



Panama

The Market That
Connects the World

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The Panamanian market

Panama's GDP grew at an average rate of 4.6%, more than four times the average of the Latin American countries, from 2014 to 2019.¹ The country's economic growth in this period was driven by the Panama Canal and the government's business-friendly regulations. Although Panama's GDP declined during the 2020 pandemic, economic activity rebounded quickly, taking the country back to the high-income status in 2021.

The country's high economic growth is attributed to its thriving services section, including trade, logistics, communication, and financial services. Panama was one of the first Latin American countries to adopt the US dollar as its currency in 1903.

The Panamanian economy is expected to grow by:

4.01% in 2023

4.49% in 2024²



4.48 million
population³



29.7 years
median age of
Panama's population



Panamanian balboa
(PAB) – currency



66.6%
internet user
penetration⁴



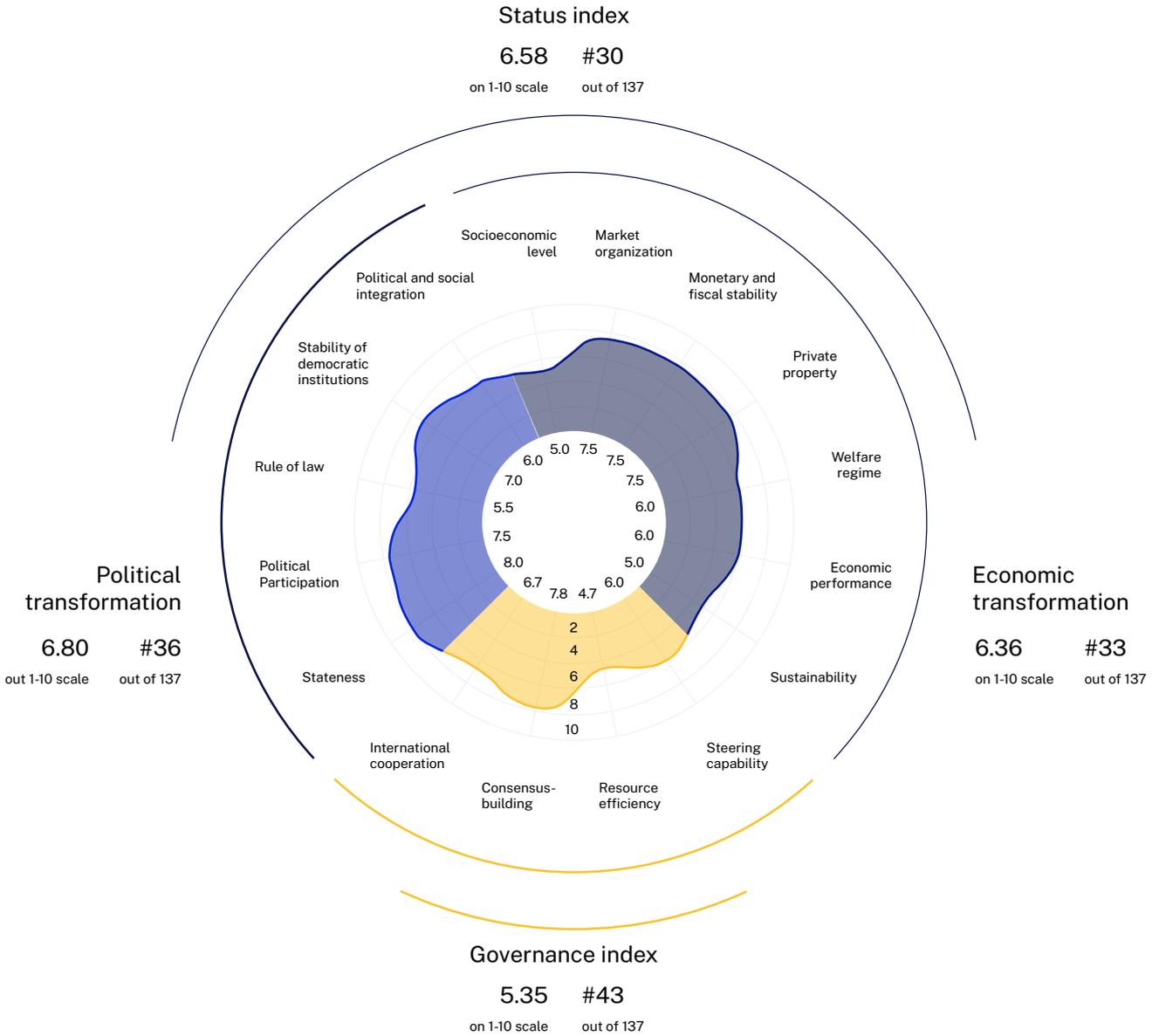
2.94 million
internet users in
Panama



\$2.61 billion
total transaction value
in digital payments
in 2022(est)

The Panama government has exhibited a strong commitment to free trade. The Panama Canal has been at the centre of world trade since its completion in 1914. Facilitating trade for companies from across the globe enabled Panama to withstand challenges and rekindle healthy earnings growth quickly even after the global financial crisis in 2008-2009⁵ and the pandemic in 2020. The country recorded economic expansion of 15.3% in 2021⁶ and its 2022 GDP is estimated at \$64.31 billion, representing 7.52% growth.⁷

**14,200+ ships
passed through
the Panama Canal
in FY22, reaching a
record high⁸**



Source: BTI Transformation Index, Country Report Panama 2022.

Panama's main export destinations⁹



Panama's booming services sector

The services sector contributes around 66% of Panama's GDP.¹⁰ The Panama Canal is a global trading hub, driving growth in the hospitality, transport, storage, and communications sectors. Online retail, financial services and tourism have also contributed immensely to the country's GDP growth.¹¹

Over 1 million
international tourist arrivals in 2021¹²

Several major North American, European and Latin American banks have branches in Panama City



Ecommerce market in Panama¹³



3.6 mn - users
expected by 2027



74.9% - user
penetration
projected by 2027



2.94 mn - internet
users in January
2022

What do Panamanians shop for online?¹⁴



Fashion



Electronics & media



Furniture



Beauty and household



eCommerce revenues in 2022 (est.)

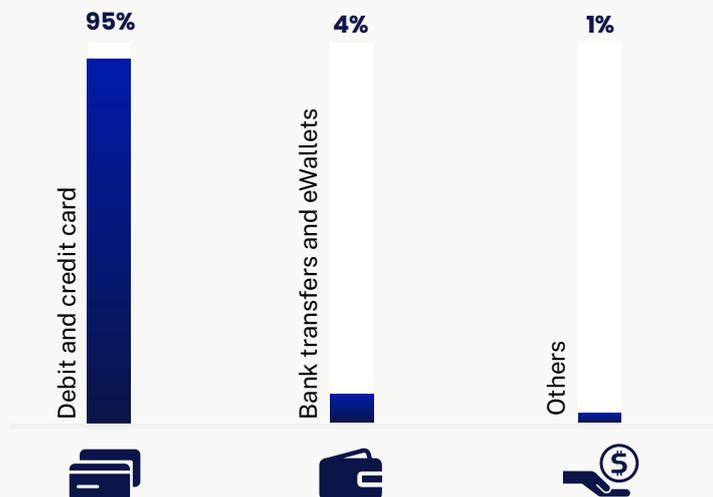


CAGR expected in 2022-2027



eCommerce revenue projected for 2027

Panama's eCommerce payment mix¹⁵



The digital transformation of Panama

Panama was an early adopter of digital governance and demonstrates a broad national consensus on seizing tech-driven opportunities. The government has undertaken digitisation initiatives to make the public sector more effective, responsive, and sustainable. A Digital Government Innovation Hub building is planned, to facilitate digital innovation and strengthen the cybersecurity ecosystem.

~**90%** of Panamanians who shop online choose international products and services

Panama is the first Latin American country to sign a Digital Country Partnership with MasterCard



5.27 mn

mobile connections at the start of 2022¹⁶



119.5%

mobile penetration



66.6%

internet user penetration

mCommerce

Growth of mCommerce in Panama¹⁷

18.27%

CAGR in transaction value expected in 2022-2027

\$4.55

transaction value projected for 2027

3.5 million

users expected by 2027

Fintech

Growth of digital payments in Panama¹⁸



The median mobile internet connection speed increased by 13.3% in the 12 months to the start of 2022¹⁹



eServices

Growth of eServices in Panama²⁰



The event ticket segment is expected to lead growth in Panama's eServices sector, with 26.2% revenue growth expected in 2023



Why do business in Panama

Open economy

The country enjoys free trade, supported by the government's consistent encouragement of FDIs (foreign direct investments). Despite being one of the smaller countries in Latin America, Panama is among the top recipients of FDIs in the region. Panama enjoys high investor confidence mainly because it has achieved both political and economic stability for years. The country's FDIs reached \$1.84 billion in 2021.²¹

**4.5%
GDP growth
expected in 2025**

Global maritime hub

Panama is home to the Colón Free Trade Zone, which is the world's second largest free port²², from where a variety of goods are re-exported to Latin America and the Caribbean.

**10% of GDP is
generated by the
Panama Canal²³**

The hydropower superpower

The isthmus enjoys an uninterrupted availability of renewable energy due to its strategic location. Wind, solar, and hydropower meet much of Panama's energy demand. Hydropower alone meets 54% of the country's energy requirements.²⁴

**Panama's National
Energy Plan aims to
generate 70% of the
country's energy
from renewable
sources by 2050**

High urban population

Panama has among the most diverse population in Central America. The country is highly urbanised, with almost 70% of the population living in cities or metropolitan areas.²⁵ The urban areas are highly cosmopolitan. Panama has numerous educational institutions and a high literacy rate.

**Over 95%
of the population
can read and write²⁶**

Favourable government policies

Panama has the Pacifico Special Economic Zone and 16 other free zones.²⁷ Serving over 80 countries, the country has strong foreign relations.

The government is eager for international investments and offers a conducive environment for foreigners, with low taxes and flexible share capital requirements, which position it as a prime offshore business location.²⁸

**Fitch Ratings,
Moody's and
Standard & Poor's
have a credit rating
of investment-
grade for Panama**

Panama's economic expansion

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



Mining



Agriculture



Financial services



Real estate

The services sector is the primary growth driver, contributing to two-thirds of Panama's GDP²⁹

Sectors spearheading growth include:

Hydropower and aquaculture

Express delivery

Ecommerce

Digital payments

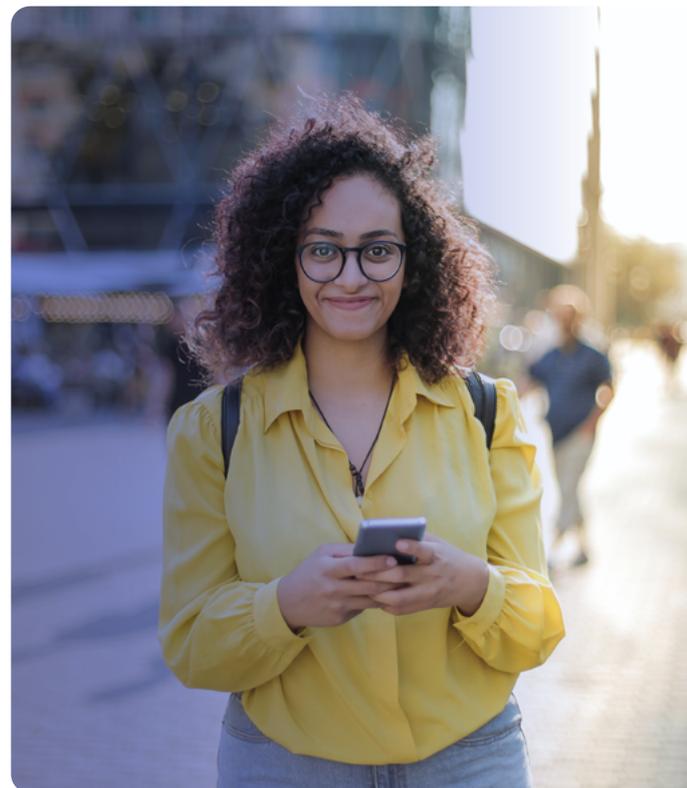
Payment methods in Panama

Cash payments

Panamanians prefer cash for payments even in large hotels and restaurants. The country does not print legal tender and uses the US dollar. US dollar bills of 50 and 100 are avoided by small local traders and in rural areas. However, coins of 1, 5, 10, 25, and 50 cents of the Panamanian balboa are circulated by the government. The daily upper limit for cash withdrawals from ATMs lies between \$500 and \$800, with a fee of \$4.25 per transaction.

Western Union

Western Union is a global enabler of cross-border payments, which entered Latin America in 2018. Panama was among the first two countries in the Latin America and Caribbean region, where Western Union rolled out its digital financial services. Users can transact with a debit or credit card or use Western Union's mobile app to initiate and pay cash to an agent, who then completes the transaction on their behalf.³⁰



Expand your business in Panama with PayRetailers

PayRetailers takes your business to Panama 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 Panamanian balboa 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.

Cash





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 Panamanian market?

Our team of experts can help you:

- Understand your Panamanian customer and their preferences.
- Get local expertise and assistance.
- Find the reliable payment methods trusted by Panamanian 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.



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