

The Fintech ecosystem of Peru grew at an annual rate of 20.9% since 2021

- Almost 30% of the Fintech companies in Peru already use Artificial Intelligence and Machine Learning within their solutions.
- One out of every three Fintechs is foreign. The report highlights global influence in the Peruvian market, especially in segments like Payments & Remittances.
- Nearly 6 out of every 10 B2C Fintechs target their services and products toward underbanked or unbanked segments.

Lima, December 7, 2023 - [Finnovista](#), the leading innovation and venture capital firm committed to the development of the Fintech ecosystem and the transformation of finance in Latin America, in collaboration with Visa, the global leader in payments, has revealed the latest data from the Finnovista Fintech Radar Peru 2023 report. The study highlights the most recent trends in the growing Peruvian Fintech ecosystem.

Growth and Transformation:

Since the last update of the Radar published by Finnovista in 2021, Peru's Fintech ecosystem has experienced a compound annual growth of 20.9%. This means that from the 132 projects identified in the previous study, the number increased by 61, reaching a total of 193 Fintechs in 2023.

Technologies in the Fintech Ecosystem of Peru:

One of the most notable aspects is the technology adoption rate, which, although showing some delay compared to other countries, is surprising as almost **30% of local Fintechs in Peru have incorporated Artificial Intelligence (AI) and Machine Learning** into their processes. This indicates openness to the use of advanced technologies.

Persistence and Evolution:

Out of the 132 Fintech companies identified in the Finnovista Fintech Radar Peru 2021, 95 remain active, demonstrating the persistence of Peruvian Fintech entrepreneurship. However, 37 ventures (28% of the total) exited the ecosystem, with 26 of them (19.7%) suspending operations or closing definitively, while the remaining 11 were either no longer classified as

Fintech or were acquired by traditional companies. In addition to these 95 survivors from 2021, another 98 new Fintechs have emerged over the past two years, bringing the total mentioned to 193 Fintech companies in the ecosystem.

Investment and New Trends in Financial Inclusion:

Regarding the most utilized sources of financing in the country, the Finnovista Fintech Radar mentions friends and family at 58.6%, angel investors at 50%, and venture capital funds at 39.6%. This pattern suggests a strong reliance on local support but also demonstrates the significant presence of external capital investors.

The analysis of the markets to which Peruvian Fintechs allocate their products reveals a significant orientation toward financial inclusion, especially in non-banked sectors. For instance, referring to Fintechs targeting SMEs as clients, it can be observed that products aimed at this non-banked or underbanked niche represent the majority (58.8%). The same trend is evident in the B2C Fintech segment, where almost 6 out of every 10 Fintechs direct their services and products to underbanked or unbanked segments.

Segment Dynamics and Foreign Presence:

In the diversified landscape of Fintech verticals in Peru, notable growth is highlighted in Lending, experiencing a significant increase from 33 projects in 2021 to 50 in 2023. This growth is primarily attributed to the emergence of Factoring projects and loans focused on individuals. Additionally, the Wealth Management sector records a considerable increase, now ranking second in the number of projects, rising from 23 to 39 identified projects by 2023, driven largely by the unsatisfied demand for Crypto and FX exchanges in the country.

Payments & Remittances drop from the second to the third position in the project ranking, experiencing slight growth, going from 31 Fintechs in 2021 to 32 in 2023. This trend is attributed to the strong entry of foreign ventures and the prominent presence of already established local players, creating significant competition compared to other niches in the ecosystem.

In addition to the 193 identified local Fintechs, there are approximately 95 foreign projects, implying that 1 out of every 3 Fintechs in Peru has a non-Peruvian origin. This marked foreign presence highlights the globalized nature of the Fintech ecosystem in the country and emphasizes the need for greater technological adoption.

Andres Fontao, Co-founder and Managing Partner of Finnovista, emphasizes that "the evolution of Corporate Venture Capital (CVC) in Peru, as well as in the rest of the region, is evident in the participation of various companies such as Credicorp, Falabella, and Wayra, among others, which are now joining this trend to enhance their innovation. This shift reflects a transformation in the perception of CVC, previously primarily linked to financial institutions and now recognized by companies from various sectors seeking to collaborate with startups to drive internal innovation."

On the other hand, **Gilberto Chaparro, General Manager for Visa in Peru, mentions that** "it is motivating to see that the Fintech ecosystem in Peru has experienced significant annual growth despite the slowdown in investments and other funds towards startups and Fintech in the last year. This demonstrates that there are strong and resilient players who continue to bet on developing innovative solutions that address the needs of specific segments, especially those usually underserved, so that more Peruvians can access the benefits of digital payments."

Advantages and Challenges

Other features that stand out in Peru are the low competition among Fintechs and the high market potential. In this regard, although there may be a high degree of competition in certain cases, such as in the Payments and Remittances segment, 41.2% of the Fintechs present in the country mention that the fact that Peru has lower competition represents the greatest advantage for Fintechs in this country. On the other hand, the National Institute of Statistics and Informatics (INEI) states that almost half of the population has not yet accessed any financial services. This latter data becomes relevant when contrasted with figures from the report that state that 25% of Fintech products in the country are aimed at a non-banked audience, a figure higher than that of other markets in the region, emphasizing the great potential for the adoption of new solutions in the country.

Peruvian Fintechs have projections to close the year with higher revenues than in 2022. Despite these achievements, significant challenges persist, with internationalization (54.2%) and access to financing (25%) standing out as key challenges.

"To face the great challenge of scaling their operations and achieving internationalization, it is crucial that Fintechs not only focus on obtaining funds to support this expansion but also seek to adapt to the regulatory framework of the destination country, generate strategic commercial alliances, and gain a deeper understanding of the markets and segments they are targeting. At Visa, we will continue to strengthen relationships with local players, both new and existing, making our specialized teams available to support them in building their value proposition, launch and growth campaigns, operational improvements, etc.," **highlights Carlos José Pardo, Leader of Fintech and New Business for Visa Andean Region.**

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About Finnovista

Finnovista is an innovation and venture capital firm committed to the development of the Fintech ecosystem and the transformation of finances in Latin America to create a better world. Since 2013, Finnovista has connected and facilitated the Fintech ecosystem to build alliances with the most visionary startups, investors, and corporates, addressing the significant challenges in finance. Finnovista is the organizer of FINNOSUMMIT, the largest Fintech conference in the region, and produces studies and periodic publications on the state of the Fintech ecosystem and the latest trends in Fintech innovations. Finnovista.vc is the investment arm of Finnovista that invests in Fintech startups at the pre-seed and seed stages, providing support through its acceleration program 'Startupbootcamp by Finnovista.vc' and leveraging the extensive resources of the Fintech ecosystem in the region. Finnovista is part of Rainmaking, a global innovation company and the creators of Startupbootcamp.

About VISA

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Media Contacts

Finnovista:

Cristina Hontanilla — Marketing & Communications Director — cristina.hontanilla@finnovista.com

Adriana Baca — Marketing & Communications Manager — adriana.baca@finnovista.com

Visa:

Maria Catalina Bonilla- Senior Manager Corporate Communications, Andean Region-
maria.bonilla@visa.com

Visa:

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