



IDB

LAC

# Accelerating Digital Payments in Latin America and the Caribbean

PAGA: Payments to Advance Growth for All

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# Payments to Advance Growth for All (PAGA): Project Overview

## *Why digital payments?*

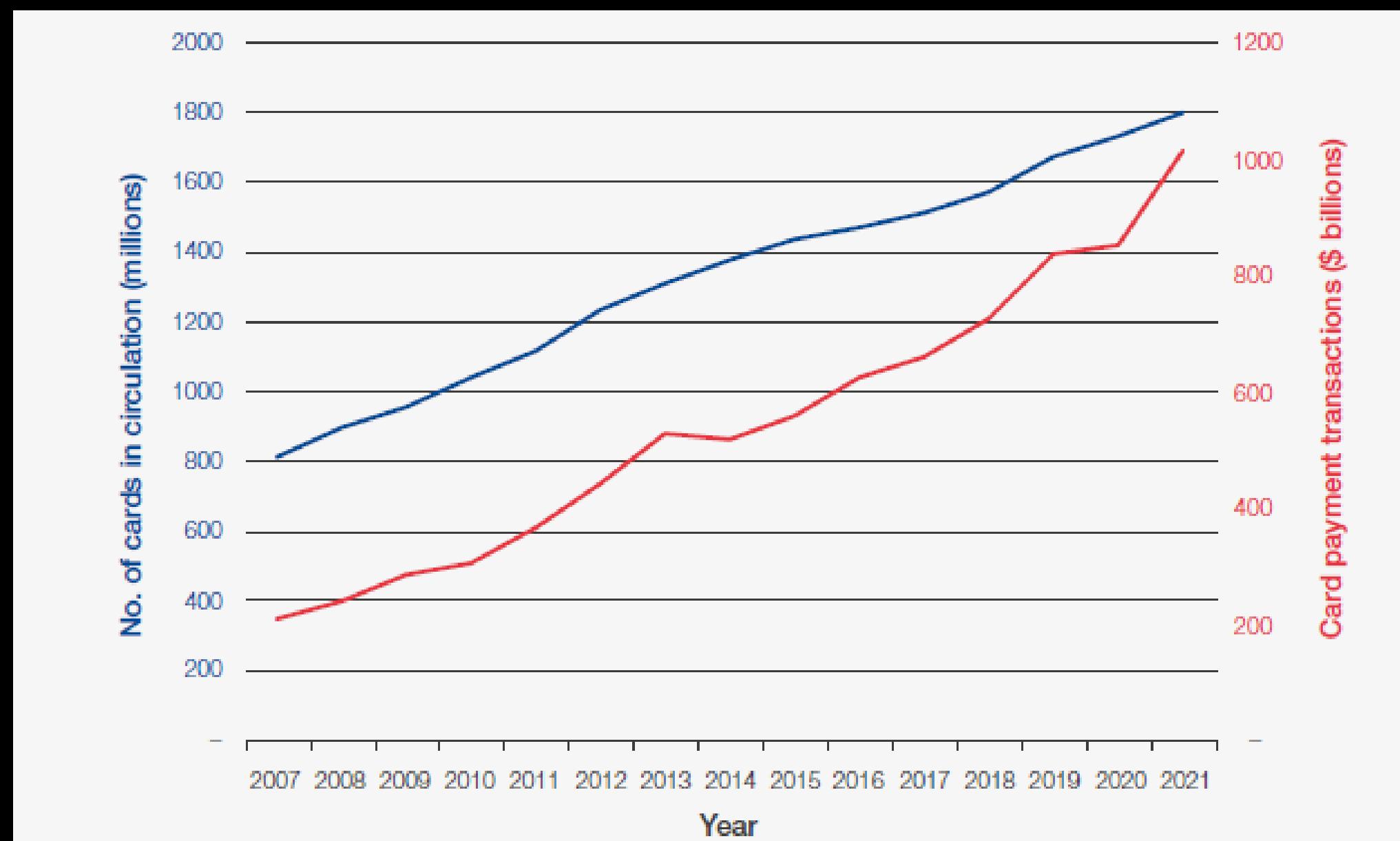
Digital payments is the cornerstone of a digitally empowered economy. E-commerce, financial inclusion, and, even, government payments highly depend on them.

## *Do digital payments benefit MSMEs?*

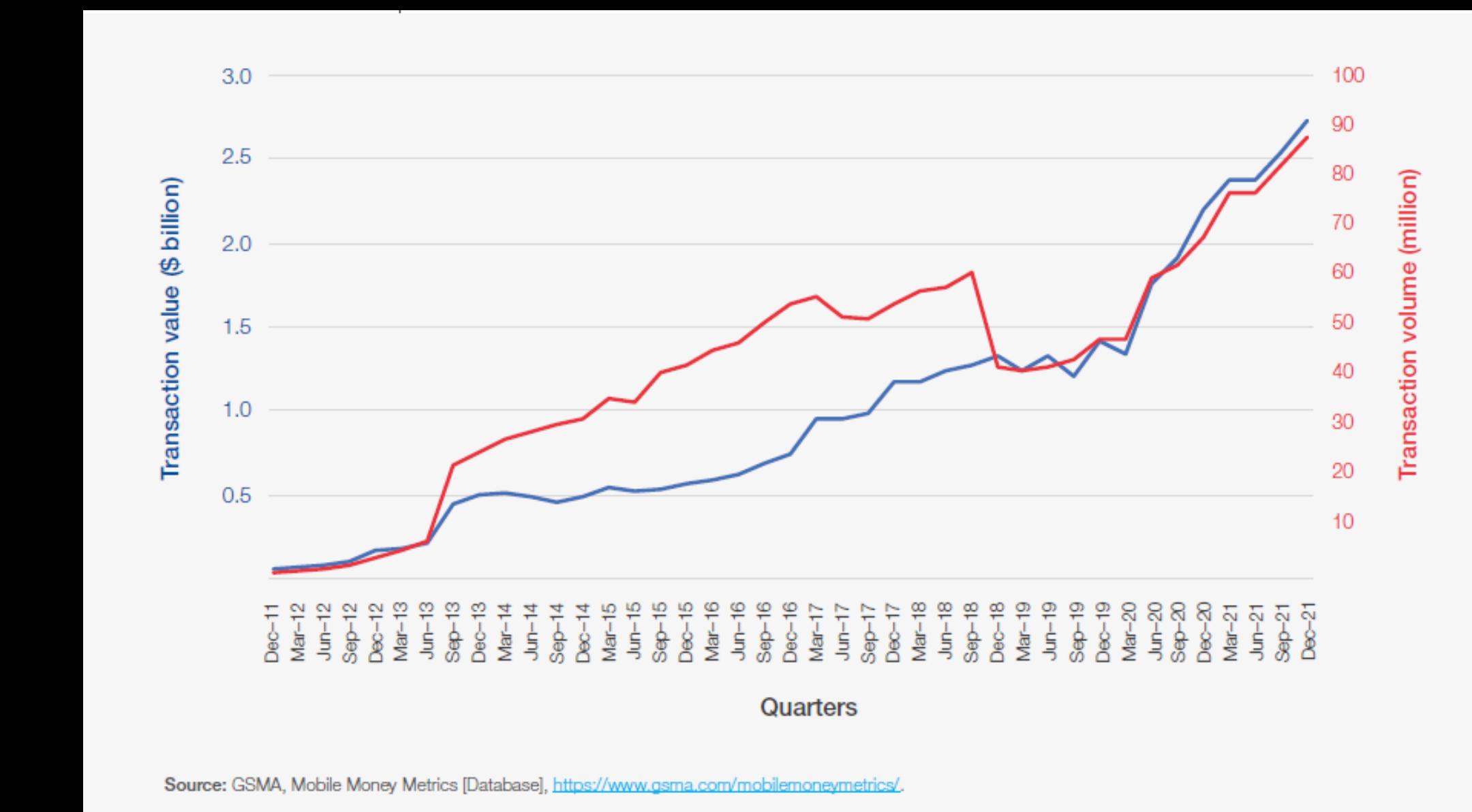
They allow businesses to reach more customers (more markets) and level the playing field between large and small merchants.

# Digital Payments on the rise in LAC

Card payments in LAC



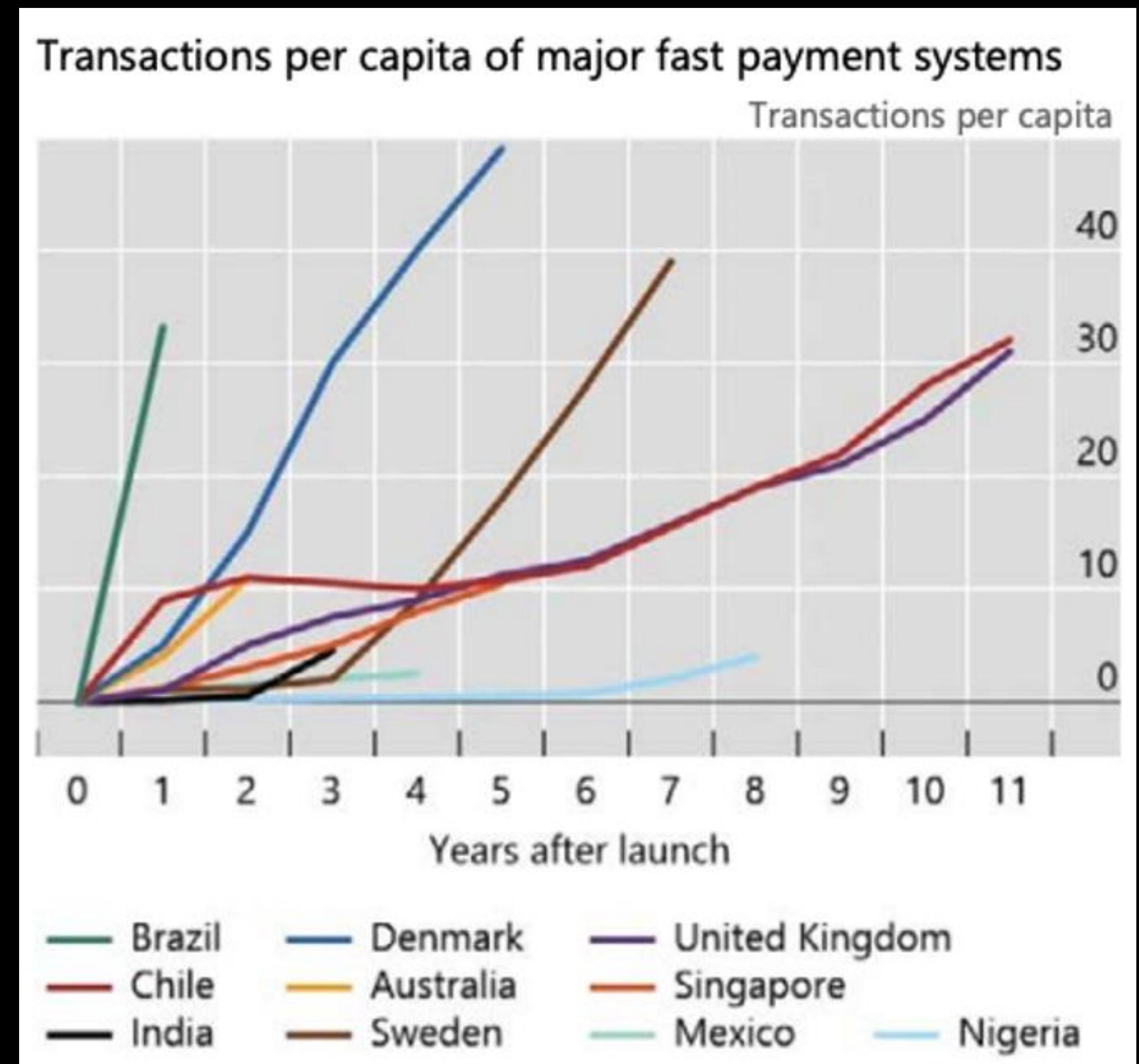
Mobile money payments



Globally, business that go on line increase sales by 20-30 percentage points.  
Only in 2020, e-commerce in LAC grew 18%

# The Brazil Case -

- Example of a country adopting new digital payments faster than anybody else (BIS)
- Encouraged innovation with proportional regulation and by launching a new real-time payment system (PIX) launched in 2020
- PIX allowed that over 40 million people to make their first bank transfer. Only between Nov 2020 and March 2022- PX user went from 41 to 124 million.
- Regulation also allowed the creation of Nubank (2013), a digital banking platform reaching 53 million people (10% for the first time)



# Payments in LAC

## ***What is PAGA (Payments to Advance Growth for All)?***

A joint WEF-IDB LAB effort to provide a framework to accelerate digital payments in LAC. It created a 100+ community of practitioners, policy makers and researchers to offer a framework for accelerating innovation in this area.

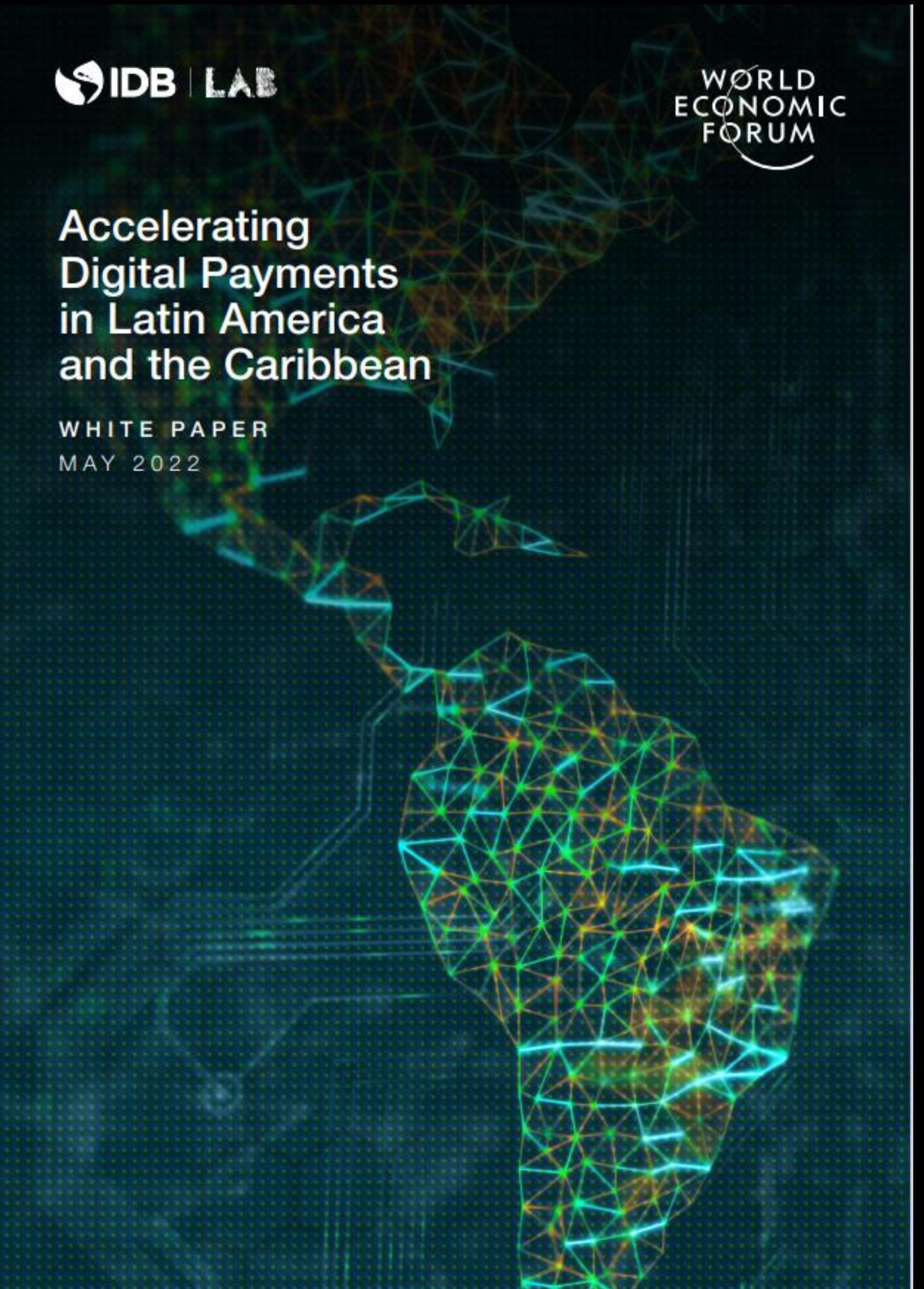
- July 2021: PAGA project launched

Community Building, Interviews with Experts, Research

Workshop I: Identify Challenges, Initial Findings

Workshop II: Potential Solutions

- May 2022: Publication of PAGA Report



# Key takeaways from PAGA



Build good regulatory practices to reduce market barriers and promote innovation

Encourage public-private sector collaboration

Explore digital trade agreement to secure safe cross-border digital payments

Facilitate new technologies and innovation

# The Road ahead

1. Payments do not work in silos. Need to keep on experimenting and working on standardized APIs (the connecting channels) to promote interoperability. But also, we need to work on incentives
2. Bigtechs are here to stay. Consumer preferences and convenience dictate what payment mechanism are here to say.
3. Digital Payments end-to-end. Digitalization of businesses (MSMES) is as important as with persons.
4. Digital identity (both sides). Need to ensure minimum standards of consumer protection (e.g. transparency, recourse mechanisms) and cyber security
5. Payment licensing. Analyze the pros and cons of payment only entities

# Thanks you!