



## Your Questions About Selling eCommerce in Latin America

Some great questions - and statements - have surfaced about payment acceptance in Latin America. Below we will try to comment on them to help clarify some of the options available to various companies thinking about or already in the area. Maybe you already know all about what your company has and needs for LATAM, if so, this read should be quick and easy. Or maybe there's one perspective we can shift. Either way, enjoy!

**From You: I already sell Cross Border and therefore I don't need more payments on my site.**

*From Payment Operations Group:* Good for you - that's a great start! But it's only a start. Cross-border processing allows your company to sell to the owners of internationally capable credit cards. Not debit cards. Not local cards. Not really middle-class, either. One in four cardholders in Brazil have internationally capable cards. One in two credit cards in Mexico are internationally capable (and no debit cards). And there are eCommerce methods of cash purchases that you are missing out on. These are all incremental sales to your current cross border sales.

**From You: I sell B2B so all my buyers can already make purchases on my site.**

*From Payment Operations Group:* Actually, many of the payment types used by consumers in LATAM are also used by businesses. Furthermore, some of the more cash-centric payment types like Boleto in Brazil and debit cards in Mexico, are ideal for business purchases due to their liquidity and capacity for large ticket size. Furthermore, installment payments are not too different from many of the natural B2B contractually accessible purchase styles you may often offer to your US buyers. Survey your clients - they'll happily tell you their preferences.

**From You: Can my product sell in LATAM?**

*From Payment Operations Group:* This is a hard question that, frankly, we cannot answer in this forum. Let's re-frame the question. The markets in LATAM are leaning increasingly toward goods and services to save time, enhance lifestyle, and increase profitability and usability (for businesses). The product gap is reducing every day so even if you thought your product wouldn't sell in the past, periodic reevaluation is critical. Delivery then becomes a question. If your product is digital download or cloud based, there is little stopping you from leveraging this market immediately. For small and mid-priced physical goods, consider DDP to DDU to shorten customs timing and enhance customer experience. Don't really think 'Can my product sell?', think 'When will demand for my product arrive?'



From You: **What's the one payment type I can add to grow my business in LATAM?**

*From Payment Operations Group:* Yes, absolutely! Answer doesn't fit the question? True. That's because US merchants don't ask, 'Should I accept only five-dollar bills?' Simplistic but similar. The payment types in Latin America might be better named as: Internationally-capable, Domestically-capable, and Consumer-preferred. So, ask yourself which payment types are easily integrated into your Accounts Receivable system and start there.

From You: **There's too much fraud in LATAM for us.**

*From Payment Operations Group:* I am not sure where you heard this but I can tell you that it may simply have seemed this way. There are money launderers and drug cartels, yes, but they are probably not buying dresses or personnel services. There are so many customers in LATAM that it would be a shame to skip out on the MILLIONS of customers in the BILLION dollar growing eCommerce opportunity because an impression of the region colors the attitude toward the whole region. Looking at fraud prevention, know that there are fraud services that specialize in scoring LATAM buyers. Even the services you are used to using have been scanning transactions for years and have a fairly robust database of local users to avoid. Furthermore, some LATAM providers have the ability to help you with chargeback responses so that fraud losses can be recouped. We also know of at least one Chargeback Response service that can and does respond to LATAM disputes for you trying to win you back some funds - in the correct languages! Don't be nervous; just don't forget to install all of the protections you already use in the rest of the world.

From You: **There is no way to get the goods to the buyers.**

*From Payment Operations Group:* I'm not sure I'd be able to agree with this statement. Yes, it's not as simple as dropping something off at the neighbor's house on the way home, but delivery is possible. Furthermore, it's trackable. Some international shipping styles allow door-to-door tracking and delivery confirmation. Just think of your chargeback responses when the shipped item is completely documented along its way! Don't forget the availability of re-shippers, either. Yes, it can add expense but it can also leverage the expertise of others allowing you to reevaluate as your business grows. And if you are a digital download merchant, I know you are not asking this question.

From You: **Shouldn't we go to Europe first? It's less complicated.**

*From Payment Operations Group:* Europe is fantastic! Love it! Loads of potential consumers there! And if you consider all of the continent, you're looking at 12-15 languages and 4-5 vendors. Think of it - LATAM in 2 languages and 1 vendor! And in your time zone range, no less! Maybe you do want to expand to Europe first - just don't forget LATAM afterwards.



From You: **How do we pick a vendor for LATAM?**

*From Payment Operations Group:* Don't look for a vendor. Look for a Partner. There are large and small local payment providers. There are some which white-label the services of others. Talk to them all - open an RFP - Ask the opinion of others. There are investigative methods you are familiar with so proceed down that path and be sure to add one extra layer of research because this is a big decision. Over the years, most of the local providers have specialized to match a segment of the market so knowing the specialties can help you in your search. Furthermore, know which services of your other providers are critical - is it the reporting, web interface, customer service? Use these priorities to help identify the right PARTNER for you.

From You: **It's too expensive.**

*From Payment Operations Group:* Well...It isn't cheap. I cannot argue with that. It's not as expensive as Japan or Russia and many of you have been looking in those directions so 'expensive' is a variable term. Vended call center teams are available at comparable rates to your other geos. Shipping expenses can be negotiated - not all fees are set in stone. The processing itself is also negotiable. The other expense factors are auth/settle ratios, lost sales opportunities, and increased call center expenses for consumers unable to complete their purchases. These are expenses on the other side of the equation and they can far outweigh processing fees.

There are dozens of sources for data regarding LATAM processing and they can answer more than just the questions above. Additionally, there are many (many) statistics which can make your business case a work of art. The most important thing is to ask the questions - ESPECIALLY the questions you already know the answers to. You may be pleasantly surprised.

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*Payment Operations Group is a consultancy of Payment Professionals who now work with merchants to empower their eCommerce payment processing. If you would like to pursue a Strategy for your global expansion or any payment engagement, contact information is provided below.*

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