



**Asia-Pacific
Economic Cooperation**

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Financial Technology in Mexico

Submitted by: Mexico



**Workshop on the Digital Economy:
Measurement, Regulation and Inclusion
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Financial Technology in Mexico

A brief approach to regulatory framework



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61% of the population in Mexico have no access to formal financial services, which represents a mayor obstacle for:

- Improve life quality & social mobility opportunities
- Strength personal and SME's finances
- Promote wider social inclusion



- High internet penetration (mobile & fixed)
- Adequate electronic commercial ecosystem
- Set of high impact reforms to the financial and telecommunication sectors

Need for a regulatory framework that promotes FINTECH Businesses



Prudential framework vs

Market efficiency
Market growth

FINTECH solutions capabilities

1. Alternative Financing Platforms



2. Alternative Financial Scoring



- 1.1 Collective financing of rewards
- 1.2 Collective financing of donations
- 1.3 Collective financing of real estate
- 1.4 Collective financing of capital
- 1.5 Loans in balance for business
- 1.6 Loans in balance for consumers
- 1.7 P2P loans for business
- 1.8 P2P loans for consumers
- 1.9 Factoring & invoice loans

3. Payment Solutions



- 3.1 Payments & mobile wallets
- 3.2 International transfers & remittances
- 3.3 Mobile Points of Sales
- 3.4 Gateways and payment aggregators
- 3.5 Others

4. Personal finances management



- 4.1 Savings & financial efficiencies
- 4.2 Benchmarking platforms
- 4.3 Debts management
- 4.4 Others

5. Business Finances management



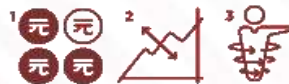
- 5.1 Electronic invoice
- 5.2 Digital accountancy
- 5.3 Financial management or business intelligence
- 5.4 Collections
- 5.5 Others

6. Patrimonial management



- 6.1 Digital patrimonial management
- 6.2 Robotic advisors

7. Stock & Financial assets trading



- 7.1 FX Solutions
- 7.2 Stock market solutions
- 7.3 Others

8. Tech enterprises for financial institutions



- 8.1 Digital security & identification
- 8.2 Identity solutions and customer knowledge
- 8.3 fraud prevention and risk management
- 8.4 Biometrics
- 8.5 Smart contracts

9. Digital Banking

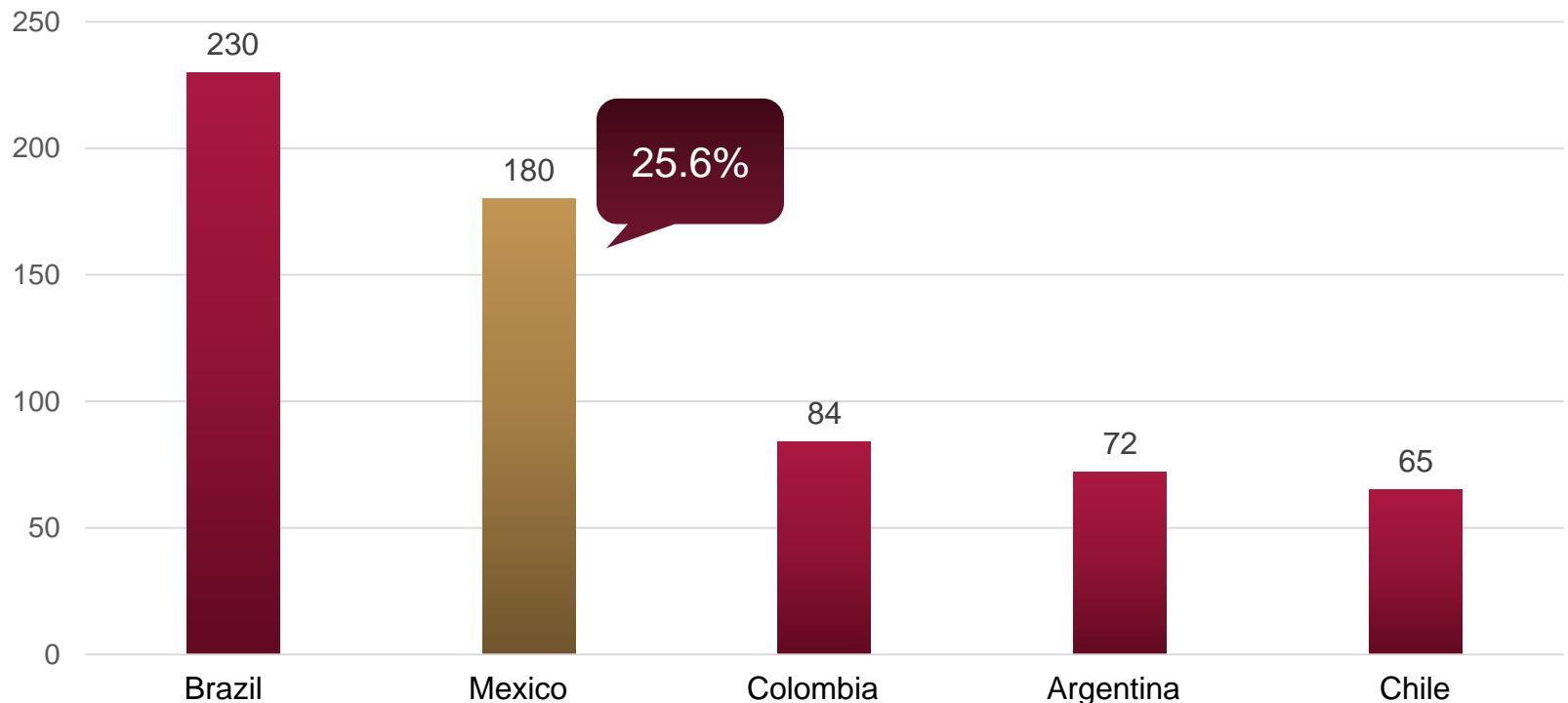


10. Insurance



FINTECH Development in Mexico

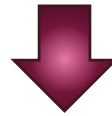
The Inter-American Development Bank identified 703 FINTECH enterprises in Latin-America, distributed among 15 countries.



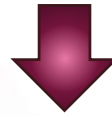
- 59 Alternative finance
- 50 Payments
- 22 Personal finances management
- 21 Business finances
- 28 Others

Mexican Problem for FINTECH Development

LACK OF REGULATION



Judicial uncertainty for business and customers and authorities
Lack of mechanisms for detection, prevention & sanction of illegal activities
Lack of legal recognition
Lack of incentives



LIMITED MARKET GROWTH

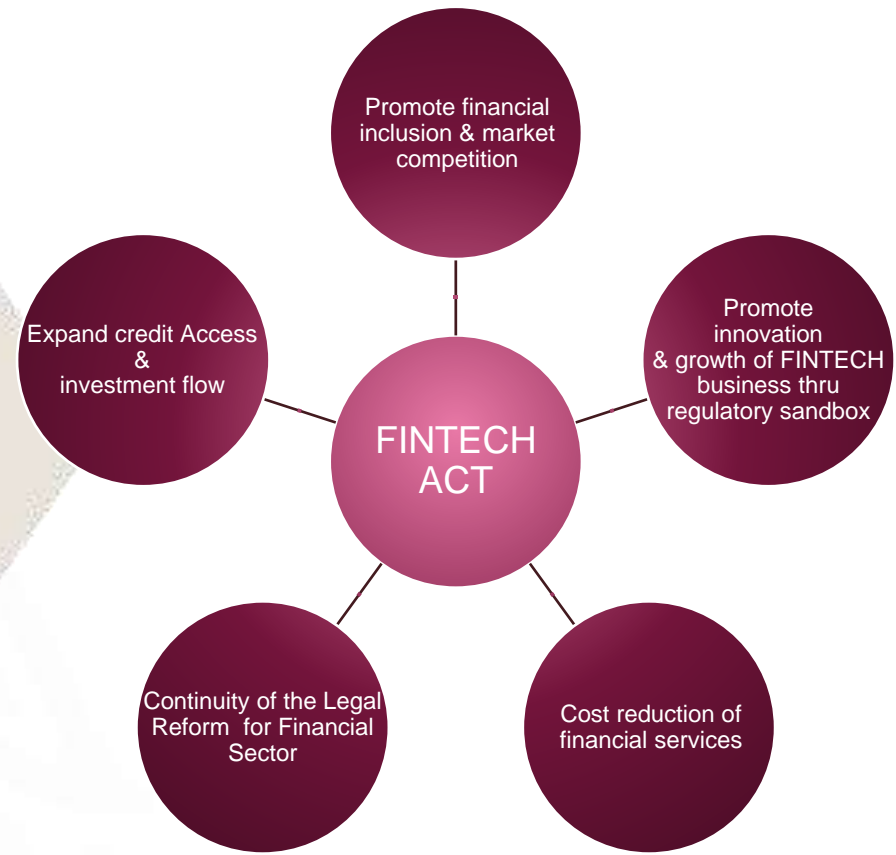
LIMITED FINTECH SERVICES POTENTIAL

FINTECH Regulation in México

On March 9th 2018, the FINTECH Institutions Law was issued.

Legal basis for:

- ✓ Money laundry prevention
 - ✓ Terrorism financing prevention
 - ✓ Minimum capital requirements
 - ✓ Risk advertising
 - ✓ Money receiving and delivering limits
- 6 months
- FINTECH Activities authorizations
 - Shareholdings
 - Minimum Technologic equipment
 - Official information reports
 - Auto-correction mechanisms for detected irregularities
- 12 months
- ... Net capital to be covered by FINTECH Institutions
 - ... Data sheering
- 24 months



Traditional financial entities foresees that FINTECH phenomena could gain up to 23% of their markets over the next five years. FINTECH institutions considers that they could get more than 33%.

————— José A. Quezada Palacios —————

Banking Regulation 2018



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