

Consumers are looking for flexibility and new forms of payments: Walter Pimenta

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The **coronavirus pandemic** that emerged in 2020 plunged us into prolonged lockdowns. This undoubtedly caused consumers' buying habits to transform to favor contactless payments and online shopping. The truth is that there were not many options. With stores closed, many businesses turned to e-commerce in order to survive.

The world is starting to open up again, but this **electronic payment** preference seems to be here to stay. According to the *Mastercard New Payments Index report*, carried out in 18 countries, specifically speaking of Latin America, 83% of people consider using at least one emerging payment method – such as cryptocurrencies, biometric technologies, contactless payments or the QR code. Almost three-quarters (72%) of those surveyed confirm that they have already tried a new payment method, which they would not have done under normal circumstances, compared to 63% globally.

We spoke with **Walter Pimenta, Senior VP of Products and Innovation at Mastercard LAC** to find out how this change will affect Latino businesses in the short and medium term.

Editor's Note: Responses have been redacted for clarity.

ENTREPRENEUR IN SPANISH (ENT): What is the true state of

electronic payments in the Latin American market?

WALTER PIMIENTA (WP): After the year of the declaration of the pandemic, electronic payments continue to show their permanence and dynamism. Health restrictions accelerated enthusiasm for pop-up payments because of the security they convey, and under “pop-up payments” we include contactless technology, but also QR code, biometrics, and cryptocurrencies . According to the new *MasterCard New Payments Index report* , 84% of Latin Americans declare having used at least one type of emerging payment in the last year. COVID-19 prompted consumers in the region to try new flexible payment options to get what they want, when they want and how they want (86%) and are willing to continue exploring new payment methods in the future (79%) .

These changes in consumer habits have their counterpart in stores, which respond with multiple ways of buying and paying. In the aforementioned study, more than half of the consumers in Latin America (59%) affirm that they would avoid companies that do not accept electronic payments of any kind and 70% declare an open enthusiasm for those businesses that offer the most innovative methods. All signs point to a continued growth path for contactless devices: globally, nearly 7 in 10 consumers (67%) anticipate that they will use a contactless card this year.

ENT: How difficult has it been to “evangelize” a market that is often suspicious of financial technology?

WP: Latin Americans have a long relationship with cash. Some prefer it for their everyday purchases, but also for large operations, such as buying a house or a car. Although before the declaration of the pandemic electronic payments were a rising trend, COVID-19 catapulted the conversion. In 2020, as the world went into lockdown, consumers shifted their shopping habits in favor of contactless payments and online shopping, and merchants moved their operations to the digital ecosystem.

More than a year on, Mastercard research reveals that the adoption of new technologies continues to grow, as well as the consumer's appetite for new digital experiences that are fast and flexible. It is interesting to highlight a fact from the study: when testing new payment methods, 86% of consumers want to make sure they are secure.

It is true that the cultural change is slower, but the survey reveals that it is enough to ensure that the payment option is safe to advance with the operation.

ENT: Specifically, how did the pandemic drive the penetration of contactless payments in LatAm?

WP: The pandemic accelerated a trend that we have already seen around the world and in Latin America and the Caribbean. Consumers are looking for flexibility and new forms of payments, and those Nearly 8 out of 10 respondents (77%) in LAC for the *New Payments Index* study agree that they prefer to shop at stores that have a presence both in person and online, and 79% express their loyalty to merchants that offer multiple payment options. A recent study of 5,500 MasterCard merchants showed that between the first quarter of 2020 and the first quarter of 2021, more than a fifth of these merchants globally increased the number of ways they connected with consumers, either by enabling channels of e-commerce or accepting contactless transactions. During the same period, Mastercard saw an increase in the total number of online transactions of over 30 percent.

Consumers are looking for flexibility and new forms of payments / Image: Depositphotos.com

ENT: How do you see the bitcoin “fever” among millennials? Any recommendation to enter this market?

WP: Cryptocurrencies are gaining ground among millennials: Today, consumers can buy, sell and trade cryptocurrencies as a commodity or an investment. Consumers are also showing increasing interest in being able to spend these assets for

everyday purchases. As interest in cryptocurrencies as a payment method accelerates, nearly 4 in 10 people (37%) in Latin America and the Caribbean say they plan to use them next year. It is notable that the predisposition to use cryptocurrencies is more accentuated in the younger segment: 61% (67% millennials) are more willing to use them now than a year ago; 74% (79% millennials) are interested in learning more about cryptocurrencies, and 72% (76% millennials) say they would use them more if they understood them better.

ENT: How do you see the penetration of biometric payments in a market as particular as Latin America?

WP: Biometric payments are a great advance in the issue of payment security, which is one of the main concerns of the traditionally more conservative Latin American consumer. Biometric recognition methods inspire more confidence: 66% of respondents stated in the study that they feel more secure with biometric technologies than with the introduction of a PIN to verify a purchase.

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