Financial Technology in Mexico

Submitted by: Mexico
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A brief approach to regulatory framework
61% of the population in Mexico have no access to formal financial services, which represents a major obstacle for:

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

Need for a regulatory framework that promotes FINTECH Businesses

Prudential framework vs Market efficiency

Market growth
### FINTECH solutions capabilities

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

- Brazil: 230 enterprises
- Mexico: 180 enterprises
- Colombia: 84 enterprises
- Argentina: 72 enterprises
- Chile: 65 enterprises

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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
  - FINTECH Activities authorizations
  - Shareholdings
  - Minimum Technologic equipment
  - Official information reports
  - Auto-correction mechanisms for detected irregularities

... Net capital to be covered by FINTECH Institutions
... Data sheering

6 months
12 months
24 months

FINTECH ACT

- Promote financial inclusion & market competition
- Promote innovation & growth of FINTECH business thru regulatory sandbox
- Expand credit Access & investment flow
- Continuity of the Legal Reform for Financial Sector
- Cost reduction of financial services
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%.