

A C C E P T A N C E

BREAKING THROUGH THE DIGITAL AGE
TO EXPAND TRANSACTIONS FOOTPRINT

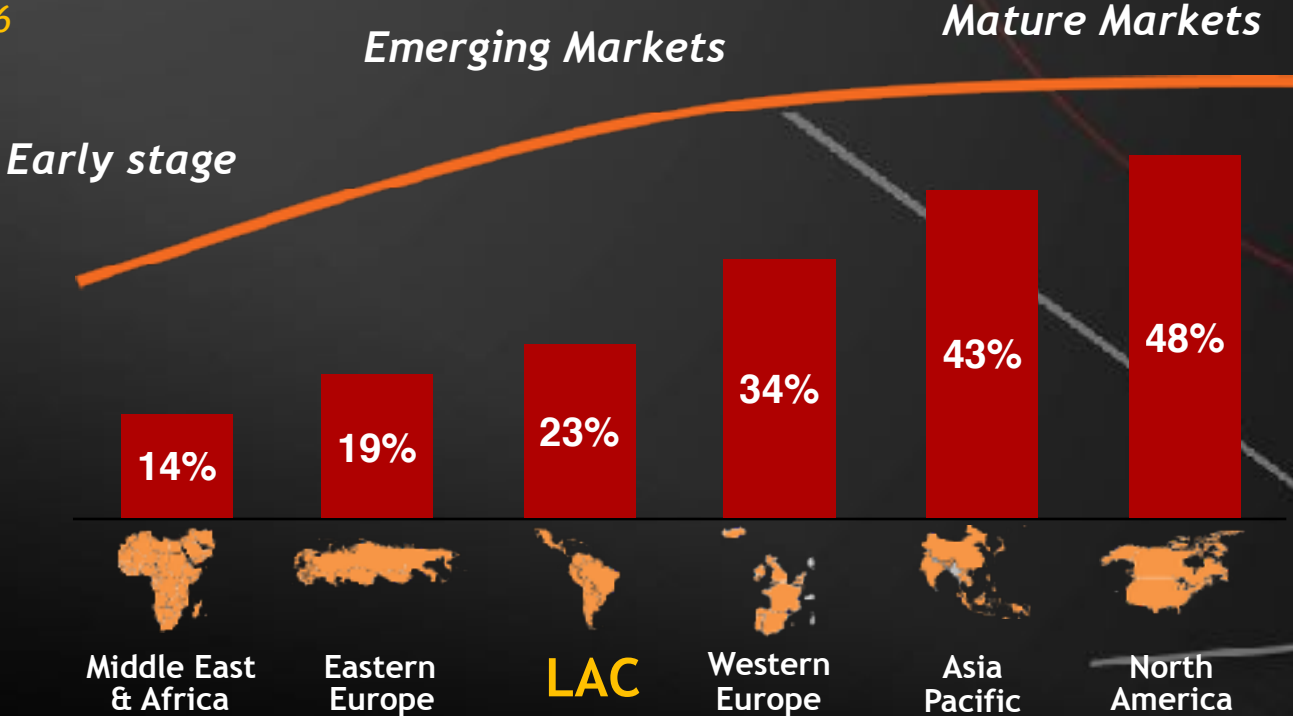
New Dynamics in the Acceptance Market in Latin America

Marcos Peralta
Senior Principal
Mastercard Advisors
LAC Central Division

The acquiring opportunity in LAC is significant due to #1 The potential for cash displacement

Penetration of card payments by region

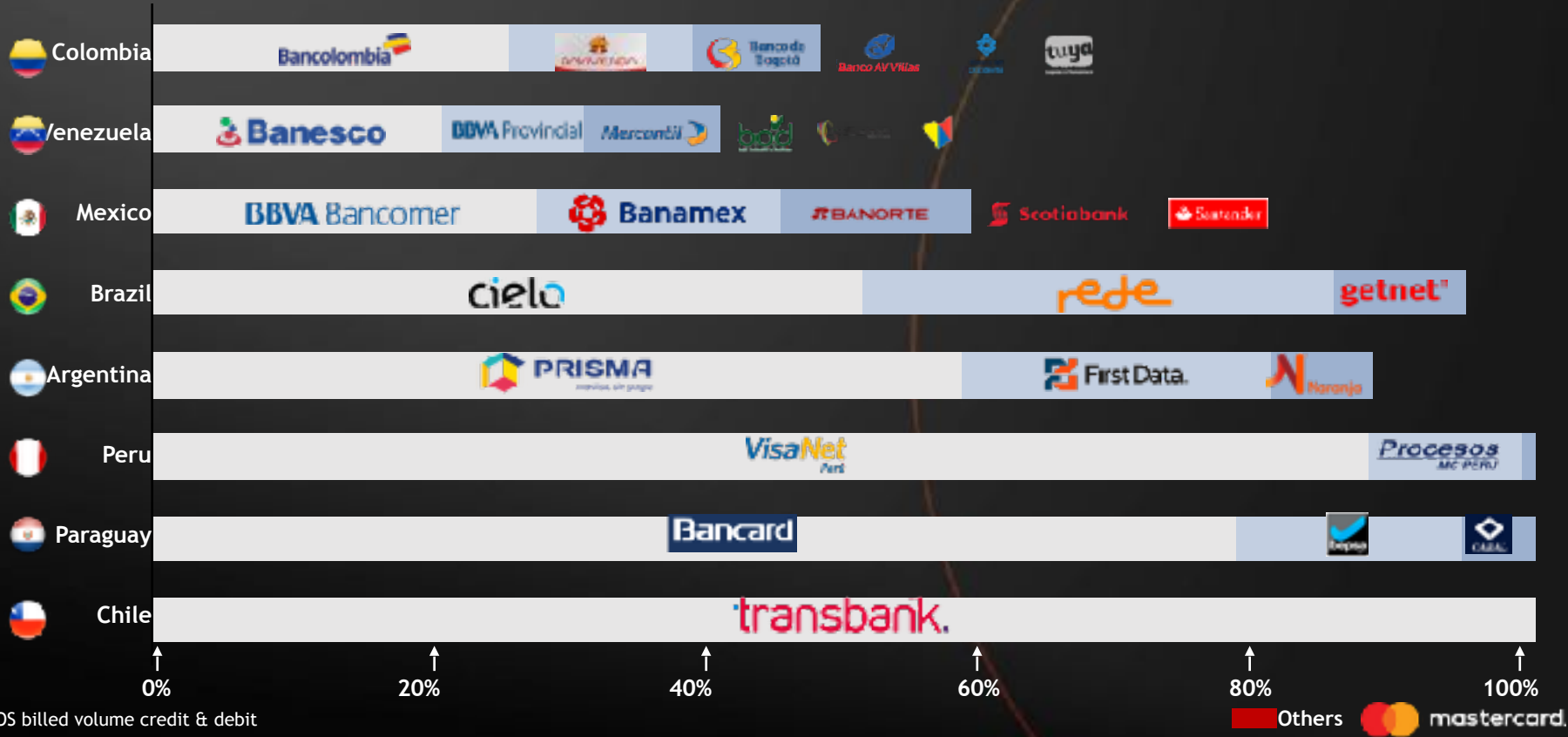
% PCE, 2016



Source: Euromonitor, Mastercard Advisors analysis



The acquiring opportunity in LAC is significant due to #2 Underlying transformation in all markets



Source: Lafferty Merchant Acquiring Latin America 2017, Mastercard Advisors analysis

The acquiring opportunity in LAC is significant due to

#3 The growing adoption of new technologies

Traditional terminals

Contact based or contactless

Wired or Wireless

eCommerce Gateways



Mobile POS

Magstripe dongles

Contact based

Contactless



Emerging

Instant messaging

Mobile apps (P2P / P2M)

QR Codes

Biometric



There are four pillars or strategic questions to be answered in order to capture the opportunity

- 1 Define the **geographical approach**
- 2 Think **where to play** in the value chain
- 3 Build a **solid entry** go-to-market and operations **strategy**
- 4 Leverage **value added services** to avoid price compression and commoditization



1 Define the geographical approach



Underlying economics of target market?

Multi count

Niche approach or market wide?

Leverage of SME and corporate client base?

Leverage of issuing business?

Complementarity with digital play?

Cannibalization or growing the pie?

High MDR High Interchange	High MDR Low Interchange
Low MDR High Interchange	Low MDR Low Interchange

2 Think where to play in the value chain

Where to play?



touchbistro

Square



mercado pago

evertec

Elavon

First Data

PRISMA

getnet



Alignet

AZUL

Decision criteria

- 1) Control of funds
- 2) Ownership of merchant agreement
- 3) Control over pricing
- 4) Control over vendors
- 5) Cost efficiency of operations
- 6) Cost of implementation
- 7) Timeline of implementation

3 Build a solid entry strategy

GO TO MARKET MODEL

OPERATING & TECHNOLOGY MODEL

TARGET THE RIGHT SEGMENTS

- Large volume vs high margin
- Traditional vs new categories
- Large urban vs new geographies
- Digital vs present



PRICE EFFECTIVELY

- MDR
- Rental Fees
- Value added services
- Revenue sharing with partners



MATCH TARGET SEGMENTS AND PRICING STRATEGY TO COST MODEL

- Low cost vs. differentiation / flexibility
- Digital vs Digital + Physical

CREATE BUNDLES & CUSTOMIZE OFFERS OPTIMIZE SALES CHANNELS

- Up to 40% of revenues can come from cross-selling

Acceptance

Commercial Cards / Loans

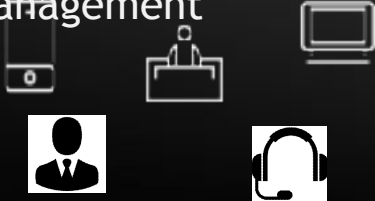
Top up



Installments factoring

Insurance

- All players going to digital merchant acquisition and life cycle management



DEFINE PROCESSES TO BE OUTSOURCED

Transaction processing  Fraud Management

Terminal Driving and Merchant Support

DEFINE TECHNOLOGIES TO BE LEVERAGED



4 Leverage value added services

VAS in the acquiring business



Financing /
Installments



Rewards
Program



Discounts / Top
up



Data
monetization



Fraud
management



DCC



Local Market Intelligence

Offers **reports to merchants** to help them evaluate their position in the market and their potential opportunities



Already **1.5K Merchants**

Functionalities

- Transactional report for merchants
- Offers central dashboard view at a store level tracking performance level such as sales
- Tracks market behavior: overall revenue, market share, and customer spend at competitive locations
- Reports & Analytics

"I am understanding better my clients"



"It is increasing my sales when applying the data I receive"

Final remarks

The opportunity in LAC is significant due to cash displacement, market transformation and new technologies

Capturing the opportunity requires a deep understanding of the context at the country level ...

... as well as a clear discussion on the strengths and challenges of your starting point and why you are considering a acquiring play

Questions?

thank
you

Remember to fill out

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at the MC Store!

