



Colombia

The **Fastest Growing Market** in Latin America



Index

The Colombian market	3
Rapid digitalisation promoting business growth	5
Ecommerce in Colombia	5
Why do business in Colombia?	6
Benefits of Colombia's free trade zones	6
Tax benefits	7
Skilled labor force	7
Economic expansion	7
Thriving sectors with exceptional growth potential	8
The growing software and IT services sector	8
IT demand in Colombia	9
The emerging ecommerce market	9
Facilitating payments in Colombia	10
Digital payment options surging in Colombia	10
Local payment methods in Colombia	11
Top 5 payment methods in Colombia	12
Expand your business in Colombia with PayRetailers	13
Our commitment to financial inclusion & financial education	14
Are you interested in the Colombian market?	14
References	15

The Colombian market

Colombia is the 4th largest economy in Latin America and has seen one of the fastest economic growth rates in the last few years. Colombia is the only South American nation with a coastline in the Atlantic and Pacific Oceans, and the Caribbean Sea, providing easy access to the global markets for foreign trade.

Cross-border ecommerce accounts for 34% of total sales in Colombia. Its open trade regime makes cross border ecommerce easier and more affordable than other markets in LATAM. Also, the country is strategically located for access to both North and South America, which has spurred cross-border ecommerce.

The Colombian economy is expected to grow by:

5.5% in 2022
3.1% in 2023



51 million
population



86%
Colombian consumers
with bank accounts



COP
currency:
Colombian peso



71%
mobile internet
penetration by 2025



34.73 million
internet users in
Colombia

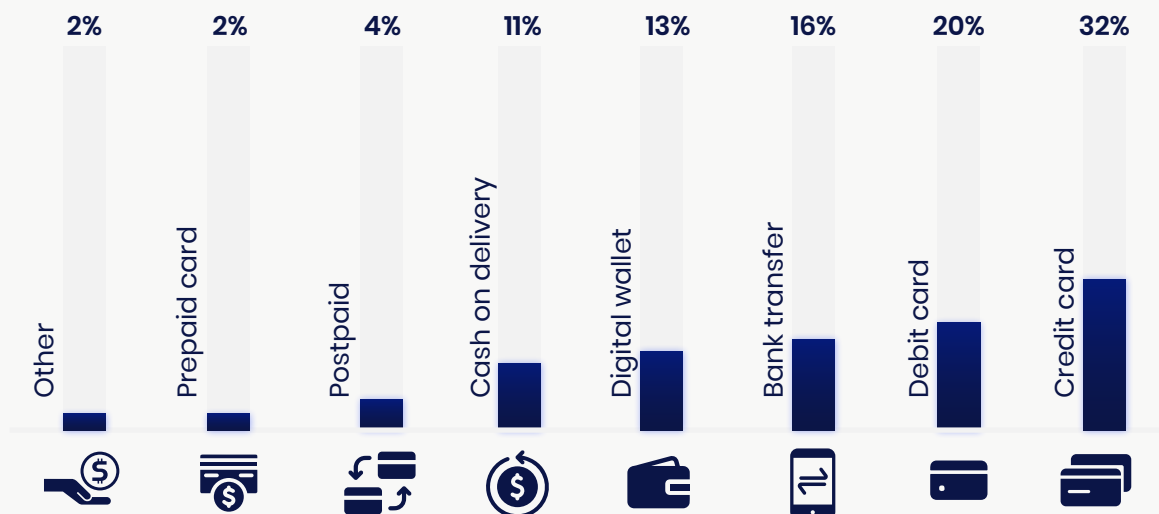


83.3%
adult Colombians use at
least one financial product

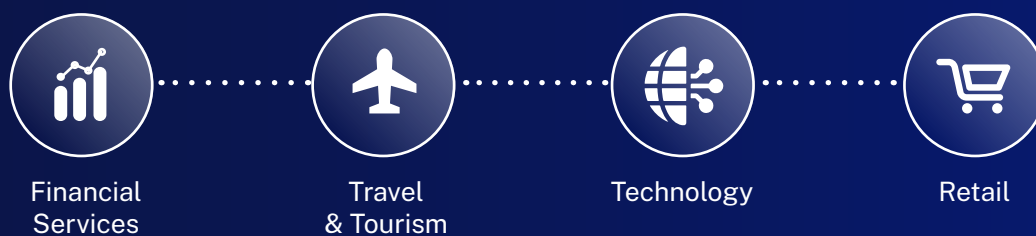
With these efforts and the complexities brought on by the pandemic, Colombia saw significant growth in ecommerce in 2020.¹

**Colombia is predicted to become one of the three
most innovative economies by 2025**

Preferred payment methods²



Most popular purchases online



Rapid digitalisation promoting business growth

The Ministry of Information Technologies and Communications Colombia (MinTIC) has focused on developing the country's digital ecosystem since 2010, with the launch of its "Verde Digital" plan. To drive post-pandemic economic recovery, the MinTIC announced a \$261 million plan to support entrepreneurs and companies in modernising their business models.

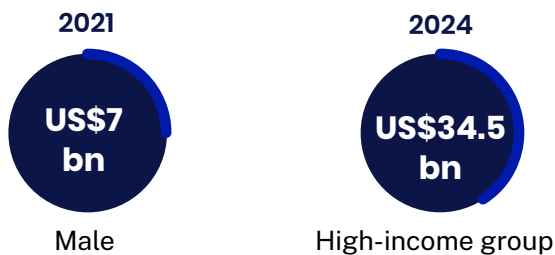
With increased internet penetration and arrival of global companies in Colombia, online consumers are quickly becoming used to buying from foreign websites. Innovative ecommerce solutions are being deployed throughout the value chain of the digital ecosystem. Consumers are also paying for purchases through multiple digital channels.

Digital transformation has given the nation the opportunity to diversify its economy beyond being a commodity-based one. Today, Colombia is a high value-added services economy, with the services sector accounting for almost 60% of the GDP and 70% of the workforce. One of the biggest gainers has been ecommerce. The Colombian Chamber of ecommerce (CCCE) expects ecommerce volumes to have risen 16% YoY in 2021.

65%

internet penetration achieved by Colombia

Demographics of users of digital payments (2021)



Ecommerce in Colombia is expected to grow at a CAGR of 21% from 2020 to 2024. Ecommerce sales in the country are projected to grow from US\$7 billion in 2021 to US\$34.5 billion in 2024.



1 in 3

Latin Americans use digital payment methods



86%

Digital wallet users in Colombia say the pandemic accelerated digitisation



30%

Users of digital payments now have more knowledge of financial topics



57%

Colombians say they hear about new digital financial tools from friends and family³

Why do business in Colombia?

Low minimum investment requirements

With the devaluation of the Colombian peso, foreign investors don't need to invest large capital in the country compared to what they would need to in other markets.

Free trade zones

There is a competitive free trade zone (FTZ) regime in Colombia that provides certain benefits to companies involved in manufacturing and services. The number of these zones has increased from 45 in 2010 to 107 in 2020.



Benefits of Colombia's free trade zones

Exoneration of income tax on export earnings

Access to credit and capital facilities

Tax exemption on dividends

Freedom to open bank accounts in any currency

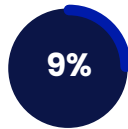
Exoneration of tariffs on imports

Tax exemption on remittances and capital repatriation abroad

Tax benefits

Colombia offers tax benefits for companies from various sectors, to attract foreign capital and boost the local economy.

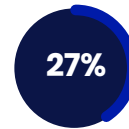
In 2020, the Ministry of Finance introduced a special tax regime for mega investments, including new investments in commercial and industrial activities that provide at least 400 new jobs and exceed 30 million tax value units.



Special Income Tax Rate



Capital Gains Tax Rate



Corporate Tax Rate

Skilled labor force

Colombia's capital city, Bogotá, joined the ranks of cities like Melbourne, Singapore, Chicago, and Hong Kong to be listed among the top cities in the Human Capital and Lifestyle category, in the Financial Times Global Cities of the Future for 2021-2022.

**The BPO sector
created 630,000
jobs by end-2020**

Economic expansion

Sectors that traditionally led the growth of the Colombian economy were:

Mining

Agriculture

Oil

Chemicals and Petrochemicals

More recently, the sectors that are spearheading growth are:



**Ecommerce
Grew 43% in 2020**

Ecommerce users
set to peak at 28.75
million in 2027



**Online Gambling
Grew by 120% YoY**

Total sales of
COP23.4 bn in
Jan-July 2021



**Financial Services
Grew despite the
pandemic**

Recorded COP8.5
trillion (\$2.2bn) in
profits in Q3 2020



**Tourism
Worth US\$17.3 bn**

Contributing over
900K jobs

Thriving sectors with exceptional growth potential

The growing software and IT services sector

With the Colombian government's commitment to digital transformation, the nation has grown into one of the main technology-based service providers in the region.

5 major industrial centers in Colombia

1. Bogotá
2. Medellín
3. Cali
4. Barranquilla
5. Bucaramanga

Colombia offers specialized IT solutions for:

Fintech

Logistics

Agroindustry

Energy

Digital marketing

Health

Government

Oil & Gas

Telecommunications

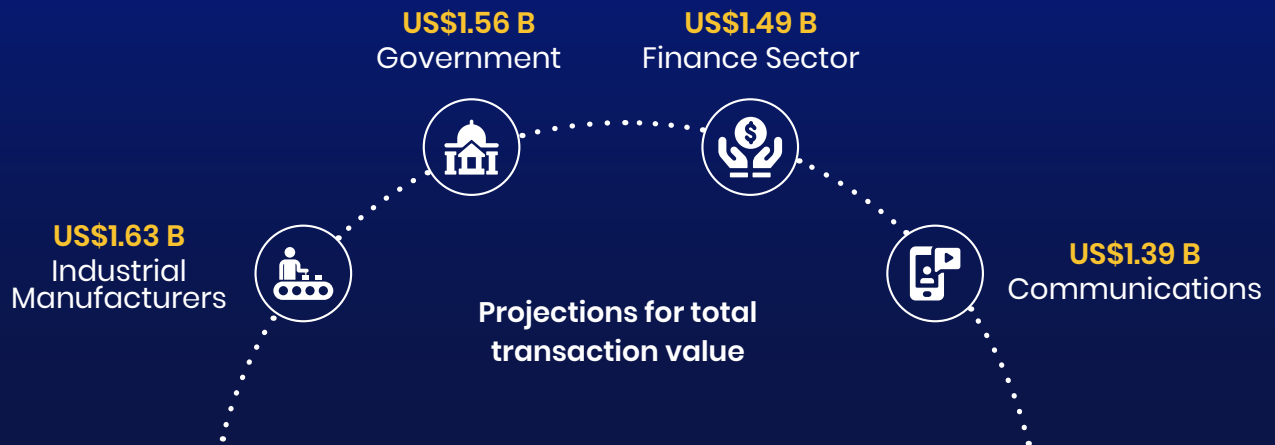
AR/VR

Top IT exports from Colombia

1. Call Centres
2. Software Development
3. Animation



IT demand in Colombia



The emerging ecommerce market



20% annual growth rate of Colombia's ecommerce market



Mobile ecommerce expected to be worth 2x desktop and worth US\$6 billion by 2024

What do Colombians shop for online?

Electronics

Clothing

Footwear

Sports

US\$10.6bn

Estimated ecommerce sales revenue in 2022

280m

Number of online transactions

1.8%

B2C ecommerce as share of GDP

Facilitating payments in Colombia

Cash has traditionally been the foundation of Latin American commerce, capturing the majority of point-of-sale (POS) payments. However, 1.6 million people gained access to on-line banking for the first time in the country between April and November 2020. Now, 80% of these consumers using digital wallets.



Digital payment options surging in Colombia



Ecommerce transactions

- 52% done by cards
- 13% by digital wallets
- 16% by bank transfer



Fintech ecosystem

- Growing with rising banked citizens
- Over 320 fintech firms
- 76% of people use fintech services



Contactless payments

- 40% prefer contactless payment cards, says Visa
- Preferred benefits - secure, fast, convenient⁵

Around 82% of consumers in Colombia expect to be able to make purchases in their preferred mode of payment, whenever they want to. Tools delivering fast, safe, versatile, and personalised solutions to consumers will become more popular. Some of the key factors driving the increasing adoption of digital payments methods in the country include the rising penetration of smartphones and the internet.

11.6 million
online shoppers in
Colombia

The nation's regulatory framework has helped with this rapid transition to digital payments. Colombia is one of the first Latin American countries to create a regulatory sandbox to spur financial innovation.

Local payment methods in Colombia

Cash is still King for payments in the country. However, new standards like obligatory e-invoicing, are propelling the use of digital finance. Both traditional banks and fintech innovations have led to improvement in financial inclusion. With increased penetration of mobile connectivity and growth of apps, more unbanked and underbanked consumers and are opting for digital payments.

2M
Colombians opened a
bank account between
March and June 2020

The Colombian government has been taking key steps in enhancing financial inclusion in the country. The pandemic speeded up the process, with a record number of people opening a bank account for the very first time.

PayRetailers is committed to the nation's vision of financial inclusion through support for businesses that employ innovative technology to offer financial products.



Top 5 payment methods in Colombia



1. Efecy

Efecy's easy UX and real-time confirmation make it one of the top payment choices. It is one of the most popular cash payment methods and is accepted in over 8,800 locations throughout the country.

Efecy is widely used in Colombia by individuals and companies, covering 99% of municipalities



2. Davivienda

It is one of the banks with the longest track record in Colombia, a bank that seeks to make life easier for families, with innovative, simple, friendly and secure financial management.



3. Pagos Seguros en línea (PSE)

PSE allows customers to make transfers directly from their bank accounts, without the need for a credit card. Multiple transfers can be made in a signal day.

52.7% of all ecommerce payments is via PSE



4. Nequi

This app allows people to transfer money directly from their cellphones without any fees. It also offers Wardrobe, where customers can recharge data for their phone, make bill payments, and remit dollars from abroad.

70% of card payments are made via installments



5. Local credit and debit cards

Card payments are the most popular means of ecommerce payments. But card ownership stands at only 13.9%⁶

Expand your business in Colombia with PayRetailers

PayRetailers takes your business to Colombia with more payment alternatives for your customers, all in a single platform.

Being able to offer flexibility in payments can empower your business to grow. With PayRetailers, you get to achieve just that from anywhere in the world to drive business growth in Latin America. We offer a fully localised solution for payment processing in the region. With a single API integration, you gain access to over 250 local payment methods.

Our payment gateway supports multi-channel and multi-currency payments, enabling you to provide unparalleled customer check-out experiences to maximise sales. With our always-available, robust and scalable payment infrastructure, you can start processing transactions within 48 hours.

Fraud prevention & risk management

PayRetailers ensures a completely compliant solution with a focus on the highest standards of security as part of our fraud prevention solutions.

Local collection, global settlements

Make sales in Colombian pesos and receive US dollars, anywhere in the world. We offer unified settlement across all currencies through a 24-hour fixed forex rate in USD and EUR.

Turnkey merchant services

With our highly scalable cloud-based solutions, you can access data quickly and easily, at any time and from anywhere.

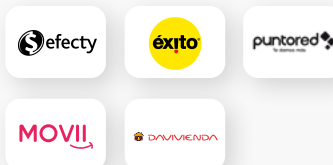
Localised solutions

Maximise your market reach by offering the most popular local payments methods without needing to set up a local entity.

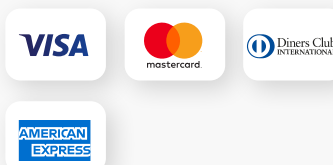
Online Payments



Cash Payments



Cards





Fintech associations



Our commitment to financial inclusion & financial education

We foster business growth for your company to drive innovation in financial solutions with an aim to building financial inclusion. We believe that we can further ensure inclusion by providing knowledge and skills for people to better manage their personal finances and improve their well-being. We use our collective knowledge and industry best practices to improve financial services for everyone.

Are you interested in the Colombian market?

Our team of experts can help you:

- Understand your Colombian customer and their preferences.
- Get local expertise and assistance.
- Find the reliable payment methods trusted by Colombian consumers in your industry to form a local payment strategy.

50+ leading companies trust us.
Operate via a local partner, so that there is no need to set up a local entity.

PayRetailers bridges the access gap between Latin Americans and international companies. Contact our sales expert team and discover our solutions for yourself.



References

¹ <https://datareportal.com/reports/digital-2021-colombia>

<https://www.nbcnews.com/news/latino/covid-bright-spot-more-latin-americans-join-digital-banking-services-n1247745>

<https://www.statista.com/forecasts/1107229/e-commerce-users-in-colombia>

<https://www.oecd.org/economy/colombia-economic-snapshot/>

² <https://americasmi.com/insights/colombia-ecommerce-market-data/>

³ <https://www.intelligentcio.com/latam/2021/11/18/digital-payments-grow-rapidly-in-colombia/>

⁴ <https://americasmi.com/insights/colombia-ecommerce-market-data/>

⁵ <https://www.statista.com/statistics/963356/distribution-online-payments-colombia-method/>

<https://fintechnews.ch/latin-america-fintech/momentum-continues-in-colombias-fintech-ecosystem/48071/>

<https://www.ft.com/content/15752a63-899e-4597-a60a-7060f93fb35d>

<https://www.businesswire.com/news/home/20210803005834/en/Tap-to-Pay-Becomes-Part-of-New-Norm-in-Latin-America-and-the-Caribbean-1-in-4-in-person-transactions-are-now-contactless>



Offices around the world

Argentina | Brazil | Chile | Colombia | Costa Rica | Mexico | Peru |
Isle of Man | Barcelona | Madrid | Bulgaria

Contact us



For more information visit www.payretailers.com

© PayRetailers 2023. All right reserved. This document and its content are proprietary to PayRetailers and may not be reproduced, published or resold. The information is provided on "As is" basis information purposes only and PayRetailers makes no warranties of any kind including in relation to the content or suitability.