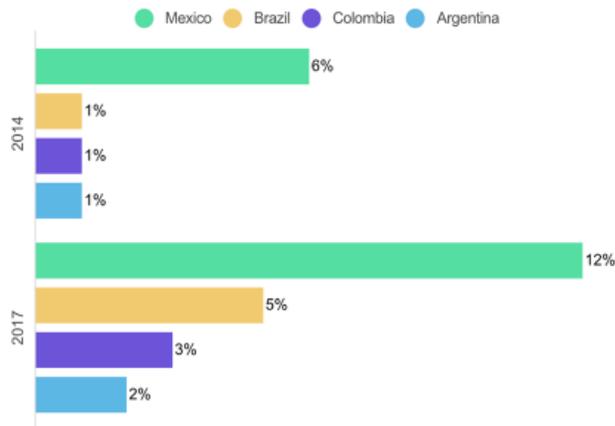
viii) Digital banking

This trend, however, has started to change in the last few years. An example of this is that, according to 2018 data from the National Survey of Financial Inclusion (ENIF), published every three years by the National Statistics, Geography, and Informatics Institute [in Spanish: INEGI], the current number of adults who have a financial product totals 54,000,000 people, the equivalent of 68% of the adult population in Mexico.²¹ This information is in contrast with data from other major Latin American nations, according to the most recent information from the World Bank in its report on financial inclusion and the revolution of financial technology. For example, data from Brazil and Chile indicates that 70% and 74% of their respective populations have a bank account. What role does digital banking play in the shrinking financial exclusion in Mexico?

²¹ INEGI. “National Survey of Financial Inclusion”. Referenced from <https://www.inegi.org.mx/programas/enif/2018/#documentacion>

The coverage of digital banking has been much lower than that of traditional financial services. For example, World Bank data for 2017 indicates that 12% of the population in Mexico has a bank account associated with an electronic device, and the most recent data from INEGI (2018), reports that 22% of the adult population with a bank account used digital banking services. These facts show a clear growth trend for digital banking in Mexico. This information is also in contrast with the trends of other Latin American nations, as shown in Figure 1, since the percentage of Mexican adults who carry out banking or financial operations from their mobile phone has been higher compared to those of Argentina, Brazil, or Colombia.

Figure 5 Percentage of adults with a mobile money account (2011-2017)



Source: The 2017 Global Findex database, World Bank

In spite of the relative advantage that Mexico enjoys with regard to other countries in the region, digital banking is a sector that still excludes a high proportion of the Mexican population. As Table 1 shows, Mexico occupies the 11th position of the countries with the most adults who, even when having a mobile phone, do not have a digital bank account. Women also have less access to digital banking services in Mexico, as men are more likely than women to bank online. It should be mentioned that for both genders the probability of

doing this activity is low compared to other activities, such as using social networks or consuming audiovisual content.²²

Table 2. Adults without an account who own a mobile phone in millions (2017)

Position	Country	Number of adults
1	China	185.0
2	India	102.9
3	Indonesia	62.3
4	Pakistan	46.2
5	Vietnam	39.0
6	Brazil	38.5
7	Nigeria	37.0
8	Bangladesh	34.0
9	Egypt, Arab Rep.	33.8
10	Philippines	32.7
11	Mexico	32.3
12	Russian Federation	26.8
13	Myanmar	20.5
14	Iraq	17.1
15	Turkey	16.0

Source: The 2017 Global Findex database, World Bank.

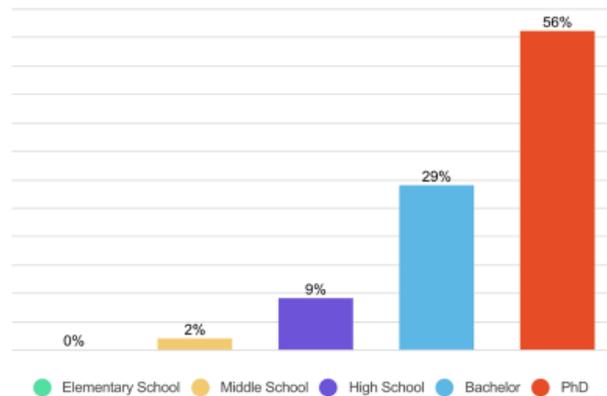
The level of education is also a determining factor for using digital banking services in Mexico. Figure 2 shows the probability of users enjoying online banking according to their level of education. This clearly indicates

²² IFETEL, “Uso de las TIC y actividades por Internet en México. Impacto de las características sociodemográficas de los usuarios: 2019”. Referenced from: <http://www.ift.org.mx/>

that people with higher degrees, such as postgraduate studies, have the highest probability of banking online (56.5%). This probability is 47 points above the national average. Figure 2 also shows the importance of education in the probability of carrying out this activity, since for the first educational levels the probability is less than 10% and increases considerably when the educational level reaches undergraduate and graduate degrees.

Geographical location is also an important factor for the use of digital tools in banking operations. An example of this is that the inhabitants of Mexico City have the highest probability nationwide of banking online, with 17.1%, followed by Quintana Roo (14.5%) and Baja California Sur (14.4%). In contrast, the states with the populations that are less probable to use these services are Guerrero (4.3%), Oaxaca (4.3%) and Chiapas (3.7%). These figures are directly associated with the distribution of income in Mexico, since the inhabitants of the states with the least probability of banking digitally are also the inhabitants of the rural and poorest areas of the country, according to data from the 2018 National Survey of Household Income and Expenditure [in Spanish: ENIGH].²³

Figure 6 Digital banking operations and educational level



Source: Federal Telecommunications Institute (IFETEL)

23 INEGI. “National Survey of Household Income and Expenditure”. Referenced from <https://www.inegi.org.mx/programas/enigh/nc/2018/>

The institutionalized efforts to narrow this gap amount to 182 digital tools developed by 39 financial institutions. Santander tops the list of banks with the most online banking tools available for the Mexican market, 12 in 7 sectors, closely followed by CitiBanamex, BBVA-Bancomer, and Banorte, with 11 digital tools each. A preliminary finding of this analysis shows the polarized characteristics of the digital offerings among the different institutions. While some banks have been concerned about offering digital experiences built on cutting-edge technology, offering personalized, easy-to-use services and an excellent user experience, the digital developments of other entities show that growth in digital channels may not be a priority compared to other business activities.²⁴

The three most active segments in digital banking with the greatest number of tools are: mobile banking, followed by personal banking, and lastly corporate online banking, however payments, savings, and investment, as well as verification factors are becoming increasingly important, given the change in social behavior during the pandemic. In this context, financial institutions that have made innovation a pillar of their strategy have an advantage, as they are better prepared to implement, with agile methodologies, more and better digital tools that can offer faster, more efficient and cohesive financial services in the new reality.²⁵

ix) BANXICO and the electronic platform “CoDi”

Government institutions have also implemented direct actions to improve financial inclusion through the use of digital tools. Within this framework of providing new and efficient payment services, BANXICO published the development of the electronic system for digital payments "Cobro Digital" (CoDi) in September 2019.

The platform is exclusively owned, operated, and managed by BANXICO.²⁶ CoDi is a new feature of the Electronic Interbank Transfer System, [in Spanish: SPEI], which utilizes this infrastructure to guarantee easy electronic transfers between deposit accounts of individuals and companies. In contrast to SPEI, this new digital collection platform takes advantage of the growing use of mobile devices in Mexico through which it

²⁴ Finnovista. 2020. “Informe de Banca Digital en México 2020”. Accessed 1 February 2020. Referenced from <https://www.finnovista.com/informe/informe-de-banca-digital-en-mexico/>

²⁵ Finnovista. 2020. “Informe de Banca Digital en México 2020”. Accessed 1 February 2020. Referenced from <https://www.finnovista.com/informe/informe-de-banca-digital-en-mexico/>

²⁶ BANXICO, “Términos y Condiciones para el uso de la Plataforma CoDi (Cobro Digital)”. Referenced from Retrieved from <https://www.banxico.org.mx/sistemas-de-pago/d/%7BC501F0E5-FC10-666F-C849-8C369FEE510F%7D.pdf>

is possible to generate collection messages. CoDi thus promises the inclusion of agents currently excluded from the financial system²⁷.

The ecosystem of CoDi includes banks, Financial Cooperative Associations, [in Spanish: SOFIPOS], and other SPEI participants, as well as non-financial companies, commercial chains, technology developers, small, medium, and large businesses, and the general public. Through this new platform, BANXICO provides the services of registering e-commerce and service providers, validating beneficiary accounts, receiving, and sending collection messages to e-commerce customers, and consulting and sending the status of collection messages.²⁸

Banxico made further amendments to its regulatory framework to establish high security requirements, guarantee homogeneous service levels, and ensure the efficiency and speed necessary for the CoDi Transfer system, in order to be a viable alternative for current electronic payment services and even for cash.²⁹ In September 2019, CoDi entered its initial phase by launching the first CoDi operated monetary transactions. Since then, Banxico and its partnering institutions have focused on disseminating information about CoDi to increase its use. By December 2019, over 1.38 million users had made over 1.88 million transactions. One year after its official launch, these numbers increased to 18.12 and 27.93 million respectively. Moreover, 38 banking and financial institutions have included CoDi in their digital services through which they offer remote collection and payment and account opening services³⁰.

3. FinTech legal framework

In March 2018, Financial Technology Law, or FinTech Law, approved the landmark action of the previous government to solve the challenge of financial inclusion through the incorporation of digital tools that, among other factors, consider the use of electronic signatures and digital authentication systems. Even though FinTech is a nascent industry in which companies use technology to provide financial services in an efficient, easy and reliable manner, Mexican law only regulates those companies that manage financial

²⁷ BANXICO, “CoDi: La Nueva Forma de Pagar en México”. January 22, 2020. Referenced from <https://www.banxico.org.mx/publications-and-press/presentations/%7BD14110B1-0749-6BD7-987D-4621BD063079%7D.pdf>

²⁸ BANXICO, “Términos y Condiciones para el uso de la Plataforma CoDi (Cobro Digital)”. Referenced from <https://www.banxico.org.mx/sistemas-de-pago/d/%7BC501F0E5-FC10-666F-C849-8C369FEE510F%7D.pdf>

²⁹ Diario Oficial de la Federación. “Circular 8/2019”. May 20, 2019. Referenced from https://www.dof.gob.mx/nota_detalle.php?codigo=5560699&fecha=20/05/2019

³⁰ BANXICO, “Información sobre CoDi® Cobro Digital”, Referenced from: <https://www.banxico.org.mx/sistemas-de-pago/codi-cobro-digital-banco-me.html>

resources of the general public. According to DeLoitte, the law is adapted to the Mexican market, even when, at the time, lawmakers looked for inspiration outwards.³¹ Experts have called it a pioneering situation, such as CNBV Past President, Jaime González Aguadé, who explains that this legal framework has the potential to capitalize on two structural opportunities: the low percentage of the population with access to financial and banking services, and the increasing access to telecommunication infrastructures.³²

Specifically, the FinTech Act contemplates the regulation of five figures within the sector: crowdfunding, electronic payment fund institutions (Wallets), operations with virtual assets or cryptocurrencies, APIs or information exchange between institutions, and the regulation of novel models or sandboxes.

i) Crowdfunding

Fintechs that connect members of the general public to provide financing to each other are classified as crowdfunding institutions. These companies have two types of clients: applicants and investors. Applicants are those who apply for a loan from the FinTech, and investors are those who provide the resources to the applicants. There are three types of Crowdfunding utilized by FinTechs in Mexico, with each having a specific purpose:

- **Debt crowdfunding** allows investors to grant loans, credits, mutual funds, or any other type of financing causing a direct or contingent liability to the applicants.
- **Equity crowdfunding** allows investors to purchase or acquire securities representing the capital stock of legal entities acting as applicants.
- **Collective financing of co-ownership or royalties** allows investors and applicants to enter into a joint venture or any other type of agreement whereby the investor acquires a proportional share or participation in a present or future asset or in the income, profits, royalties or losses obtained from the performance of one or more activities or projects of an applicant.

ii) Electronic Fund Institutions

FinTechs engaged in services performed with the public on a regular and professional basis, consisting of the issuance, administration, redemption, and transmission of electronic payment funds, and are classified as Electronic Payment Fund Institutions. The activities that this type of FinTech company may perform are:

³¹ Deloitte México necesita una ley Fintech 'a la medida' Accessed February 2, 2021 Referenced from <https://www2.deloitte.com/mx/es/pages/dnoticias/articulos/ley-fintech-en-mexico.html>

³² Medina Alejandro, México tierra fértil para el Fintech y su desarrollo, November 20,2021 Accessed February 2, 2021 Referenced from <https://www.forbes.com.mx/revista-impresamexico-tierra-fertil-para-las-fintech-y-su-desarrollo/>

- **Opening and maintaining one or more electronic payment fund accounts for each client**, in which credit entries are made that are equivalent to the amount of electronic payment funds issued against the receipt of an amount of money, in domestic or foreign currency, or of specified virtual assets.
- **Making transfers of electronic payment funds among its clients**, by means of the respective credits and debits in the corresponding accounts managed by the FinTech company.
- **Making transfers of certain amounts of money** in local currency, in foreign currency (if approved by Banxico), or in virtual assets, through the respective credits and debits between its clients and those of another electronic payment funds institution, as well as account holders or users of other financial entities or foreign entities authorized to carry out similar operations.
- **Delivering an amount of money or virtual assets equivalent to the same amount of electronic payment funds** in an electronic payment funds account, by means of the respective debit in the said account.
- **Maintaining the account registers updated that are managed by the FinTech company**, as well as modifying them in relation to the entering, transferring, and withdrawal of electronic payment funds.

iii) Operations with virtual assets

The FinTech Law considers virtual assets as the representation of value registered electronically and used by the public as a means of payment for all types of legal acts, and whose transfer can only be carried out through electronic means. FinTechs may only operate with those cryptocurrencies approved by Banxico. However, this does not mean that cryptocurrencies can be used as regular currencies, nor are they backed by government funds.

FinTech companies that operate with virtual assets must be able to deliver to each client the amount of virtual assets owned, or the amount in local currency corresponding to the payment received from the disposal of the corresponding virtual asset. These transactions must be settled under the terms and conditions established by Banxico.

Any purchase, sale, or disposal of virtual assets must be offset by a transaction of equal value of the same amount. Likewise, when FinTech companies receive amounts of money for the execution of virtual asset purchase transactions, they must return such amounts to the clients if the referred transactions are not carried out in the indicated terms therein.

iv) Authorization to operate a FinTech

For a FinTech company to be able to operate in Mexico, it needs to obtain an authorization granted by the CNBV if it complies with all legal and regulatory requirements under the agreement of the Inter-Institutional Committee (Art. 35 of the FinTech Law). Those interested in obtaining the authorization must be established corporations and their by-laws must include the following:

- Consider in their social object the execution, on a regular or professional basis, of any activity regulated by the FinTech law (crowdfunding, electronic payment fund institutions, or cryptocurrencies).
- Expressly provide that in carrying out their social object they will comply with the provisions of the Law and the applicable general provisions.
- Establish their headquarters in Mexican territory.
- Establish a minimum capital requirement necessary to carry out their activities, which may be distinguished from the type of activities they carry out and the risks they face.

Applications for CNBV authorizations must be accompanied by the following:

- The draft by-laws, or amendment thereto, that comply with the requirements set forth in the preceding paragraph.
- The business plans.
- The policies of segregated accounts.
- The policies of disclosure of risks and responsibilities of the operation of the FinTech company including the necessary information for the adequate decision making of the clients, which must include the concepts and amounts of the total commissions that it will charge to its clients and any other charge or retention, as well as the disclosure in the interface, Internet page or electronic or digital communication media used by the FinTech company.
- Measures and policies regarding operational risk control, as well as information security, including confidentiality policies, with evidence that they have secure, reliable, and accurate technological support for their clients and minimum-security standards that ensure confidentiality, availability, and integrity of information and prevention of fraud and cyber-attacks.
- The operational and control processes for the identification of its clients, which establish precise and consistent criteria for the evaluation and selection of clients.
- Policies for resolving possible conflicts of interest in the performance of its activities.
- Fraud prevention policies and prevention of operations with resources of illicit origin and financing of terrorism.
- The list of agreements or contracts with other FinTech or technological service providers necessary to carry out key business processes, database management, and technological infrastructure for the performance of its activities.

- The list and information of the persons that directly or indirectly maintain or intend to maintain participation in the capital stock of the company, which must contain the amount of capital stock that each of them contributes and the origin of the resources that will be used for such purpose, as well as the information on their equity situation, in the case of individuals, or the financial statements, in the case of legal entities.
- The relationship and information of the administrator or directors of the legal entity or those who intend to occupy such positions. Such individuals must be honorable and have a satisfactory credit and business history, and the information that they provide must be verifiable.
- The information necessary to verify that the FinTech company or its Business Group is the owner or has the right to use the interface, web page, or electronic or digital communication media.
- The designation of an address in national territory to hear and receive notifications that will have at least one representative.
- The information regarding the scheme to be adopted for the alignment of incentives, for applicants that act as crowdfunding institutions.

v) Inspection, surveillance, and information exchange

FinTech companies are obligated to provide the CNBV and Banxico with the information required by these financial authorities regarding their operations and those carried out among their clients. This data allows CNBV to evaluate the financial situation of the FinTech company and, in general, it is useful for the CNBV or Banxico for the proper fulfillment of their functions. This exchange of information among different financial entities fulfills the purpose of generating better financial conditions for the general public, since financial entities can offer customers at least the same benefits that their competitors offer.

vi) New Models or Sandboxes

FinTechs with an innovative business model are those that use technological tools or means for the provision of financial services in a manner different from those existing in the market.

Entities incorporated under Mexican commercial law, other than traditional FinTech companies, financial institutions, and other entities supervised by a supervisory authority or by Banxico, must obtain authorization to carry out an activity that requires an authorization, registration, or concession under the FinTech law or another financial law. For the operation of innovative models, the financial authorities, according to their area of competence, may grant or deny, with due justification and motivation, a conditional temporary authorization to companies interested in providing financial services through these models. The said authorization must have a term in accordance with the services to be rendered and may not exceed two years.

For the granting of the temporary authorization, the financial authorities will evaluate, among other aspects, the fulfillment of the following criteria and conditions:

- That the proposal is a novel model.
- The product to be offered or the service to be rendered to the public must be tested in a controlled environment.
- How the reserved activity is intended to be developed must represent a benefit to the customer of the product or service in question concerning what exists in the market.
- The project must be at a stage where the start of operations can be immediate.
- The project must be able to be tested with a limited number of customers.

Before the approval of the Fintech Law, an important number of companies were in operation. These companies had to begin the process of obtaining the final authorization to operate under the new Fintech law. Currently, they are working under the protection of the 8th temporary provision.³³

vii) Supplementary Regulations

In addition to the FinTech Law, there is a set of supplementary regulations that dictate the aspects of the FinTech scenario in Mexico. Two pieces of secondary legislation were published in September 2018, six months after the general FinTech Law was approved. They establish general provisions to the FinTech Law and regulate the particular issues not addressed by it, such as specifics to the authorization process of FinTech companies and their *modus operandi*. In addition to the primary secondary legislation, subsequent laws have been issued to further regulate different specific aspects of FinTech institutions.

General provisions applicable to Financial Technology Institutions³⁴

The two primary secondary laws of the Technology and Financial sector were enacted on the same day to specify the general provisions of FinTechs, particularly regarding what they need to get started and to operate in Mexico. The regulating entities behind the whole process are Banxico and CNBV, and thus the general normative framework explained in the previous sections applies. Companies requesting permission

³³ CNBV informa respecto al proceso de autorización de Instituciones de Tecnología Financiera
Accessed February 3, 2021 Referenced from <https://www.gob.mx/cnbv/articulos/cnbv-informa-respecto-al-proceso-de-autorizacion-de-instituciones-de-tecnologia-financiera?idiom=es>

³⁴ Official Gazette of the Federation. 2018. "DISPOSICIONES de carácter general aplicables a las Instituciones de Tecnología Financiera". Accessed February 20, 2021. Referenced from <https://static1.squarespace.com/static/58d2d686ff7c50366a50805d/t/5bbba9e908522906b55866b5/1539025388997/CUITF+DOF+10.09.18.pdf>

to operate as FinTech companies in Mexico submit a series of documents that are evaluated by the CNBV and Banxico.

First, the CNBV examines whether the applicant has: a risk-analysis methodology to protect all of its stakeholders in all areas of the business; adequate technological infrastructure to operate; a compliance manual, including a risk assessment model to classify clients by level of risk, and privacy, transparency, data collection and accountability policies that comply with Mexican law; an internal body that shall approve and enforce the compliance manual; an internal training program on the legal regulations; automated systems to manage the personal data of clients and their activity within the digital platform; and confidentiality agreements signed by all persons with access to the personal data of individuals.³⁵ The CNBV will refer all applicants to Banxico who fulfill these requirements. Applicants that do not meet these standards may reapply once they have reconsidered the recommendations made by the authority.

After the CNBV approves the project, Banxico reviews whether the FinTech company has in place the following actions required for a sustainable business operation, such as: a comprehensive business plan with specifics on the revenue stream of the company, a study of financial feasibility, operating, internal control, and risk management manuals, the bases for the internal organization and control of FinTech companies, including the structure of its management and supervisory bodies; and a functional mobile application. Banxico also conducts reviews to determine if they have the minimum capital requirements, 500,000 UDI for simple purpose FinTech institutions and 700,000 UDI for FinTechs that operate multiple lines of business or provide different types of services. Banxico has 20 working days to respond to any application, and the applicant companies may have up to two periods of 60 working days to correct and modify their proposals. Once Banxico considers that the applicants have fulfilled all the requirements, the company is approved to operate in Mexico as a Financial Technology Institution.³⁶

Further secondary regulations

Additional regulations have followed to deal with more specific matters of the FinTech sector, especially in terms of security and risk management. An important regulation on the prevention of

³⁵ Official Gazette of the Federation. March 8, 2021. "CIRCULAR 4/2019". Accessed February 20, 2019. Referenced from http://dof.gob.mx/nota_detalle.php?codigo=5552303&fecha=08/03/2019

³⁶ Basham Abogados. Secondary provisions of the Fintech Law. Accessed February 22, 2021. Referenced from <https://www.basham.com.mx/disposiciones-secundarias-ley-fintech/>

transactions with resources of illicit origin is the general provisions to article 58³⁷, which establishes the precise procedure to be followed by FinTechs to monitor and prevent such illicit acts. This regulation focuses on three main aspects to achieve its purpose:

- **Risk-based approach and customer due diligence:** FinTechs must design and implement the methodology to assess the risks to which they are exposed. The prerequisite for carrying out transactions with customers is the preparation of an individual file that allows the identification of the customer. They must also determine their transactional profile and classify them into one of the three classifications provided by law: low, medium, or high-risk.
- **Internal Structures:** The regulations require FinTechs to have a communication and control committee that will present to the company's board of directors the results of the implementation of the risk assessment methodology, and will establish the criteria for classifying customers according to their degree of risk. In addition, there will be a compliance officer who will have obtained the relevant certification from the CNBV and prepared the compliance manual in which the customer identification and knowledge management policies is developed.
- **Periodic reports:** FinTechs must send periodic reports to the Ministry of Finance through its communication and control committee. For these purposes, reports of relevant transactions, unusual transactions, and internal transactions of concern are required, as well as reports of transactions made in foreign currency more than \$500.00 USD, reports of international transfers over \$1,000.00 USD, and transactions with virtual assets.³⁸

Additional regulations to mitigate risks and increase safety and security were put in place in early 2021.³⁹ This official provision requires FinTech companies to increase security and safety in certain areas, such as the information managed by financial technological platforms, and the technological infrastructure and interface used by users and personnel. Regarding the latter issue, FinTechs must now increase the security steps for

³⁷ 2018 Official Gazette of the Federation: "DISPOSICIONES de carácter general a que se refiere el Artículo 58 de la Ley para Regular las Instituciones de Tecnología Financiera". Accessed February 20, 2019. Referenced from <https://static1.squarespace.com/static/58d2d686ff7c50366a50805d/t/5bbbacb5b208fc9aa01aa049/1539026102231/Disposiciones+PLD+FinTech+DOF+10.09.18.pdf>

³⁸ Progreso: Revista de actualidad jurídica para la inclusión y el desarrollo social. Regulación secundaria de las Instituciones de Tecnología Financiera. Accessed February 20, 2021. Referenced from <http://www.fundacionmicrofinanzasbbva.org/revistaprogreso/regulacion-secundaria-las-instituciones-tecnologia-financiera/>

³⁹ 2021 Official Gazette of the Federation: "DISPOSICIONES aplicables a las instituciones de fondos de pago electrónico a que se refieren los artículos 48, segundo párrafo; 54, primer párrafo, y 56, primer y segundo párrafos de la Ley para Regular las Instituciones de Tecnología Financiera". Accessed February 20, 2021. Referenced from http://www.dof.gob.mx/nota_detalle.php?codigo=5610487&fecha=28%2F01%2F2021

authentication. This provision also establishes stricter and clearer conditions regarding third-party institutions that could have access to any relevant data of users or the company.

A series of additional secondary laws regulate the operation of specific types of FinTechs. For instance, regarding Crowdfunding institutions, “Circular 6/2019” establishes the terms and conditions under which crowdfunding institutions may carry out their foreign exchange transactions and determines the information that crowdfunding institutions must report to Banxico, as well as the corresponding periodicity. Specifically, it contains information on how to request authorization to carry out foreign currency transactions and the procedure and response period, the obligation of banks to provide information to Banxico, and how authorization requests must be sent to Banxico.⁴⁰

So called sandboxes, FinTechs with new business models aimed at improving the financial system through technological innovation, are allowed to operate and experiment within certain safe parameters that allow Banxico and other authorities to foresee and prevent any risks.⁴¹ FinTechs entitled to this fast-track and limited authorization must deal with issues of routing, clearing, and/or settlement, and must have the following evidence approved by Banxico, studies on the security of the project and its feasibility, all legal documentation, a detailed plan of the business model, confidentiality and privacy compliance, risk analysis, and documentation of its technology.

FinTechs operating with virtual assets and virtual currencies must comply with a particularly complex secondary law⁴² that came into effect in March 2019 that mitigates risks and seizes the opportunities related to this promising part of the sector. This regulation has five concrete objectives:

1. **Define virtual assets and their characteristics.** According to the law, virtual assets are units of information, unequivocally identifiable, even fractionally, electronically registered, that do not represent the ownership or rights of an underlying asset or that represent such ownership or rights for a lower value than these. Moreover, virtual assets must have permission controls defined by determined protocols. These protocols also prevent virtual assets from being replicated or from being involved in more than one operation.
2. **Establish terms, conditions, and restrictions on transactions with virtual assets.** FinTech companies operating with virtual assets must protect their users from the potential risks inherent to such

⁴⁰ 2019 Official Gazette of the Federation: “CIRCULAR 6/2019.” Accessed February 20, 2021. Referenced from https://www.dof.gob.mx/nota_detalle.php?codigo=5552305&fecha=08/03/2019

⁴¹ 2019 Official Gazette of the Federation: “CIRCULAR 5/2019.” Accessed February 20, 2021. Referenced from https://www.dof.gob.mx/nota_detalle.php?codigo=5552304&fecha=08/03/2019

⁴² 2018 Official Gazette of the Federation: “Disposiciones De Carácter General A Que Se Refiere El Artículo 58 De La Ley Para Regular Las Instituciones De Tecnología Financiera”. Accessed February 20, 2021. Referenced from https://www.dof.gob.mx/nota_detalle.php?codigo=5537449&fecha=10/09/2018

transactions, thus bearing most of the liability. Furthermore, the provision does not allow services of exchange, transmission, and custody of virtual assets.

3. **Determine the authorization requirements to operate with virtual assets.** Banxico grants such permits, based on the following documentation: (I) the description of the model of operation with virtual assets; (II) a comparative table that allows identifying the applicable regulatory requirements and the measures that the Institution will establish to comply with such regulation; (III) the benefits of the operations with virtual assets; (IV) operating manuals; and (V) a comprehensive risk framework.
4. **Establish terms and conditions for transactions that convert virtual assets into another type of asset.** FinTech companies may be authorized to perform this type of transaction. In such a case, the company must update its operating manual and comprehensive risk framework and submit them to Banxico for prior authorization. If the documentation already considers operations of such a nature, then the company must provide a detailed explanation stating so. The resolution period is 30 business days, during which time the institution in question must operate in adherence to its current operating manual.
5. **Establish how these transactions are authorized.** Authorizations granted by Banxico determine which particular company can operate with virtual assets, for how long, and when and how its license may be renewed, meaning that the authorizations may change on a case-by-case basis.

4. Financial Inclusion

Financial inclusion as a definition is the access and use of formal financial services (account, insurance, credits, and retirement fund) regulated to protect the consumer and promote economic-financial competition.⁴³ Oscar Roque, founder of Smart Beta Fix, mentioned that the main challenge of financial inclusion in Mexico is that only 47% of the population has a banking account.⁴⁴ Another factor is the use of cash in the country, which unfortunately is correlated to the level of corruption and facilitates the activities of organized crime.⁴⁵

⁴³ Política nacional de inclusión financiera, Accessed February 3, 2021 Referenced from <https://www.gob.mx/cnbv/acciones-y-programas/politica-nacional-de-inclusion-financiera-43631>

⁴⁴ CNBV Panorama anual de la inclusión financiera con datos 2019; September 2020 Accessed February 4, 2021 Referenced from https://www.gob.mx/cms/uploads/attachment/file/581089/Panorama_IF_2020.pdf

⁴⁵ Serrano, Carlos. Mexico tiene que dar guerra al efectivo, December 2020, Accessed February 4, 2021 Referenced from <https://www.bbva.com/es/mx/mexico-debe-ir-en-la-ruta-de-una-economia-sin-efectivo/>

The banking sector in Mexico is characterized by not including all social strata of the population. In this regard, WB data from 2017 indicates that only around 37% of the adult population of the country has an account with a bank or a financial institution, of which 68% are adults over 25 years of age and 25% belong to the sectors of the population with the lowest income. There is also a large gender gap, as only 33% of people with a bank account are women. This explains why 3% of the global unbanked population lives in Mexico.

There are several reasons for the limited financial inclusion that exists in Mexico. The primary factors are the income of the people and in particular, the distrust towards financial institutions. Proof of this is that about 30% of the population does not have an account with a financial institution due to lack of trust, according to data from the World Bank. Likewise, this information shows that about 40% of the population in Mexico has not opened an account with a banking institution because the operating and administrative expenses are very high. Lastly, another main reason is that in Mexico there is a poor saving culture, since only 10% of the population deposits their savings in some financial institution.⁴⁶

Figure 7 Adults without a bank account

Map 1: Number of adults without an account at a bank or another type of financial institution



Source: Global Findex database 2017, World Bank

In

Note: Data are not displayed for economies where the share of adults without an account is 5 percent or less

September 2020, the CNBV published the “Financial Inclusion Report”⁴⁷ with data from 2019. The report

⁴⁶ demirgüçkunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar, and Jake Hess. 2018. *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution*. Washington, DC: World Bank. Referenced from <https://globalfindex.worldbank.org/>

⁴⁷CNBV Panorama anual de la inclusión financiera con datos 2019; September 2020 Accessed February 4, 2021 Referenced from https://www.gob.mx/cms/uploads/attachment/file/581089/Panorama_IF_2020.pdf

presents several indicators that affect financial inclusion in Mexico. A review of some of those indicators is presented and the lack of financial inclusion is one of the main factors that impacts the growth of the Fintech sector in Mexico.

i) Financial Infrastructure

The number of bank branches in the country at the end of 2019 was 16,883, which is 1.1% more than in 2018. Municipalities cover a total of 51% and demographic coverage is 92%.⁴⁸

Multi-purpose banks are concentrated in 76% of the country. Banco Azteca is the highest with 1,874 units. The city with the greatest number of branches is Mexico City, with 1,899. Mexico has 1.4 units for every 10,000 adults. This number is lower compared to other LATAM countries such as Brazil and Honduras, with 1.9 and Colombia with 1.5 respectively.

Financially responsible establishments such as convenience stores, supermarkets, pharmacies, and restaurants that have been authorized by the CNBV can provide services that were formerly carried out exclusively by financial institutions. Being financially responsible implies low cost and increases financial inclusion, thus allowing the end-user to perform a transaction in real-time such as payments and cash withdrawals using a debit card.⁴⁹ At the end of 2019, there were 48,397 financially responsible businesses, an increase of 8% compared to the previous year. The main commercial establishment was the chain of stores known as OXXO, and the main correspondent administrator was Red Yastás⁵⁰.

By the end of 2019, with respect to the point of sales terminals (POS), the total number was 1,319,428 devices, plus another 1,945,322 devices that were provided by companies that supply the same for payment such as Clip.

For the year ending 2018, the total number of bank POS terminals in Mexico was 111 for every 10,000 adults, and this figure was higher in other countries like Brazil which had 517, and Argentina with 240 respectively.

Table 3 Financial Infrastructure in Mexico

⁴⁸ CNBV Panorama anual de la inclusión financiera con datos 2019; September 2020 Accessed February 4, 2021 Referenced from https://www.gob.mx/cms/uploads/attachment/file/581089/Panorama_IF_2020.pdf 9

⁴⁹ Garcia, Rony, El ascenso de los corresponsales bancarios, 2020 Accessed February 4, 2021 Referenced from <https://www2.deloitte.com/mx/es/pages/dnoticias/articulos/corresponsales-bancarios.html>

⁵⁰ <https://www.yastas.com/>

State	Adult Population	Branches	Financially Responsible	ATMs	POS	POS Service Providers
Mexico City	6,947,183	1,899	3,452	9,159	291,546	565,957
Quintana Roo	1,273,574	280	988	1,661	51,131	43,830
Baja California Sur	630,155	137	556	642	20,300	14,610
Nuevo León	4,039,714	1,046	3,667	4,410	110,073	111,420
Querétaro	1,553,978	412	958	1,268	32,223	47,593
Aguascalientes	976,558	179	598	699	16,914	22,756
Jalisco	6,075,273	1,560	3,093	4,089	94,829	142,030
Yucatán	1,654,060	377	879	1,028	28,868	31,028
Colima	576,662	160	525	404	9,171	10,516
Chihuahua	2,818,529	497	1,385	2,154	48,204	48,443
Sonora	2,276,034	386	1,838	1,612	38,275	38,163
Baja California	2,752,222	410	2,194	2,304	47,228	38,877
Coahuila	2,291,257	403	1,768	1,929	36,047	34,054
Sinaloa	2,297,886	402	1,636	1,378	35,974	34,931
Morelos	1,491,291	311	691	836	14,848	25,711
State of Mexico	13,212,746	1,725	4,235	5,633	102,540	220,518
Tamaulipas	2,767,227	472	2,265	2,045	31,461	33,222
Rest of the country	39,131,548	6,227	17,669	16,699	309,796	386,592

Source: CNBV Annual Outlook of Financial Inclusion with data from 2019

Another item to consider in the financial infrastructure is the number of ATMs available. The total number at the end of 2019 was 57,950 units. The number of ATMs for every 10,000 adults in Mexico at the end of 2018 was 5.9, and this number was low compared to other LATAM countries such as Peru with 11.3 and Brazil 10.5.

ii) Remittances

In 2019, income from remittances sent to Mexico was 36.045 million dollars, an increase of 7% compared to 2018. The total number of operations was 110.4 million. The average amount of remittance sent to Mexico is 326.04 dollars.

The average cost to send remittances from the United States to Mexico is 4.4% for \$200.00 USD. That figure was higher for other LATAM countries Costa Rica (6.45%), Colombia (5.7%) and Brazil (4.8%)⁵¹

iii) Deposit accounts

At the end of 2019, the total number of deposit account contracts was 125,997,761, with an average balance of 43,781 pesos. Multi-purpose banks make up 78% of the deposit accounts. In Mexico, the number of deposit accounts for every 10,000 adults was 10,163 accounts.

The percentage of the population with a saving account by age group is 23% between the ages of 30-39, 21% for the 40-49 group, 20% from 18-29, 19% for the 50-59 group, and only 13% from the ages of 60-70.⁵²

iv) Credit

The number of credits given to the population in 2019 was 59,707,436, an increase of 3.2% compared to 2018. Credits from multi-purpose bank make up 93%, and the main players are Banco Azteca, Citibanamex, and Banco Bilbao Viscaya (BBVA).

The number of credit cards at the end of 2019 was 29.2 million, and Mexico City was the largest recipient with 6.7 million. The highest level of default is concentrated in credit cards and personal credits with an index of 5.2% and 15.1% respectively.

In the international context, the number of credits for homes in commercial banking for every 10,000 adults in Mexico was 5,689, below Brazil and Chile.⁵³

⁵¹ CNBV Panorama anual de la inclusión financiera con datos 2019; September 2020 Accessed February 4, 2021 Referenced from https://www.gob.mx/cms/uploads/attachment/file/581089/Panorama_IF_2020.pdf

⁵² Idem

⁵³ Idem

The percentage of the population that uses a credit card by age group is 85% between 30-39, 84% for the 40-49, and 20% between 50-59. For the 18-29 group, it represents 81%, and 80% for those between the ages of 60-70.⁵⁴

v) Retirement savings plans

The National Commission of the Retirement Savings System (CONSAR), tasked with regulating the Retirement Savings System (SAR), is made up of the workers' accounts that are managed by the Retirement Funds Management (AFORE). The number of accounts managed by AFORE was 65,837,742. The distribution of the accounts managed by AFORE represents the majority, and are registered in the Mexican Social Security Institute [in Spanish: IMSS]. Moreover, 56% of the total accounts are concentrated in institutions such as Banca Azteca, Citibanamex, and Coppel.

The two age groups in which 75% of the total accounts are concentrated are the 18-34 with 38%, which includes minors, and those between the ages of 36-49 with 37% respectively.

The sector of the population aged 60-70 comprises 50% and is expected to convert their savings into old age expenses with the support of the government.⁵⁵

vi) Insurance

At the end of 2019, the total amount of direct premiums was 528,245 million pesos, an 11.1% increase compared with 2018. The insurance sector comprises life insurance, and as such it represents the largest distribution at 42% of the total, automobiles are 20%, damages 18%, medical insurance 16%, and lastly pension plans, at only 5%.

At the end of 2018, penetration in the insurance sector in Mexico was 2.2% of the GDP and is lower than other countries in the region, such as Chile with 4.6%, Brazil 3.9%, and Colombia 2.8%⁵⁶

vii) Transactions and payment methods

In 2019, the total number of transactions was 37,772 for every 10,000 thousand adults. The majority of the transactions took place by digital banking and were interbank transactions.

⁵⁴ CNBV Panorama anual de la inclusión financiera con datos 2019; September 2020 Accessed February 4, 2021 Referenced from https://www.gob.mx/cms/uploads/attachment/file/581089/Panorama_IF_2020.pdf

⁵⁵ Idem

⁵⁶ Idem

POS, or point of sale, registered 975.5 million operations, followed by ATMs with 517.4 million. There were transfers totaling 350.4 million operations, with electronic commerce at 119.8 million operations and checks with 50.5 million respectively. With the exception of checks, all operations have increased since 2015.⁵⁷

From October 2019 to June 2020, transfers were sent by CODI⁵⁸. This figure increased by both number, from 38.3 to 70.7 thousand operations and by value from 19.1 million to 89.2 million pesos.

In 2018, the National Survey of Financial Inclusion reported that the percentage of the population that uses digital payments was 26% for ages ranging from 50-59. For the 40-49 age group it is 25%. Those from 30-39 years of age comprise 24%, and the ages of 18-29 years is 22%, and lastly, for those in the 60-70 group, it is 16%.⁵⁹

⁵⁷ Idem

⁵⁸ <https://www.codi.org.mx/>

⁵⁹ INEGI, Encuesta nacional de inclusión financiera 2018, Accessed February 4, 2021 Referenced from <https://www.inegi.org.mx/programas/enif/2018/>

5. Fintech Services in Mexico and primary platforms

i) Remittances and Payments

In Mexico, there are a great deal of operators, approximately 30-40, that are authorized centers for receiving remittances, Elektra (Banco Azteca), Coppel, and BBVA have the greatest presence in the sector.⁶⁰

Western Union, one of the main senders of remittances in 200 countries, is concerned about the competition from Fintech companies, and is looking to expand the services they provide to clients.

Remittances come mainly from Mexican migrants that live in the United States, and are the second source of foreign currency in Mexico after automotive exports. It is the main source of income for millions of persons. Mexico is the third highest remittance-receiving country in the world.⁶¹

Sebastián Medrano, who is an expert in Fintech and director at Alpha Credit, mentioned that the remittance startups have captured new clients because they offer more practical alternatives⁶² :

- From the App the users can open a digital account and deposit money and send the money to Mexico in minutes.
- Low-cost compared to traditional banking methods. A bank account is not needed.
- Commission fee is lower than traditional methods.
- Delivery time: Traditional method is up to three days, but with Fintech it is just a few minutes.

A report from Kore Fusion stated that in Mexico there are 66 Fintech payment startups, representing 26% of the total Fintech startups.

⁶⁰ Expansión, La tecnología, el dólar y las fintech sostienen el auge de las remesas a México, January 29,2021 Accessed February 6, 2021 Referenced from <https://expansion.mx/economia/2021/01/29/tecnologia-dolar-estimulos-eu-auge-remesas-mexico>

⁶¹ Medrano, Sebastián ¿Cómo las fintech están transformando el envío de remesas?, Jnary 27, 2021 Accessed February 6, 2021 Referenced from <https://www.siliconweek.com/e-innovation/como-las-fintech-estan-transformando-el-envio-de-remesas-101679>

⁶² Idem

The table below shows the most popular Fintech for remittances and payments in Mexico.

Table 4 Fintech Remittances Payments Apps

Platform Name	Company Name	Website	Type of Service	Country of Origin
Openpay	Openpay SA de CV	www.openpay.mx	Payments process for	Mexico Colombia
Clip	Payclip S. de R.L. de C.V.	https://clip.mx/	Credit card Payments	Mexico
Conekta	Grupo Conektam e S.A. de C.V	https://conekta.com/	Payments process for businesses	Mexico
Unipagos	Unipagos S.A.P.I. de C.V.	https://unipagos.com/	Personal payments system	Mexico
Pago fácil	Por Favor Paguen A Tiempo, S.A. de C.V.	https://payme.mx/web/	Personal payments system	Mexico
Toka	Toka Internacional, S.A.P.I. de C.V.	https://toka.com.mx/	Electronic wallet	Mexico
Netpay	Netpay, S.A.P.I. de C.V	https://www.netpay.mx/	Credit card Payments	Mexico
Efectivale	Efectivale, S. De R.L. de C.V.	https://www.efectivale.com.mx/	Electronic Wallet Gasoline/groceries	Mexico
Easy Transfer	Adeasy, S.A.P.I. de C.V.	https://www.easy-transfer.mx/	Money transfer system	Mexico
Mexpago	MexPago Transacciones S.A. de C.V.	https://mexpago.com/	Electronic wallet Personal Payment system	Mexico

ii) Enterprise Financial Management

Enterprise financial management falls into the category of potential expansion in Mexico. Kore Fusion reports only 28 based on their classification⁶³. In addition, apps help businesses to manage and understand their businesses and to improve productivity and competitiveness while ensuring sustainability. The majority of the Fintech companies available in Mexico are related to electronic invoicing, which is a requirement of the fiscal system in Mexico. The table below shows some examples.

Table 5 Enterprise Financial Management

Platform Name	Company Name	Website	Type of Service	Country of Origin
Conta Listo	Contalisto, S.A.P.I. De C.V.	https://www.contalisto.com/	Accounting services for enterprises and individuals	Mexico
Gestionix	GX Technology S.A.P.I. de C.V.	https://www.gestionix.com/	Electronic invoicing system	Mexico
Yaydoo	Yaydoo, S. A. P. I. de C. V	https://www.yaydoo.com/	Purchasing systems for enterprises	Mexico
Payback	PAYBACK MÉXICO S. de R.L. de C.V	https://www.payback.mx/	Loyalty Programs	Germany
Biller Ticket	Biller Ticket S.A.P.I	http://billerticket.com/	Provides support for a paper ticket in the form of an	Mexico

⁶³ Kore Fursion, Kore Fusion 2020 LATAM Fintech Report, Summer 2020. <https://korefusion.com/report-download/>

			electronic invoice	
Kobra	Confianza Presencial, S.A.P.I. de C.V.	https://kobra.red/	Collection services	Mexico

iii) Personal Financial Management

This is a potential growth area. It is well known that Mexicans lack financial literacy skills. The Fintech company dedicated to personal financial management helps and advises users to make better use of their money.

The total number of personal finance management companies in Mexico in the Kore Fusion report is 28, which is 11% of the total (249)⁶⁴

The following table shows some examples of Fintech personal finance management companies.

Table 6 Personal Finance Management

Platform Name	Company Name	Website	Type of Service	Country of Origin
Contapp	Noralto, S.A.P.I. De C.V.	http://contapp.mx/	Accounting services for individuals	Mexico
Cura deuda	Cero Deuda, S.A. de C.V.	https://www.curadeuda.com/	Helps individuals to pay their debts	Mexico
Rocket	Rocket Dinarius, S.A.P.I. de C.V	https://rocket.la/	Allows individuals to check credit bureau and to have control over their credits	Mexico
Piggo	Gbm Administradora De Activos, S.A. de C.V. S.O.F.I	https://www.piggo.mx/	Savings for individuals	Mexico

⁶⁴ Idem

iv) Enterprise Technologies for Financial Institutions

New technologies are client-focused and aim to make the financial institution more efficient, safer, and more intelligent. The following technologies are available in Mexico:

- a. Cloud computing
- b. API platforms
- c. Instant payments
- d. Artificial Intelligence
- e. Blockchain
- f. Chatbots

Below, we present some Fintech companies that provide different technologies for financial institutions.

Table 7 Fintech Technologies

Platform Name	Company Name	Website	Type of Service	Country of Origin
Anfexi	Anfexi Billing Technologies SA de CV	https://www.anfexi.com/	Credit Process for Financial institutions	Mexico
Cecoban	Cecoban, S.A. de C.V.	https://www.cecoban.com/	ID Validation, Electronic Signature	Mexico
Intelemetrica	Intelimétrica SAPI de CV	https://intelimetrica.com/	Designs and develops products using machine learning and artificial intelligence	Mexico
Lumit	Lumit DLT S.A.P.I. de C.V.	https://www.lumitblockchain.com/	Blockchain	Mexico
Kikoya	Kikoya	http://www.kikoya.mx/	Credit processing system	Mexico

v) Crowdfunding

These platforms enable individuals, organizations, and companies to launch funding campaigns and receive donations via the Internet. The total number of crowdfunding platforms in LATAM is 69, which represents 3.4% of all Fintech companies. For Mexico, the number of crowdfunding platforms is 25, or 10.04 % of all Fintechs in Mexico⁶⁵

Crowdfunding companies are subdivided into financial and non-financial.

Figure 8 Crowdfunding



Crowdfunding finance

Crowdfunding Real Estate

Table 8 Fintech for investment in real estate projects

Platform Name	Company Name	Website	Type of Service	Country of Origin
Briq	Briq Fund, SAPI de CV	https://www.briq.mx/	Investment in real estate projects	Mexico

⁶⁵ Kore Fursion, Kore Fusion 2020 LATAM Fintech Report, Summer 2020. <https://korefusion.com/report-download/>

Cien Ladrillos	Cien Ladrillos S.A.P.I. de C.V.	https://100ladrillos.com/	Investment in real estate projects	Mexico
Expansive	Expansive S.A.P.I. de C.V.	https://www.expansive.mx/	Investment in real estate projects	Mexico
M ² Crowd	M2Crowd Administradora de Proyectos, S.A. de C.V.	https://www.m2crowd.com/	Investment in real estate projects	Mexico

Crowdfunding peer-to-peer

Fintech for investment and credits between individuals or companies.

Table 9 Peer to Peer

Platform Name	Company Name	Website	Type of Service	Country of Origin
Cumpro	Cumplomex, S.A. de C.V	https://www.cumpro.mx/	Collaborative finance for LATAM	Mexico Chile
Doopla	Grupo Finansiell, S.A.P.I. de C.V.	https://www.doopla.mx/	Crowdfunding for technology projects	Mexico
Afluenta	Afluenta Peer to Peer S.A. de C.V.	https://www.afluenta.mx/	Crowdfunding Credits between individuals	Mexico
Lendera	Lendera crowdfunding S.A.P.I. de C.V	https://www.lendera.mx/	Crowdleasing to acquire capital equipment	Mexico
Kickstarter	Kickstrter BPC	https://www.kickstarter.com/	Crowdfunding for creative projects	USA
Crowdsocios	CrowdSocios S.A.P.I. de C.V	https://www.crowdsocios.com.mx/	Crowdfunding Connecting Businesses with investors	Mexico

Inixar	Alianza Monetaria SA de CV	https://www.inixar.com/	Crowdfunding for personal causes	Mexico
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Crowdfunding collaborative investments

Table 10 Collaborative Investments

Platform Name	Company Name	Website	Type of Service	Country of Origin
Propeler	Propeler, S.A.P.I. de C.V.	https://propeler.mx/	Crowdfunding Connecting Businesses with investors	Mexico
Rocktech	Rocktech S.A.P.I. de C.V.	https://rocktech.mx/	Crowdfunding for capital investment	Mexico
Snowball	SFC Snowball Community S. A. de C. V	https://www.snowball.mx/	Crowdfunding for acquiring stocks in companies	Mexico

Crowdfunding Royalties

Table 11 Royalties

Platform Name	Company Name	Website	Type of Service	Country of Origin
Play Business	Play Business, S.A.P.I. de C.V	https://playbusiness.mx/	Crowdfunding Investment opportunities based on percentage of revenue	Mexico

Non-Financial Crowdfunding

Crowdfunding Rewards and donations

Crowdfunding rewards you for your donation. The Crowdfunding donation that you participated in is for individual as well as for social programs.

Table 12 Rewards and Donations

Platform Name	Company Name	Website	Type of Service	Country of Origin
Fondify		https://fondify.org/	Crowdfunding for NGOs	Mexico
Donadora	Donadora, S.A.P.I. de C.V	https://donadora.org/	Crowdfunding for personal causes	Mexico
Mi cochinito	Colectivo SAPI de CV.	https://www.micochinito.com/	Crowdfunding for personal causes	Mexico
Hip-Give		https://hipgive.org/es	LATAM Crowdfunding for personal causes	
Comunal	Comunal Comunidad Altruista SAS de CV	https://comunidadaltruista.org/	Support to community projects	Mexico

vi) Insurtech

Between 2018-2019, Insurtech grew 40%, due to a strengthening in machine learning and artificial intelligence. The sector has 26% of active Fintech companies representing 7% of the Fintech presence in Mexico. It seems like a small number, however there has been an investment of \$7,000,000 dollars worldwide to develop digital insurance which will be one of the most important projections in the coming decade. ⁶⁶

⁶⁶ Cortes Mireya, Insurtech en México: un sector complicado, pero prometedor Accessed February 6, 2021 Referenced from <https://cio.com.mx/insurtech-en-mexico-un-sector-complicado-pero-prometedor/>

Table 13 Insurtech

Platform Name	Company Name	Website	Type of Service	Country of Origin
Elegir Seguro	Elegir MX, Agente de Seguros y de Fianzas, S.A. de C.V.	https://www.elegirseguero.com/	Search Engine for Insurance	Mexico Argentina
Gorila Seguros	Itm Regiomontana Agente De Seguros S.A. De C.V.	https://www.gorilaseguros.com/	Search Engine for Insurance	Mexico
Journey	Journey The App S.A.P.I. de C.V.	https://journey.app/	Search Engine for Sports Insurance	Mexico
HGS Soluciones	HGS Soluciones, S.A. de C.V.	http://www.hgssoluciones.com/	Platform for insurance companies to improve their operational processes	Mexico
Guri	Güri Asesores, S.A.P.I. De C.V.	https://getguri.com/	Search Engine for retirement Insurance	Mexico

vii) Scoring, Identity, and Fraud

Identity theft is one of the many cybercrimes in Mexico. Based on data from the Central Bank of Mexico (Banco de Mexico), Mexico ranks eighth in the world for identity theft. 67% of the cases of stolen identity are due to loss of documents, 63% stolen wallets or briefcases, and 53% for information taken directly from a credit card. It is growing in Mexico and will continue to do so because of the large number of organized crime organizations. An important element is to determine the origin of the money, since it needs to be from a clean source and not from money laundering. Fintechs will help businesses to protect themselves with customer identification online and credit scoring.

Table 14 Scoring, Identity & Fraud

Platform Name	Company Name	Website	Type of Service	Country of Origin
Tu identidad	Te Identificas S.A.P.I. De C.V.	https://tuidentidad.com/	Identity solutions for companies	Mexico
Bayonet	Bayonet Technologies, Inc.	https://bayonet.io/	Fraud protection for e-commerce	USA
emailage	LexisNexis Risk Solutions Group.	https://risk.lexisnexis.com/emailage	Fraud Protection e-mail intelligence as a core risk identifier.	USA
Moyo Ai	moyo.AI S.A.P.I. de C.V.	https://www.moyoai.com/	Credit Score	Mexico
Tesseract	Opciones de seguridad informática, S.A.P.I. de C.V.	https://tesseract.mx/	Cybersecurity	Mexico

viii) Digital Banking

Table 15 Digital Banking

Platform Name	Company Name	Website	Type of Service	Country of Origin
Hey Banco	Banco Regional S A de CV	https://www.heybanco.com/	Digital Banking	Mexico
Albo	Inteligencia en Finanzas, S.A.P.I. de C.V.	https://www.albo.mx/	Digital Banking	Mexico
Cuenca	Tamizi, S.A. de C.V.	https://cuenca.com/	Digital Banking	Mexico
Mibo	Truu Innovation, Sapi De C.V.	https://mibo.mx/	Digital Banking	Mexico

ix) Business/Consumer Lending

The 2020 Kore Fusion: “LATAM Fintech Report”, believes that lending platforms in Latin America are showing signs of saturation, and consequently, it foresees consolidation. The total number of lending platforms in LATAM is 228, which represents 21% of all Fintechs. For Mexico, the number of lending platforms is 71, representing 40% of all Fintech companies in Mexico (249).⁶⁷

The following table shows the principal business lending platforms in Mexico.

Table 16 Business Consumer Lending

Platform Name	Company Name	Website	Type of Service	Country of Origin
Konfio	Red Amigo Dal SAPICV; SOFOM ENR	https://konfio.mx/	Business Lending	Mexico
PitchBull	México SAPICV SOFOM ENR	https://www.pitchbull.mx/	Business Lending	Mexico
Credijusto	APJUSTO, S.A.P.I. de C.V., SOFOM E.N.R.	https://credijusto.com/	Business Lending	Mexico
Afluenta	Afluenta Peer to Peer SA de CV	https://www.afluenta.mx/	Business/ Consumer Lending	Mexico
Impulso Crediticio	Impulso Crediticio Empresarial S.A. de C.V., SOFOM ENR	https://impulsocrediticio.com/	Business/ Consumer Lending	Mexico
SaludFacil	SFL ARRENDADORA, S.A.P.I. DE C.V.	https://saludfacil.org/	Business/ Consumer Lending Patients/Drs.	Mexico
Creditea	IPF Digital México, S.A. de C.V	https://www.creditea.mx/	Consumer Lending	UK
Kueski	Kueski Sapi De Cv Sofom En	https://kueski.com/	Consumer Lending	Mexico
Yo te presto	Comunidad de Préstamos SAPICV	https://www.yotepresto.com/	Consumer Lending	Mexico
Supertasas	Crediclub S.A. de C.V., S.F.P.	https://supertasas.com/	Consumer Lending	Mexico
La Tasa	CAT60 S.A.P.I. de C.V.	https://latasa.mx/	Consumer Lending	Mexico

⁶⁷ Kore Fusion, Kore Fusion 2020 LATAM Fintech Report, Summer 2020. <https://korefusion.com/report-download/>

Mimoni	Cashahora S.A. de C.V. SOFOM ENR	https://www.mimoni.com/	Consumer Lending	Mexico
Credilikeme	Confianza Digital, S.A.P.I. de C.V., SOFOM, E.N.R	https://credilike.me/	Consumer Lending	Mexico
Medifin	Medifin, S.A.P.I. de C.V.	https://medifin.com.mx/	Consumer Lending Medical Sector	Mexico
Impulso Crediticio	Impulso Crediticio Empresarial S.A. de C.V., SOFOM ENR	https://impulsocrediticio.com/	Consumer Lending	Mexico
Estudiamas	Estudia Más S.A.P.I de C.V.	https://www.estudiamas.com.mx/	Consumer Lending Educational Sector	Mexico

6. Other Resources

i) Financial institutions in Mexico

1. Secretaría de Hacienda y Crédito Público (SHCP) *Ministry of Finance and Public Credit*
2. Comisión Nacional Bancaria y de Valores (CNBV) *National Banking and Securities Commission*
3. Comisión Nacional de Seguros y Fianzas (CNSF) *National Insurance and Bonding Commission*
4. Comisión Nacional de Sistemas de Ahorro para el Retiro (CONSAR) *National Commission of the Retirement Savings System*
5. Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (CONDUSEF) *National Commission for the Protection and Defence of Users of Financial Services*
6. Instituto para la Protección al Ahorro Bancario (IPAB) *Institute for the Protection of Bank Savings*
7. Servicio de Administración Tributaria. (SAT) *Tax Administration Service*
8. Banco de México (Banxico) *Bank of Mexico*
9. Procuraduría Federal del Consumidor (Profeco) *Federal Consumer Attorney*
10. Sociedad Financiera de Objeto Múltiple (SOFOM) *Financial Institution with Multiple Objects*
11. Administradoras de Fondos para el Retiro (AFORES) *Retirement Funds Administrators*
12. Sociedades de Información Crediticia (SIC) *Credit Information Entity*
13. Sociedades Financieras Populares (SOFIPOS) *Popular Financial Companies*
14. Sociedad Financieras Comunitarias (SOFINCO) *Financial Community Society*

ii) Chambers and organizations

1. Asociación de plataformas de fondeo colectivo
<https://www.afico.org/>
2. Asociación Insurtech México
<https://asociacioninsurtech.mx/>
3. Asociación Mexicana de Instituciones de Seguros, A. C.
<https://sitio.amis.com.mx/>
4. Asociación de Bancos de México, A.C. ABM
<https://abm.org.mx/>
5. Asociación de Compañías Afanzadoras de México, A.C. AFIANZA
<http://amexig.com/>
6. Asociación Mexicana de Afores AMAFORE
<https://amafore.org/>
7. Asociación Mexicana de Instituciones de Seguros AMIS
<https://sitio.amis.com.mx/>
8. Asociación Mexicana de Intermediarios Bursátiles AMIB
<https://amib.com.mx/>
Asociación Mexicana de Sociedades Financieras Populares AMSOFIPO
<https://www.amsofipo.mx/>
9. Asociación Mexicana de Entidades Financieras Especializadas, A.C. AMFE
<https://amfe.com.mx/>
10. Asociación Mexicana de Venta Online AMVO

iii) Magazine industry sectors

1. Fintech en Español
<https://www.fintechenespanol.com/revista/>
2. Mundo Fintech
<https://mundofintech.com/>
3. Revista Fortuna
<https://revistafortuna.com.mx/>
4. Revista Expansión
<https://expansion.mx/>
5. Forbes Mexico
<https://www.forbes.com.mx/>
6. Revista Negocios Mexico
<http://www.revistanegocios.mx/>
7. El Economista (newspaper)
<https://www.eleconomista.com.mx/>
8. El Financiero (Newspaper)

<https://www.eleconomista.com.mx/>

iv) Events

FINNOSUMMIT México

21-23 September 2021

FINNOSUMMIT is the best Fintech and Insurtech collaboration platform in Latin America that recognizes entrepreneurs, innovators in financial services, executives of financial entities, and the most influential investors worldwide. They gather together to debate on the future of the sector and to look for new opportunities.⁶⁸

Finnovista

The Visa Everywhere Initiative is a global engagement program for startups that wish to connect with other startups in order to solve the challenges of tomorrow by promoting new business models and accelerating collaboration among players in the Global Payments Ecosystem.⁶⁹

⁶⁸ <https://www.finnovista.com/summit/the-fintech-and-insurtech-innovation-summit-mexico-2020/>

⁶⁹ <https://www.finnovista.com/que-hacemos/startup-programs/visa-everywhere-initiative-2020/>

7. Acronyms

ABM	Mexican Banking Association (Asociación de Bancos de México)
AFORE	Retirement Funds Administrators (Administradoras de Fondos para el Retiro)
Bancomext	National Bank for International Trade (Banco Nacional de Comercio Exterior)
Banjercito	Bank of the Mexican Army, Air Forces and Navy (<i>Banco Nacional del Ejercito</i>)
BANOBRAS	Bank for Public Works and Services (<i>Banco Nacional de Obras y Servicios Públicos</i>)
Bansefi	National Savings and Financial Services Bank (Banco del Ahorro Nacional y Servicios Financieros)
Banxico	Bank of Mexico (<i>Banco de México</i>)
CCEN	Electronic Compensation Chamber (Cámara de compensación electrónica)
CLABE	Standard Bank Code (Clave Bancaria Estandarizada)
CNBV	National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores)
CONDUSEF	National Commission for the Protection and Defence of Users of Financial Services (Comisión Nacional para la Defensa de los Usuarios de Servicios Financieros)
CONSAR	National Commission of the Retirement Savings System (Comisión Nacional del Sistema de Ahorro para el Retiro)
CNSF	National Insurance and Bonding Commission (Comisión Nacional de Seguros y Fianzas)
CNVB	National Banking and Securities Commission
CSD	Central Securities Depository
ENIF	National Survey of Financial Inclusion
INEGI	National Institute of Statistics and Geography
IPAB	Institute for the Protection of Bank Savings
IFNB	Non-Banking Financial Institutions
IPC	Index of stock exchange prices
MexDer	Mexican Derivates Market
MXN	Mexican Peso
Nafinsa	National Financial
SAR	Retirement Savings System
SHCP	Ministry of Finance and Public Credit
SOFIPOS	Popular Financial Companies
SOFOM	Financial Institution with Multiple Objects
SPEI	Interbank Electronic Payments System
SSS	Securities Settlement System
TIIE	Interbank Equilibrium Interest Rate
TEF	Electronic Transfer of Funds
UDI	Investment Unit

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