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FINTECH RADAR

CHILE VI Edition

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CHILE VI EDITION

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INTRODUCTION

Finnovista, in collaboration with Mastercard and Galileo, has compiled the sixth edition of the Finnovista Fintech Radar Chile. The ultimate goal of this Radar is to paint a comprehensive picture of the Fintech ecosystem in Chile and to shed light on the startups, their innovations, solutions, and the prevailing trends in the sector.

The data for this study was gathered through responses from over 220 Fintech companies operating in Chile, interviews conducted with various ecosystem stakeholders, and a thorough search of specialized sources, subsequently analyzed by Finnovista's Innovation team.

The study distinguishes between the Fintech Ecosystem and the Market. The Chilean Fintech Ecosystem consists of companies established or founded by Chilean teams operating within the country, falling under the Fintech definition -startups offering financial solutions with a capacity for 100% digital customer journey- while the Fintech Market encompasses both Ecosystem companies and foreign Fintech projects with a presence in the country. If your Fintech meets the criteria mentioned above and your project is not included in the graph, please contact us (fintech.radar@finnovista.com) to have your startup considered for future editions.

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1 FINTECH ECOSYSTEM IN CHILE

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LOCAL FINTECH ECOSYSTEM



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LOCAL FINTECH ECOSYSTEM



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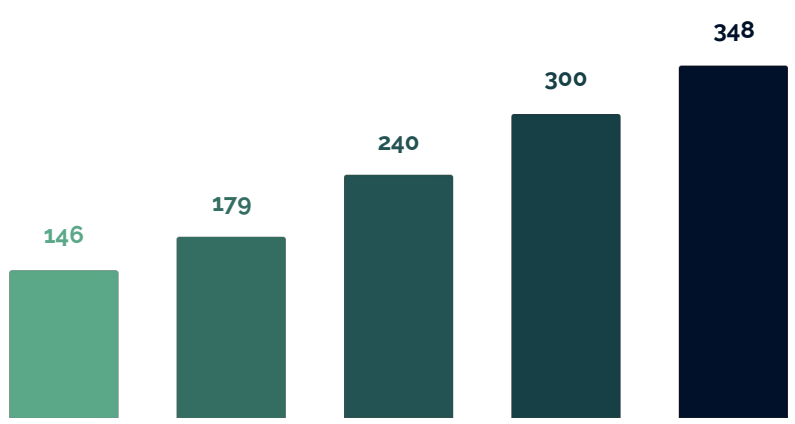
Evolution of the local ecosystem

The ecosystem continues to grow steadily, reaching 348 Fintech companies by the first half of 2024. However, indicators based on the number of local startups are stabilizing, pointing towards solid consolidation. Both the number of new projects and the rate of exits or closures are decreasing proportionally compared to previous years.

Figure 1. Evolution of the number of local Fintech



Source: Finnovista internal data

Last year indicators:

10.7%
of the Fintech exited the ecosystem

21.0%
Are newly created

Growth figures:

24.4%
CAGR between 2020-2024

16.0%
Year-on-year increase 2023-2024

The figure of 348 represents a new high for the Fintech ecosystem in Chile, highlighting the development and consolidation of the industry over the years.

Looking at its performance in the last period, it is observed that from 2023 to 2024 there was a stabilization in the ecosystem's growth. During this cycle, 48 new companies were added, representing an annual growth of 16.0%. This growth is notably lower compared to previous years, where, for example, from 2021 to 2022, the ecosystem grew by 34.1%. This indicates a decrease in the growth rate, suggesting a healthy consolidation of the sector.

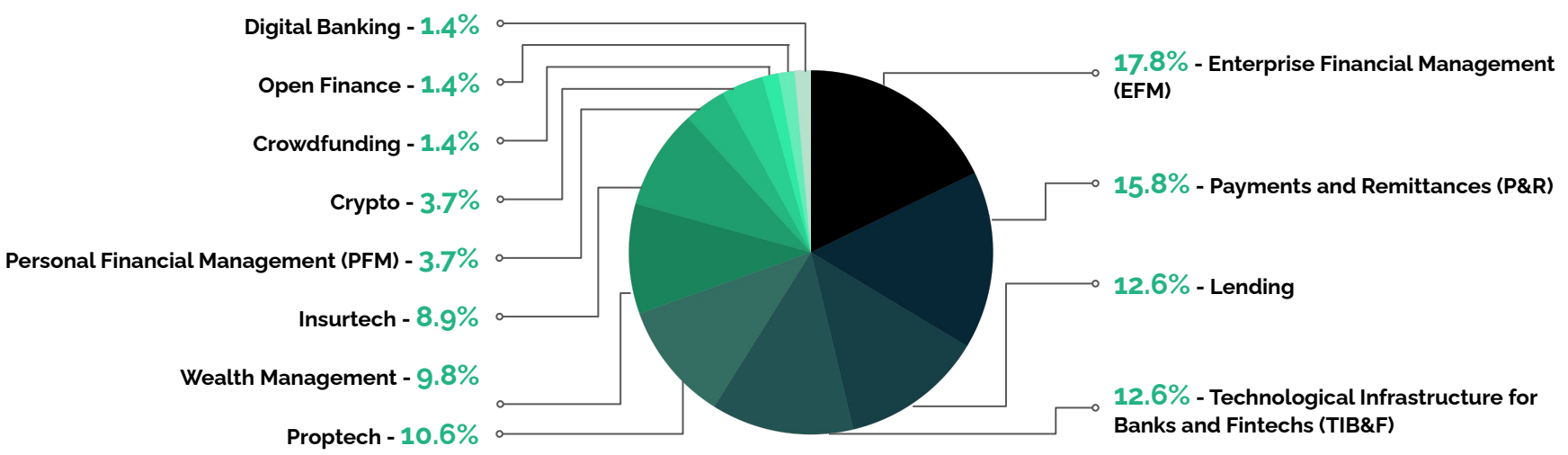
> *"The consolidation of the Fintech sector in Chile is promising. With a focus on favorable regulation, collaboration, and regional expansion, we expect to continue seeing significant growth in the coming years."*

Tory Jackson - Head of Business Development and Strategy, LATAM at Galileo

Regarding the exit rate, of the 300 companies identified in the 2023 study, 268 remain active and meet the definition of Fintech. This means that 10.7% (32 companies) left the ecosystem during 2023-2024, either because they no longer meet the requirements to be considered Fintech, due to business closure or M&A. In comparison, between 2020 and 2021, this exit rate was 20.0%, indicating it has halved in recent years. This reduction, along with a decrease in the incorporation of new projects, suggests a robust consolidation of the ecosystem.

Regarding the distribution of ventures across the different segments covered in the study, it can be observed that the Fintech ecosystem in Chile is one of the most diversified in the region, with a strong presence in **Enterprise Financial Management (EFM)** (17.8%) and **Payments and Remittances (P&R)** (15.8%). Similarly, sectors such as **Lending** (12.6%) and **Technological Infrastructure for Banks and Fintechs (TIB&F)** (12.6%) play a significant role due to the country's extensive corporate network.

Figure 2. Local Fintech segments

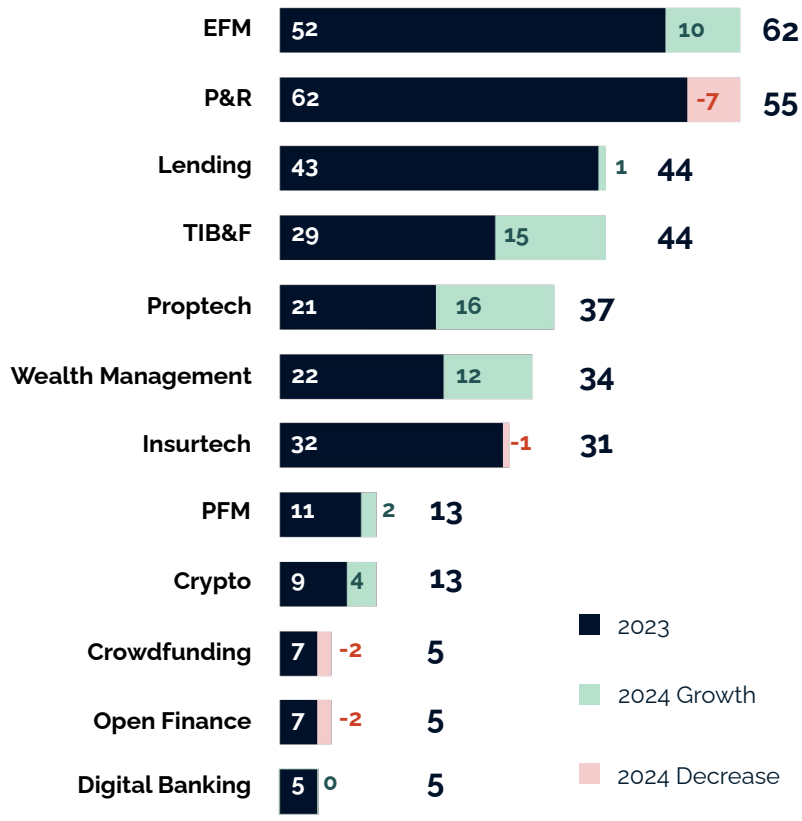


Source: Finnovista internal data

In terms of new company incorporations, the **Proptech** segment stands out as the fastest-growing group from 2023 to 2024, adding 16 new projects. This growth is driven by the rise of property buying and selling systems through a collaborative legal framework and solutions aimed at addressing the housing deficit in the country.

Other notable sectors include **Technological Infrastructure for Banks and Fintechs** and **Wealth Management**, which grew by 15 and 12 projects, respectively, mainly due to the low exit rate of companies and a heterogeneous incorporation of new solutions. It's interesting to note that the 12 identified **Wealth Management** projects account for more than a third of the entire segment, which now comprises 34 solutions with these new additions. Finally, other sectors with less pronounced growth rates were **Enterprise Financial Management** and **Crypto**, adding 10 and 4 new ventures in this cycle, respectively.

Figure 3. Evolution of local Fintech by segments 2023-2024



Source: Finnovista internal data

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2 FOREIGN OUTLOOK

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FOREIGN FINTECH MARKET IN CHILE



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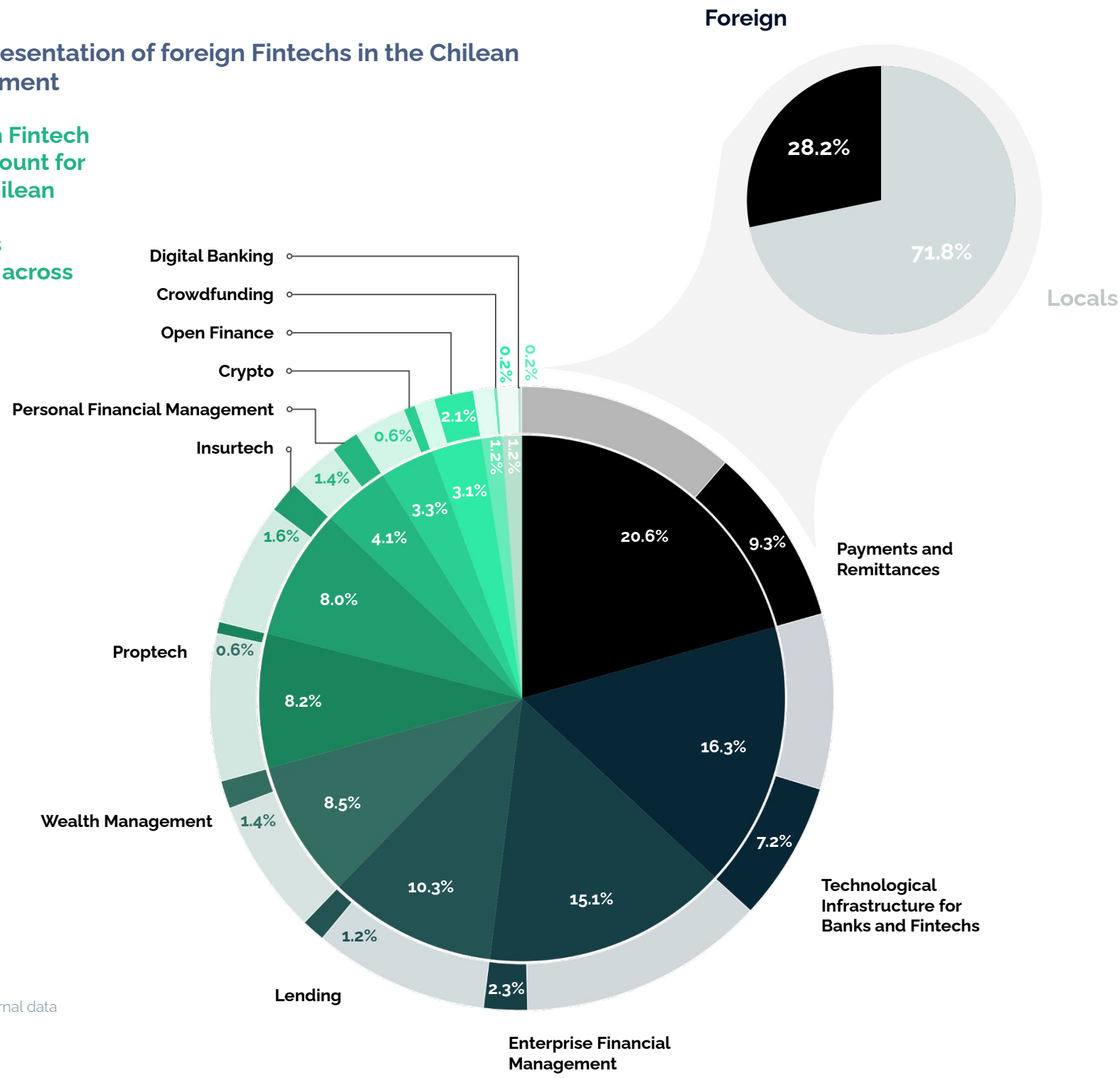
Foreign presence

Alongside the 348 locally founded Fintech companies in Chile, there are an additional 137 foreign ventures, bringing the total number of Fintechs in the country to 485.

Figure 4. Representation of foreign Fintechs in the Chilean market by segment

The 137 foreign Fintech companies account for 28.2% of the Chilean market, with a heterogeneous representation across each segment:



Source: Finnovista internal data

Although the number of local Fintech companies in the **Payments and Remittances** segment is decreasing, foreign Fintechs have made a strong entry into the Chilean market, leveraging competitive advantages in payment platforms, aggregators, remittances, and cross-border payments, with 45 of the 100 Fintechs in this segment being foreign. The same is true for the **Open Finance** segment: despite a decrease in the number of local projects, many ventures from other countries are betting on entering this market. Finally, it is noteworthy that, in addition to being one of the fastest-growing segments locally, there has been a significant number of foreign companies dedicated to **Technological Infrastructure for Banks and Fintechs**, especially those offering products to large corporations and financial groups.

Attractions and barriers for foreign Fintech

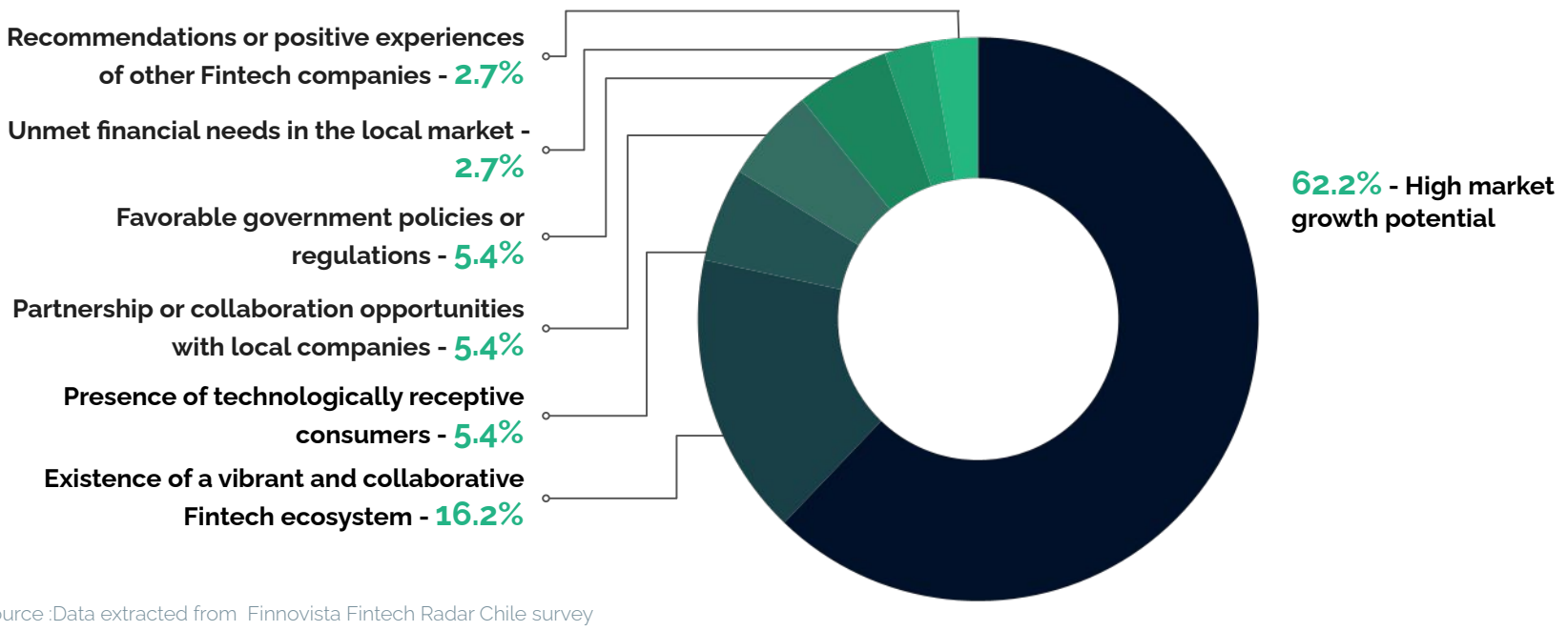
Attractiveness for implementation

To understand why foreign Fintech companies choose Chile, they were asked what the main motivator was for entering the country. Additionally, they were asked to rate the most favorable and unfavorable aspects of the Chilean market.

The data shows that the main reason for internationalizing to Chile is the **high growth potential of the market** (Figure 5), which is particularly highlighted by the foreign **Technological Infrastructure for Banks and Fintechs** segment focused on B2B due to the opportunities in data management maturity within the Chilean business fabric and the openness of corporations to integrating Fintech solutions.

To a lesser extent, respondents highlighted the existence of a **vibrant and collaborative Fintech ecosystem**, albeit with a considerably lower percentage, while the remaining reasons collectively did not even reach the remaining 25.0%.

Figure 5. Drivers for internationalization in the country



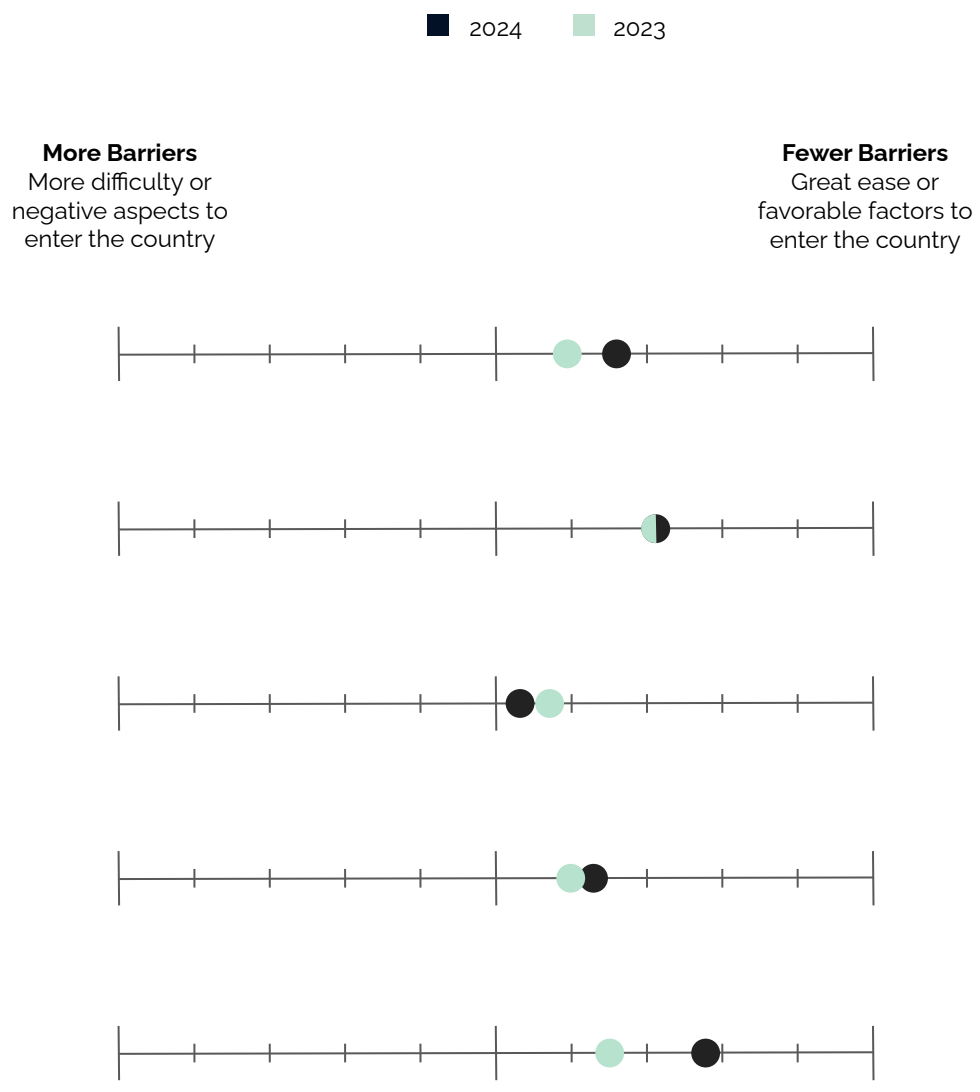
Source :Data extracted from Finnovista Fintech Radar Chile survey

Market entry barriers

To analyze the barriers to market entry and the most determining aspects when considering expansion into Chile, foreign Fintech companies were asked to rate certain aspects of the local market on a scale from 1 to 10, with 1 representing the greatest difficulty or most negative aspects associated with that point, and 10 representing the greatest ease or most favorable factors associated with that specific aspect. The results indicated that, in most cases, there was a perceived greater ease of entry compared to the previous analyzed period, with some exceptions.

The general perception of the difficulties of entering the Chilean market has decreased, except in the case of competition, which is now considered the main barrier to entry.

Figure 6: Fintechs' perceptions of barriers to entry into Chile



Source :Data extracted from Finnovista Fintech Radar Chile survey

Regulatory barriers can be a challenge for foreign Fintechs due to a lack of familiarity with local requirements and the need to comply with strict regulations that include data protection and cybersecurity. Although Fintechs rate the ease of regulatory adaptation with a score of 6.6 out of 10 for 2024, this figure represents a significant increase compared to the previous year.

Different players in the **domestic market** have high expectations due to the sophistication of Fintech solutions, especially in terms of security and payment efficiency. However, foreign Fintechs rate the domestic market with a 7.1 out of 10, a rating that remains stable compared to the previous period. This rating is the second highest in the matrix, indicating that the domestic market is one of the less difficult barriers to overcome for entering the country.

On the other hand, Fintechs agree that the main barrier is market **competitiveness**. Companies rate the number and level of aggression of competitors with the lowest score. Moreover, compared to the previous period, this aspect has worsened the most and, consequently, is the barrier that has become most pronounced compared to the previous analyzed period.

The **openness to collaboration from incumbents** has slightly improved its perception compared to the previous year and helps position Chile as a market more open to receiving foreign products with fewer barriers in this aspect.

Lastly, the **market outlook and potential** associated with aspects such as scalability, the margin for incorporating new products and services, and the consumer's openness to adopting new solutions is the barrier with the least friction for new Fintech entry and has improved the most compared to the previous year, with an average score of 7.7 out of 10.

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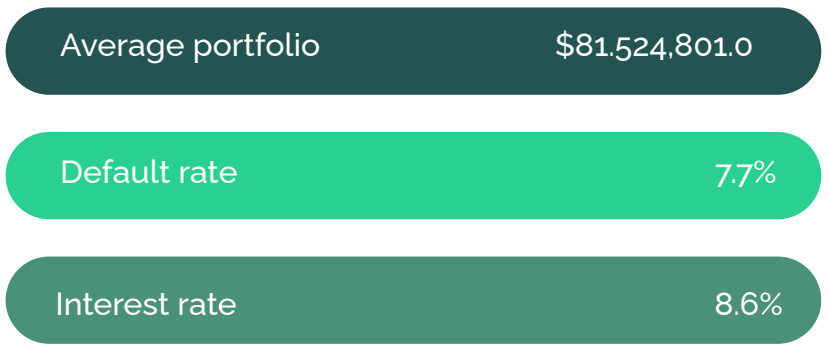
Economic outlook

Chile's economy shows signs of recovery following a year of adjustments and challenges. In 2023, real GDP growth was just 0.2%, due to restrictive fiscal and monetary policies that helped control inflation but slowed economic activity. For 2024, moderate GDP growth between 1.8% and 2.0% is expected, driven by a gradual recovery in domestic demand and controlled inflation projected around 3.9%.

Regarding the financial sector, conditions remain challenging. Despite stabilizing corporate indebtedness at pre-pandemic levels, bank defaults have increased. Moreover, households' financial situation continues to deteriorate, with lower savings rates and higher default rates, especially in consumer debts.

Fintechs in the **Lending** segment show the following data in terms of average portfolio, default rate and average interest rate.

Figure 7. Average credit data of Fintechs in Chile



Source: Data extracted from Finnovista Fintech Radar Chile survey

Finally, the Chilean government is focused on building a more equitable and resilient economy. To achieve this goal, it has implemented initiatives to promote financial innovation, such as the Fintech Law, and measures to facilitate access to digital credits and promote financial inclusion. These measures represent a significant opportunity for the development and consolidation of Fintech companies in the Andean country.

Evolution of KPIs

Size of Chilean Fintechs by revenue

In 2023, Chile had a distribution of Fintech companies by income brackets similar to that of Mexico, and slightly higher on average than countries like Colombia or Peru. Additionally, survey projections from the sector suggest that a greater number of companies will move towards higher revenue brackets in the coming years.

When linking this data with the moderation in the growth of Fintech projects, it can be concluded that the sector is entering a phase of maturity characterized by fewer new players entering the market, but with a stronger presence and larger size.

Upon analyzing the size of different Fintech companies in 2024, it can be observed that the segments with the highest average revenues are **Digital Banking**, **Technological Infrastructure for Banks and Fintechs**, **Payments and Remittances**, and **Crypto**.

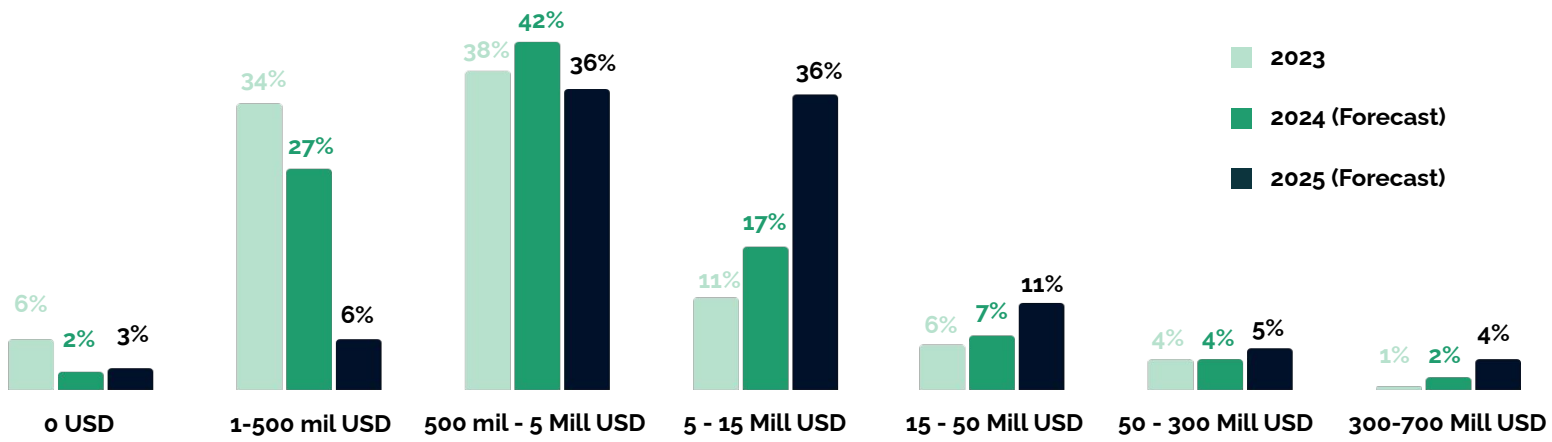
On the other hand, the three segments with the lowest average revenues are **Crowdfunding**, **Enterprise Financial Management**, and **Wealth Management**.

Regarding the evolution and revenue prospects of Fintech companies in Chile, it is interesting to note that **Lending**, **Enterprise Financial Management**, and **Open Finance** have the highest proportions of companies transitioning to higher income brackets from 2023 to 2025. However, when analyzing by total number of transitions, the segments of **Technological Infrastructure for Banks and Fintechs** and **Payments and Remittances** experience the most significant transitions to higher income brackets by far.

This is a good indicator of optimism, trends, and growth opportunities for these sectors in the coming years.

On the other hand, the segments with lower revenue growth are **Wealth Management** and **Crowdfunding**, with the latter being the only one expected to decrease its average revenue by 2025.

Figure 8. Gross income ranges obtained per year



Source: Data extracted from Finnovista Fintech Radar Chile survey

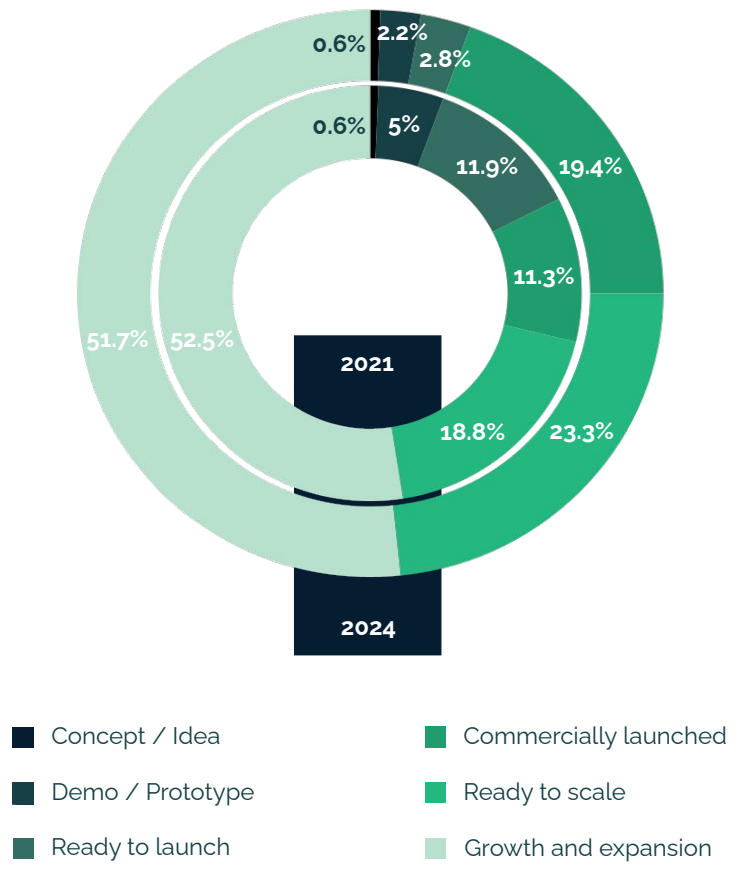
Fintech product and service maturity

Early-stage Fintech products decline

Regarding the development stage of Fintech products and services in Chile, by 2024, 75.0% of the ecosystem offers solutions that are in growth or expansion phases or ready to scale, demonstrating the maturity and consolidation of these companies.

Analyzing the evolution from 2021 to 2024, it is observed that products in pre-launch phases represented about 17.5%, whereas by 2024, this figure has decreased to 5.8%. This indicates that products in incubation and prototyping stages have lost representation in recent years, which may suggest a slowdown in the introduction of new solutions to the market.

Figure 9. Evolution of the development stage in Fintech products in Chile



Source: Data extracted from Finnovista Fintech Radar Chile survey

Fintech target market

Regarding the target market of Fintech companies, it is noteworthy that in 2024, nearly two-thirds of the companies (63.8%) in the Chilean ecosystem direct their products and services under B2B models, catering to SMEs, corporations, and other financial institutions. The remaining 36.2% are comprised of Fintech companies employing B2C models to offer digitized financial products and services for consumers.

Regarding the evolution of the target market compared to 2021, two major trends are observed:

1. **Products and services targeting underbanked or unbanked segments are losing prominence.**

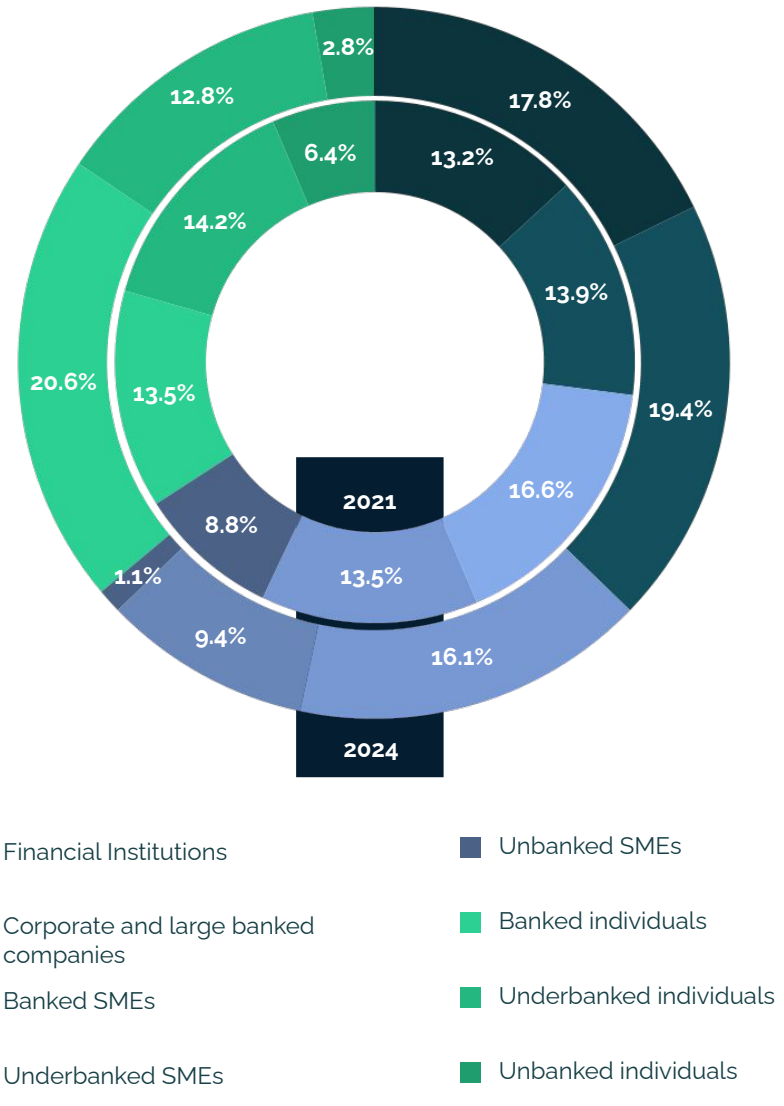
   In 2021, this market segment accounted for 42.0% of the total offering, whereas in 2024, it represents only 26.1%. This reflects a reduced focus on these segments, primarily due to the high adoption of financial products by both consumers (B2C) and Chilean businesses (B2B) in recent years, indicating greater maturity in the use of financial technology in the country.

2. **Financial institutions and large banked corporations show a strong appetite for Fintech products.**

   While in 2021 these two groups represented 27.0% of the market, by 2024 they have grown to 37.2%. It is no coincidence that this evolution aligns with the increase in both local and foreign ventures focused on B2B segments targeting large corporations. These indicators suggest that the sale of products leveraging outsourced technologies like AI for large enterprises is a significant trend that sets Chile apart from other markets in the region.

   However, experts warn that this trend is creating a technological gap between small and medium-sized enterprises (SMEs) and large corporations.

Figure 10. Evolution of the Fintech target market in Chile



Source: Data extracted from Finnovista Fintech Radar Chile survey

> *"One of the most promising trends is the creation of B2B companies using AI to transform the interface and interaction with financial products and services.."*
>
> **Federico Antoni - Co-Founder & Managing Partner at Hi Ventures**

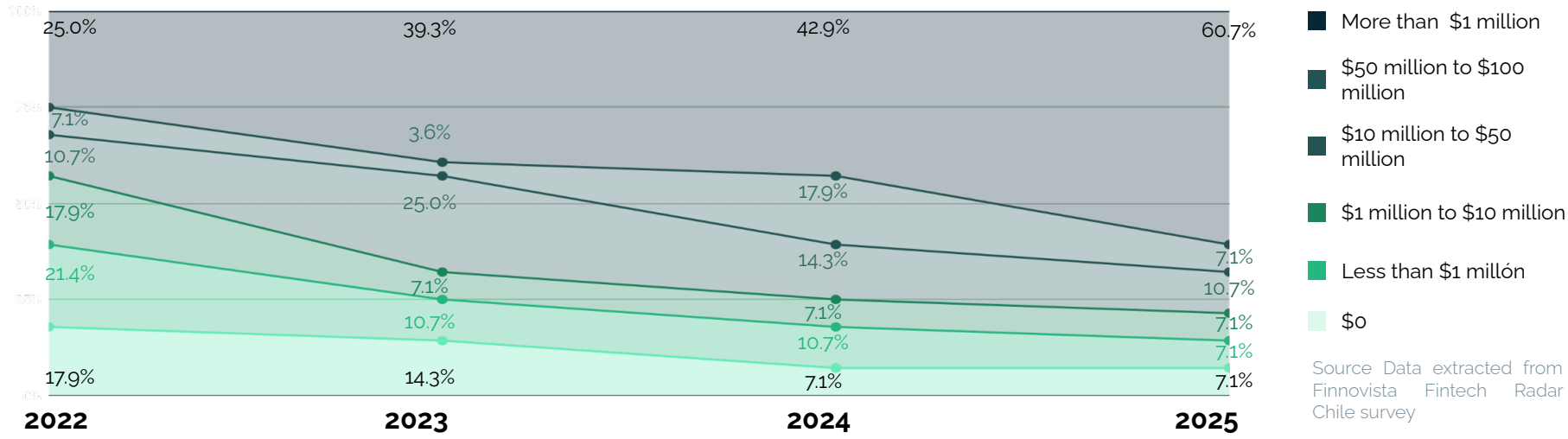
Payments and Remittances: status and keys of the sector

Market status:

Despite a decline in the numbers of local Fintech companies focused on **Payments and Remittances** (see Figure 3), there are clear indicators pointing to a boom in the market. On one hand, the influx of foreign players is very significant (1 out of every 3 foreign Fintech companies entering Chile is in the **Payments and Remittances** segment), while at the same time there is greater diversification and specialization of different services in niches, and an increased issuance of cards.

Additionally, the volume of transactions processed by Fintech companies has also grown significantly. In 2022, only 25.0% of Fintech companies dedicated to transactional operations exceeded USD 100 million in transactions, while by 2025, this figure is estimated to reach 60.7%.

Figure 11. Bands by volume of transactions carried out by Payments and Remittances Fintechs in Chile



Source Data extracted from Finnovista Fintech Radar Chile survey

Keys to the sector's performance:

As seen in the study, **Payments and Remittances** is the segment with the most weight in terms of the number of projects in Chile and one of the most promising in the ecosystem. Some key points that will shape the future of the sector include:

- BIN Sponsorship role: A BIN Sponsor is an entity with a card issuance license that can grant its use to other Fintechs, allowing them to avoid obtaining their own license. This way, the implementation of BIN Sponsors can democratize access to card issuance, foster innovation, and attract international companies. In Chile, there is still no defined process for obtaining these operating authorizations, which can reduce the agility of this business model. A more expedited process could facilitate the development of BIN Sponsors, accelerating growth and increasing competition in the payments market.
- The role of regulators: Regulatory advances in recent years have been a fundamental pillar for the success of payment solutions. However, they are still in the process of adapting to facilitate the expansion of the ecosystem. On the following page, the latest regulatory advances in the field of payments are detailed for a better understanding of their scope and influence.

> *"There has been an increase in the adoption of digital payments and the entry of new Fintech companies focused on payments and other financial services. The Fintech Law, although still in the process of implementation, has generated renewed interest in the Chilean market."*
>
> **Patricio Borgoño - Sales Director at Toku**

Regulation

Latest regulatory developments

As it has been anticipated in the previous point, Chile has implemented significant regulatory advancements that have had a substantial impact on the Fintech sector. Below are the most relevant milestones of the past few months:

Payments and Remittances:

- The entry of new acquirers following the opening of the acquiring market has led to the introduction of new players and thus diversified the payment ecosystem.

- The Supreme Court ruling on payment methods has had a widespread effect on the ecosystem. Among the notable aspects, this ruling imposes measures to ensure better interoperability and security. Additionally, the ruling stipulates that merchants must accept all cards of the same brand, regardless of the issuer or product type, known as "Honor all Cards." The most significant impacts of this measure are lower entry barriers for new players, greater acceptance of different types of payments, and increased transactional security.

Lending:

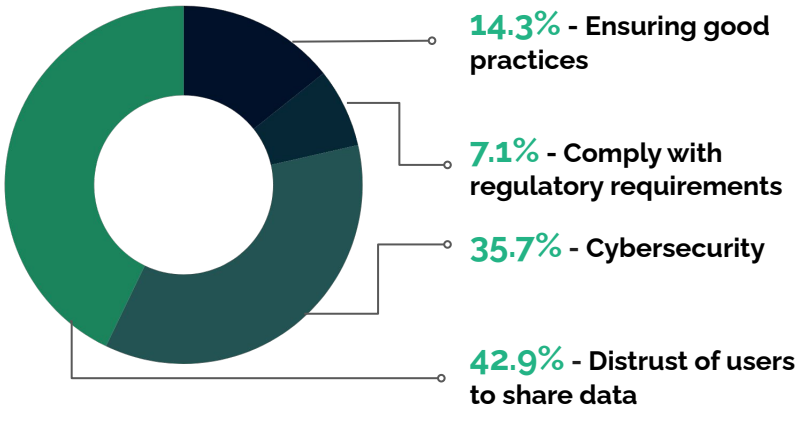
- The modification of the fraud law improves the position of card issuers, including prepaid card issuers, to address fraud claims by extending the deadlines to resolve and refund funds in cases of payment scams affecting consumers. Additionally, it establishes presumptions of user responsibility and adds certain procedures such as the requirement for the fraud victim to submit a sworn statement.

Open Finance:

- The regulations governing the Open Finance System (SFA) of the Fintech Law, which concretize the regulation of Open Finance, were issued last July 2024. This is a significant milestone for the sector as it addresses important issues such as the definition of the Open Finance System, the entities that need to be regulated, the implementation deadlines, and data privacy. The CMF has a 24-month period to define the technical specifications of the system, and from that date, information providers must manage access to information sequentially, depending on the type of service. The main information providers (banks and other issuers) will have an 18-month period for the complete implementation of the SFA.

While Fintech companies in the **Open Finance** segment have expressed optimism about this progress, they emphasize that the main challenge for the sector moving forward will be ensuring user trust in sharing data and guaranteeing the security and good practices of these data.

Figure 12. Main challenges according to Open Finance segment



Source: Data extracted from Finnovista Fintech Radar Chile survey

Fintech´s perception

Chile has one of the most positively perceived regulatory environments in the region. While the overall rating for regulation is 7.1 out of 10, nearly 50% state that the country's framework is comparatively better than that of other countries in the region.

While the majority of the ecosystem views current regulations positively, there is a demand for greater specificity, suggesting that regulators must continue to evolve the regulatory framework of the Fintech Law to more accurately address the unique and evolving characteristics of the sector. In this regard, dialogue among the ecosystem, corporations, regulators, and associations remains crucial for advancing in this aspect.

Fintech regulatory environment score - *(10 is Excellent and 0 is lousy)*



Source: Data extracted from Finnovista Fintech Radar Chile survey

> *"The industry is building a regulatory framework that includes regulations for open finance, consolidated debt and non-discrimination in the use of payment cards, among others. However, there is still work to be done to further close the gaps in financial inclusion."*
>
> **José Gabriel Carrasco, presidente de FinteChile**

Figure 13. Comparative perception of Chile's regulatory environment in the region



Source: Data extracted from Finnovista Fintech Radar Chile survey

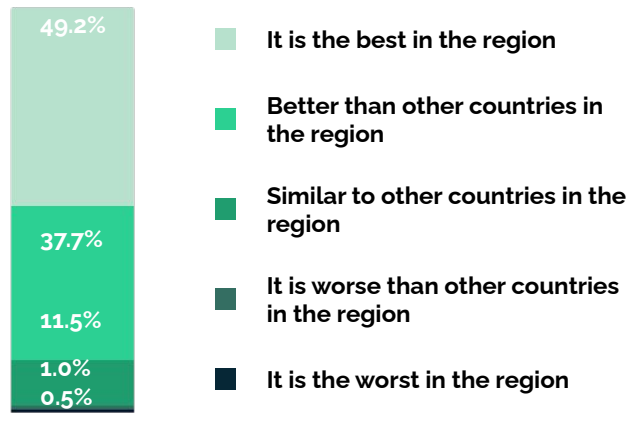
Technological implementation

Chile stands out as one of the countries in the region with a strong technological leverage in the financial ecosystem. The widespread adoption of contactless payments and wallets are emblematic examples of technological advancement in the Andean country.

Additionally, Chile is known for its robust digital infrastructure (see Figure 14), high internet penetration, and a high rate of banked population, surpassing that of other Latin American markets.

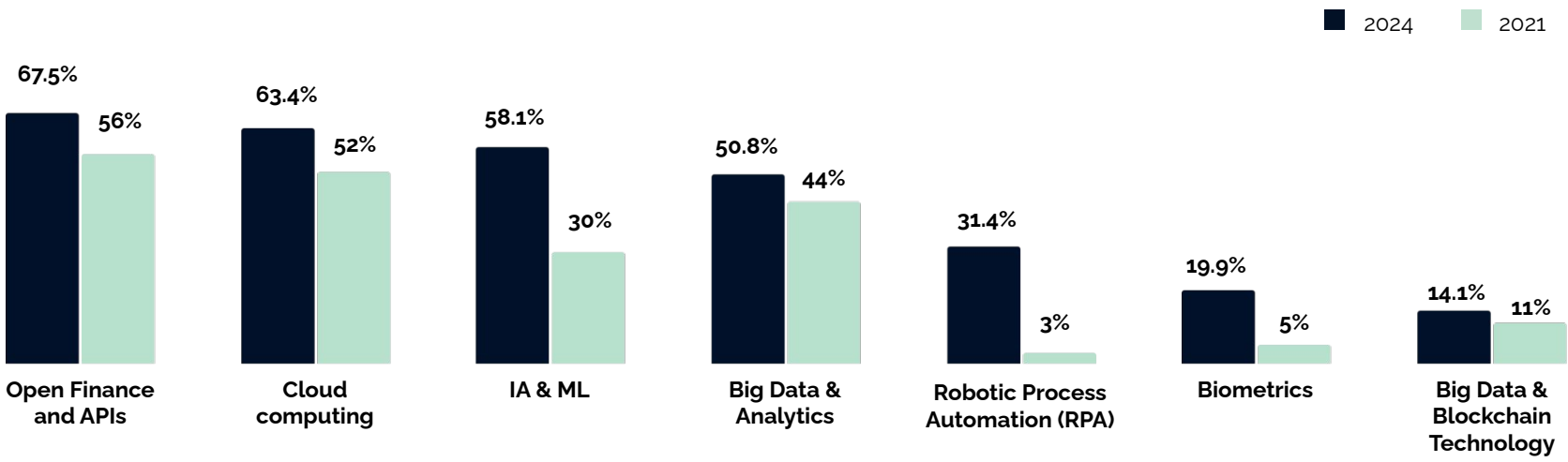
While the Performance Indicators section has analyzed how large corporations and financial entities are the main demand drivers for technology offered by Fintech companies, the following section will examine how Fintechs are incorporating various types of technology to enhance their services and products.

Figure 14. Comparison of digital infrastructure penetration compared to other countries in the region



Source: Data extracted from Finnovista Fintech Radar Chile survey

Figure 15. Evolution by percentage of technological implementation in Fintech companies in Chile



Source: Data extracted from Finnovista Fintech Radar Chile survey

In recent years, Fintech companies have widely adopted various technologies within the ecosystem, with Open Finance (67.5% implementation), Cloud Computing (63.4%), Artificial Intelligence (58.1%), and Big Data and Analytics (50.8%) standing out as key players.

However, when analyzing the increase in adoption, the study data highlights three technologies that stand out:

1. **Robotic Process Automation (RPA)** has seen a 28.4% increase in implementation in just 3 years. This is mainly because Fintech companies have prioritized a growth strategy focused on greater efficiency in their processes and operational margin improvement.

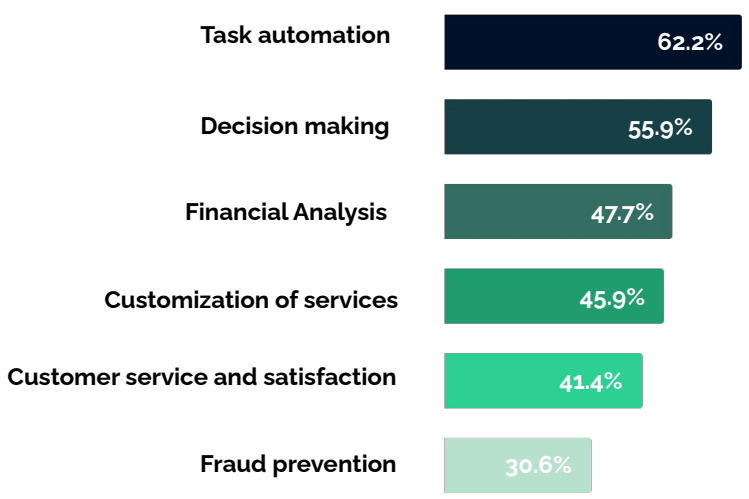
2. **Artificial Intelligence** and **Machine Learning** also grew by 28.1% during the analyzed period. When asking Fintech companies how they implement these technologies, there is a clear focus on automating operational tasks. Additionally, many of these companies use AI to enhance decision-making.

3. Lastly, despite having lower overall implementation, the use of **biometric**-based technologies increased significantly by 14.9%. The reasons behind this increase could be attributed to the low pre-existing implementation in 2021, the rise in fraud cases in the country, and the increased adoption of Fintech products that can incorporate biometric security.

"Robotic Process Automation plays a crucial role in the operational efficiency of Fintech companies, helping them reduce costs, improve risk management, and offer better services to their clients."

Thiago Dias - Country Manager Chile at Mastercard

Figure 16. Implementation of artificial intelligence



Source: Data extracted from Finnovista Fintech Radar Chile survey

Challenges and competitive advantages

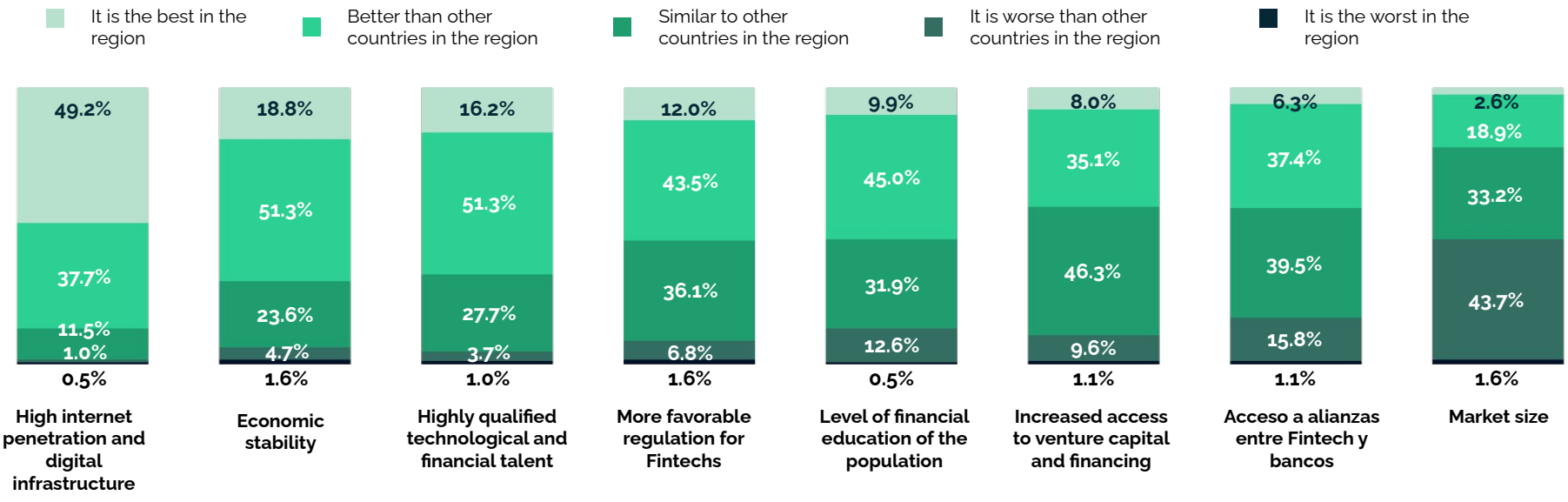
Competitive advantages of the Chilean market

Fintech companies perceive the characteristics of the Chilean market as at least similar to those of other countries in the region, with many being regarded as superior. The only exception is the market size.

Fintech companies highlight the high penetration of the internet, mobile devices, and digital infrastructure in Chile as the main competitive advantages compared to other markets. In addition, they emphasize the country's economic stability and the abundance of technological and financial talent.

> *"A competitive advantage of the Chilean market is its sophistication and high standards. It is an excellent place to launch an MVP because users are very rigorous and do not tolerate errors. Testing a product in such a demanding market provides significant validation that can facilitate expansion into other markets."*
>
> **Cristobal Griffero - CEO & Co-Founder at Fintoc**

Figure 17. Market advantages compared to other countries



Source: Data extracted from Finnovista Fintech Radar Chile survey

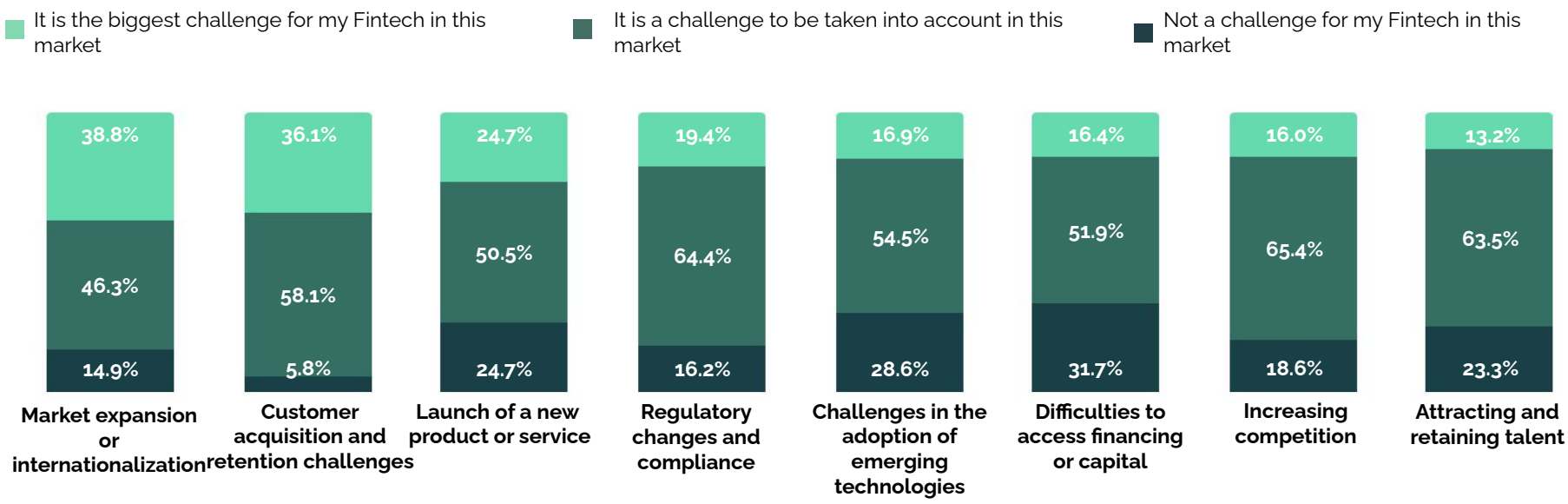
Challenges identified by Fintech

Regarding the main challenges faced by Chilean startups, expanding into other markets is the foremost challenge. Notably, as will be discussed in detail in the Internationalization section, nearly 70% of local Fintechs in Chile have already expanded to other markets. Due to the size of the Chilean market, many Fintechs are born with a focus on entering other markets from the outset.

Following this challenge is the issue of customer acquisition and retention, and thirdly, the challenge of launching a new product or service.

Other notable challenges include regulatory adoption and compliance, the adoption of emerging technologies, access to financing and capital, market competition, and finally, attracting and retaining talent.

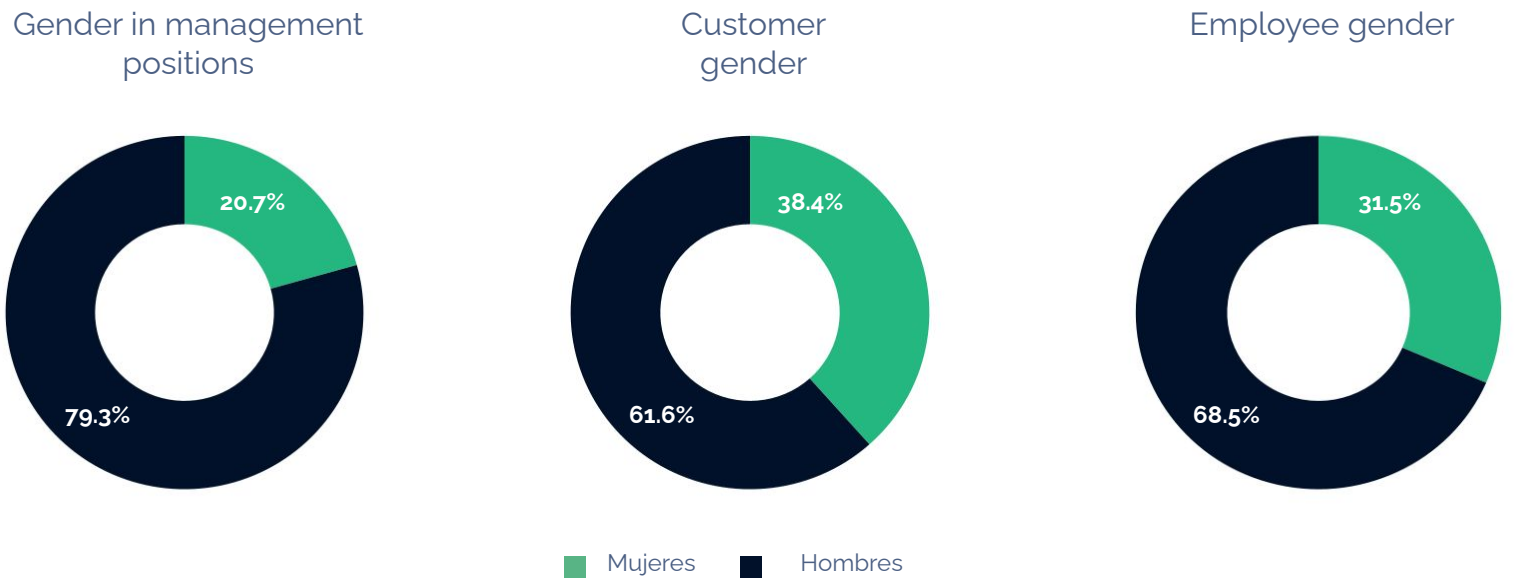
Figure 18. Main challenges for Fintechs



Source: Data extracted from Finnovista Fintech Radar Chile survey

Women's role

Figure 19. Representation of women in the ecosystem



Source: Data extracted from Finnovista Fintech Radar Chile survey

Another challenge analyzed in the radar has been the representation of women in the Chilean Fintech ecosystem. The figures in Figure 18 conclude that there is still a long way to go, as the numbers are still far from gender parity in the sector. The data is similar than in the rest of the region, with 31.5% of women working in Fintech companies and 20.7% of them in executive positions. However, 60.0% of the Fintechs operating in Chile are founded with an exclusively male team.

60% of Fintech operating in Chile are founded with an all-male team.

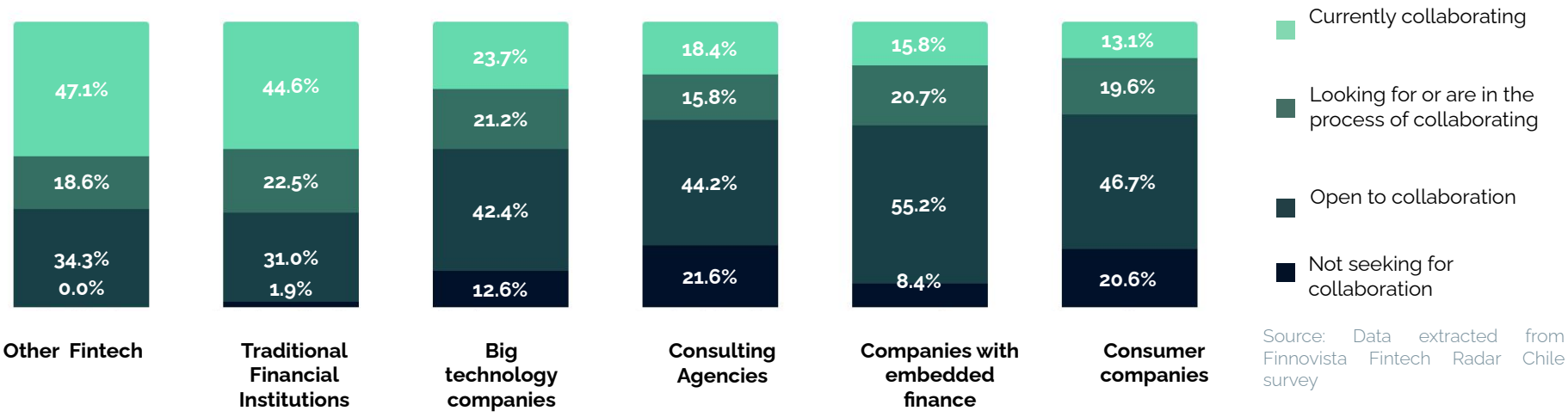
Competition and collaboration

Collaboration

Regarding collaboration, the following graph shows that more than 65.0% of Fintechs are currently collaborating with other Fintechs or are in the process of doing so. Additionally, almost the remaining 35.0% are open to such collaboration.

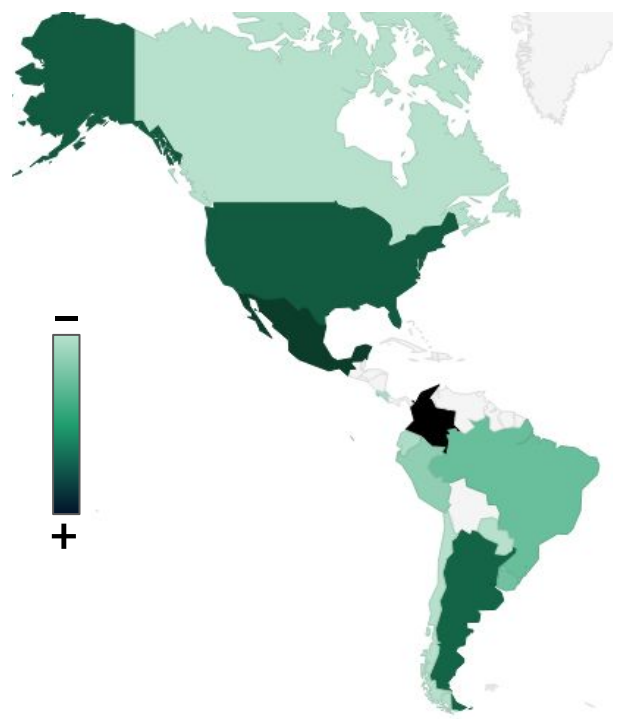
Similarly, 67.1% of them are currently collaborating with traditional financial institutions or are in the process of carrying out some form of collaboration. Furthermore, only 1.9% are not seeking any form of collaboration with them. The opinion of traditional financial institutions, such as banks, has changed; they no longer see Fintechs solely as competitors, but have successfully transitioned to a model of collaboration with them. These types of collaborations mainly occur through commercial alliances, brand partnerships, and incubation and acceleration programs. Regarding collaboration among Fintechs themselves, there is a notable preference for collaborating with startups within the same segment, and there is significant synergy between the **Digital Banking** and **Open Finance** segments. A collaborative ecosystem allows for progress toward a more sustainable market and the provision of better solutions for end consumers.

Figure 20. Collaboration in the ecosystem



Source: Data extracted from Finnovista Fintech Radar Chile survey

Figure 21. Origin of foreign Fintechs



Source: Data extracted from Finnovista Fintech Radar Chile survey

Competition

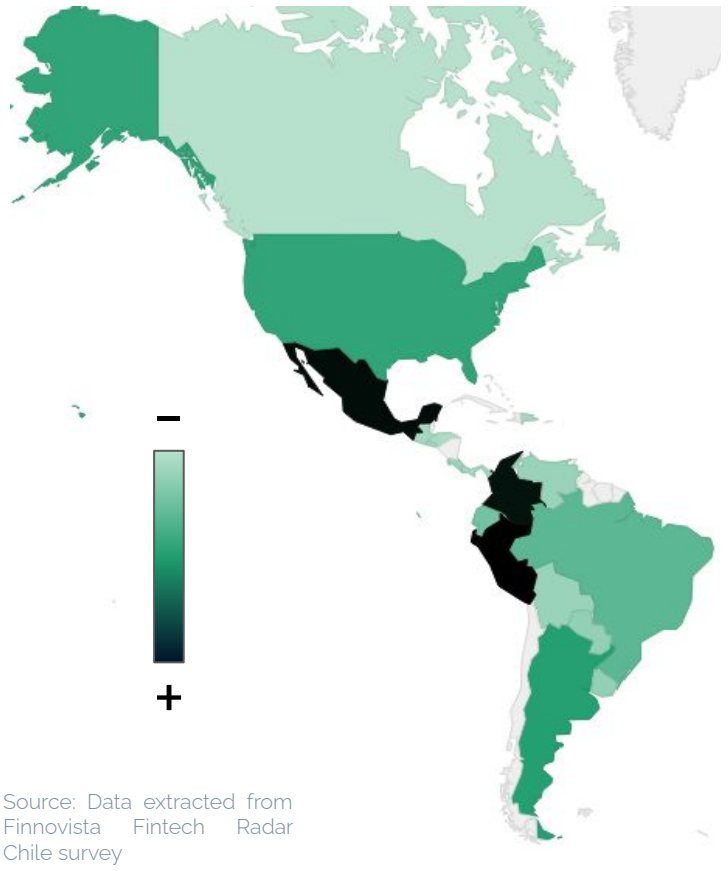
When asked to rate the level of competition in the Chilean market from 1 to 10, the average rating given by Fintechs was 7.1. However, the crowdfunding segment rated it lower at 4.5, while the Open Finance segment rated it higher at 8.2, indicating greater competition.

Additionally, 28.2% of Fintechs operating in Chile are foreign, leading to increased competition for market share. Startups from Colombia (22.6%), Mexico (18.2%), the USA (16.1%), and Argentina (15.3%) are the most prominent foreign competitors.

Internationalization

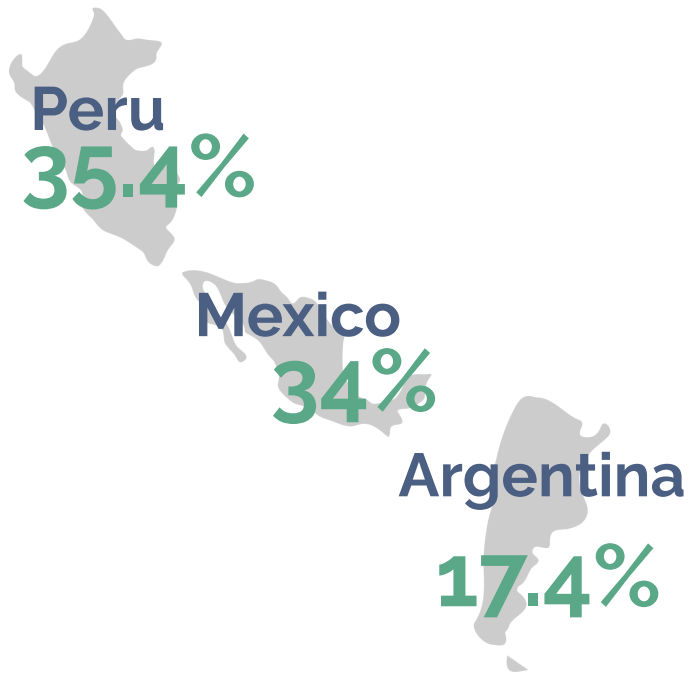
The internationalization rate of Chilean Fintech companies is 69%.

Figure 22. International expansion of Chilean Fintech companies



Source: Data extracted from Finnovista Fintech Radar Chile survey

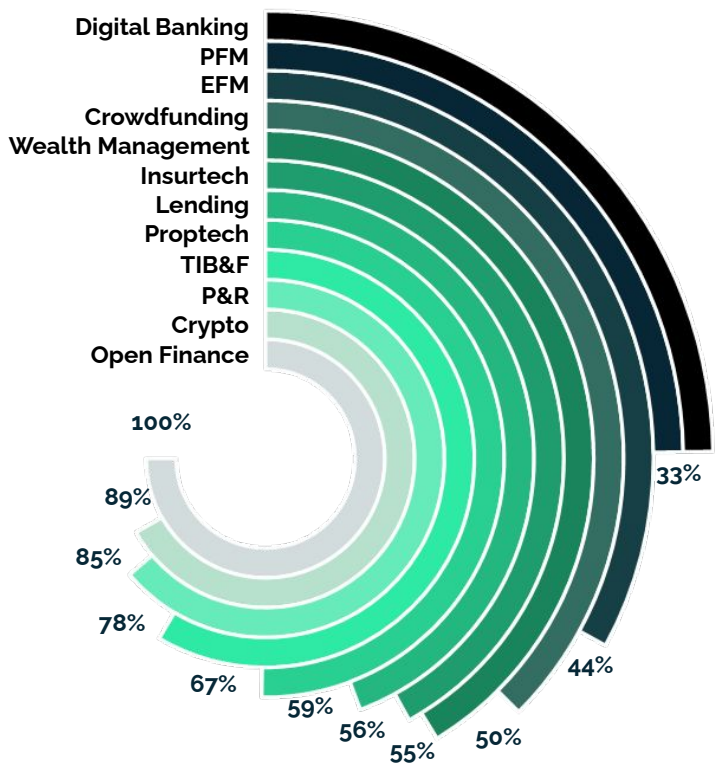
As previously studied, many Chilean companies are born with a focus on internationalization. The size of the Chilean market leads many Fintechs to pursue the goal of international expansion shortly after being established. The preferred destinations for Chilean Fintechs are Peru (35.4%), Mexico (34.0%), and Argentina (17.4%).



Regarding internationalization by segments, 100% of the **Open Finance** companies that responded to Finnovista´s survey are internationalized. They are followed by the **Crypto** segment, with 89% of startups internationalized, and **Payments & Remittances** with 85%.

Only the segments of **Enterprise Financial Management**, **Personal Financial Management**, and **Digital Banking** have an internationalization rate below 50%.

Figure 23. Internationalization by segment



Source: Data extracted from Finnovista Fintech Radar Chile survey

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4 INVESTMENT OUTLOOK

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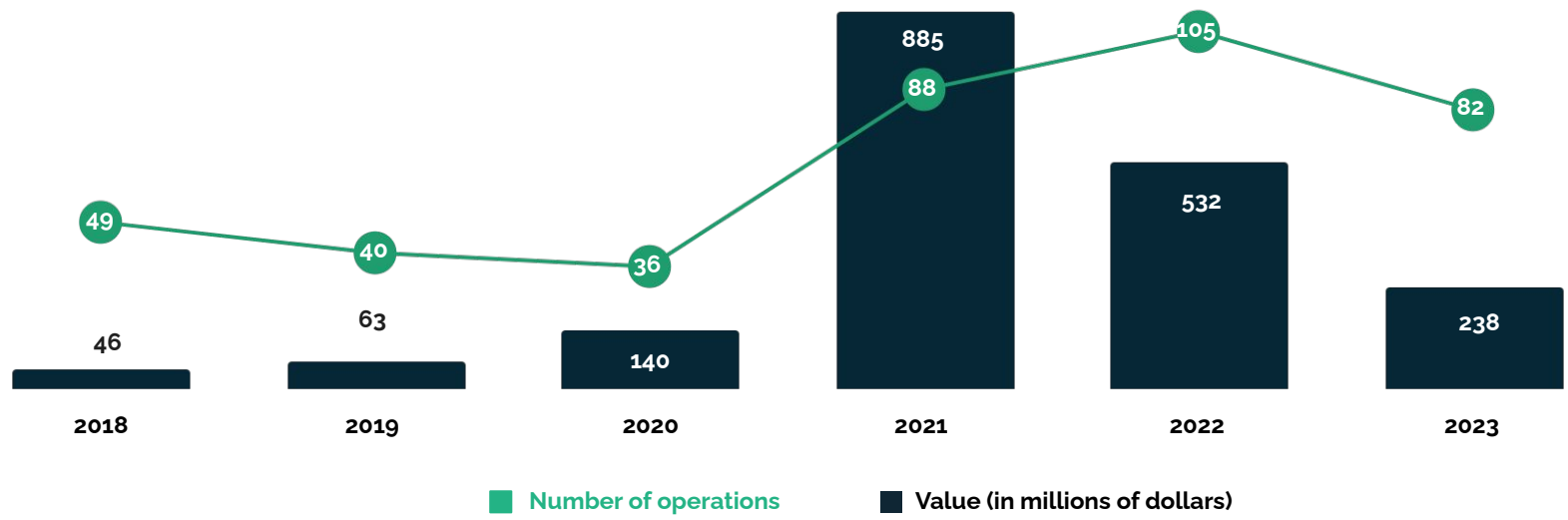
Total investment in Chile

According to LAVCA data, in 2023, $313.1 million was invested in Chile across 90 transactions. The total investment figure in the country represents 2% of the transaction value of all deals recorded throughout Latin America that year. In terms of transaction count, the 90 deals completed in 2023 represent 8.5% of the entire region, a figure surpassed only by investment in Brazil, Mexico, and Colombia.

Comparing the total investment in Chile in 2023 with the figures from 2022 ($2,954.8 million across 121 transactions), there is an annual decrease of 89.4%.

Venture Capital

Figure 24. Evolution of venture capital investment in Chile



Source: Data extracted from LAVCA

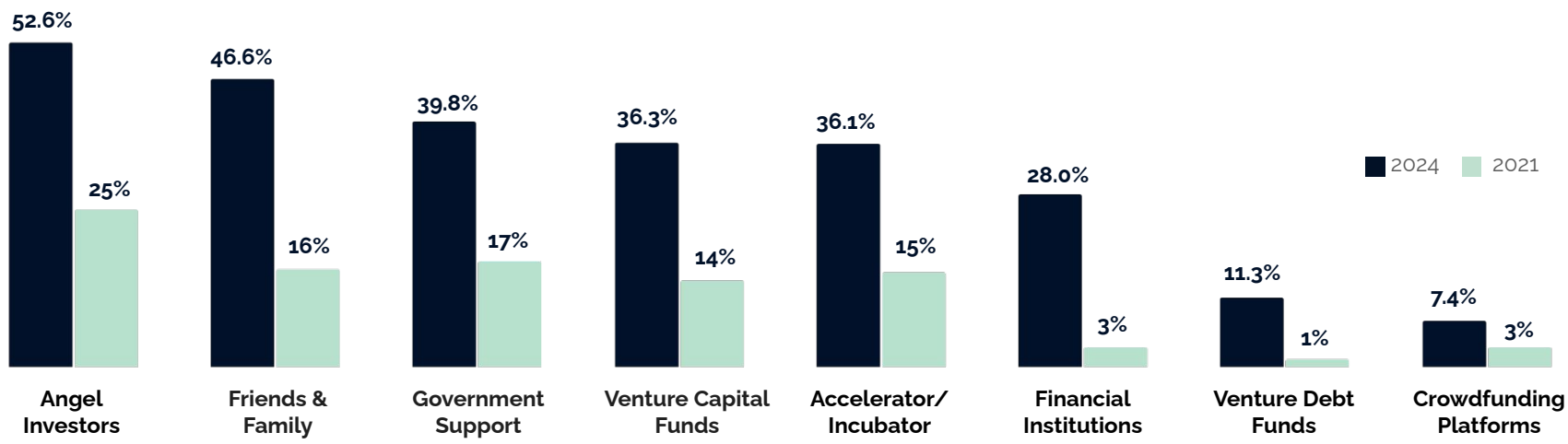
In terms of venture capital investment, according to the 2024 Industry Data & Analysis report by LAVCA, there were 82 venture capital transactions in Chile totaling $238.1 million in 2023.

These transactions represent 5.8% of the total transaction value of this asset class in Latin America in 2023, making Chile the fourth largest market by venture capital volume, behind Brazil, Mexico, and Colombia. In terms of transaction count, the 82 recorded operations represent 10.6% of all venture capital investments in Latin America in 2023.

Comparing these venture capital investment figures against the 2022 numbers, there was an annual decrease of 55.2% in transaction value and a decrease of 21.9% in the number of transactions.

When analyzing the evolution of the venture capital investment ecosystem in Chile between 2018 and 2023, a compound annual growth rate (CAGR) of 38.93% in transaction value can be observed. In terms of transaction count, there has been a CAGR of 10.85% over the same period. Despite not having the highest number of transactions, 2021 stands out as the year when Chilean startups raised approximately $885 million across 88 deals.

Figure 25. Sources of financing for Fintechs in Chile



Source: Data extracted from Finnovista Fintech Radar Chile survey

52.6% of the Fintech companies in the Chilean ecosystem have raised capital from angel investors. Another 2.9% of these Fintechs are in the process of raising capital from them, so close to 3 out of every 5 startups in this industry in Chile have turned to angel investors to finance their operations. Following this source of financing are family and friends, through whom approximately half (46.6%) of the Chilean Fintech ecosystem has successfully raised capital. Interestingly, nearly 2 out of every 5 Fintech startups (39.8%) in Chile have obtained financing through government support. At the same time, more than a third of the ecosystem has raised capital through venture capital funds (36.3%) or after going through acceleration or incubation processes (36.1%).

Comparing these figures with the results from 2021, there has been a significant increase in the proportion of Chilean Fintech companies that have turned to different sources of financing. The increase in companies that have raised capital through angel investors is particularly notable. More than half of the Fintechs have been funded through this source, a figure that has doubled in just 3 years. At the same time, the number of Fintech companies that have raised capital from family and friends has nearly tripled over the same period, rising from 16% in 2021 to 46.6% in 2024.

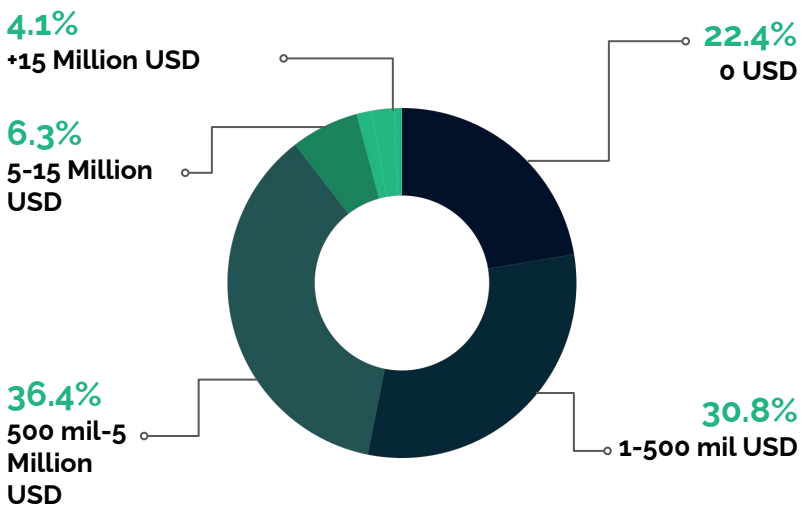
Main Rounds of 2024

In the first half of 2024, Chilean Fintech companies have raised significant rounds of capital to strengthen their presence locally and expand into other markets in the region. Among these, Toku's Series A stands out. The Fintech specializing in recurring payments raised $9.3 million dollars in a round led by Gradient Ventures to continue its expansion into Mexico and Brazil. Additionally, Fintoc raised a $7 million Series A round. Led by Propel with participation from Monashees, this round will enable the account-to-account payment Fintech to accelerate its focus on the Mexican market.

Enterprise Financial Management
9.3 MDD

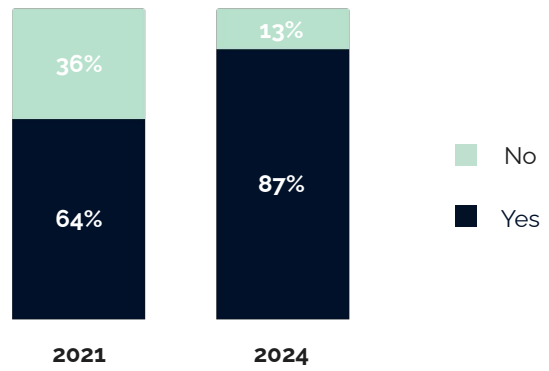
Payments & Remittances
7 MDD

Figure 26. Amount of capital received from third parties



Source: Data extracted from Finnovista Fintech Radar Chile survey

Figure 27. Fintech that have accessed third-party capital in Chile



Source: Data extracted from Finnovista Fintech Radar Chile survey

According to survey data, more than a third of Chilean Fintech companies (36.4%) have raised between $500,000 and $5 million dollars. Similarly, 30.8% of the ecosystem has managed to raise between $1 and $500,000 dollars. It can be observed that more than two-thirds of Fintech companies in Chile (67.2%) fall within these ranges when combined. Notably, nearly a quarter of Chilean Fintechs have not raised a single dollar from external sources (22.4%). Finally, only 10.4% of Fintechs have managed to raise more than $5 million dollars to finance their operations.

Interestingly, close to 90.0% of the companies in the Chilean Fintech ecosystem have raised capital through third parties. This figure has increased by almost 25.0% in just three years, rising from 64.0% in 2021 to 87.0% in 2024.

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5 CONCLUSIONS

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CONCLUSIONS

With a 16.0% growth in the number of startups compared to 2023, the Chilean Fintech ecosystem continues its consolidation at a slightly slower pace in 2024. Among the 348 companies now comprising the ecosystem, the segments of **Enterprise Financial Management, Payments & Remittances**, and **Lending** stand out as the groups with the highest presence: together they make up nearly half of all Fintech companies in Chile (46.2%). On the other hand, in terms of new company incorporations, the **Proptech** and **Technological Infrastructure for Banks & Fintechs** segments were the protagonists in the 2023-2024 period, each adding more than 15 new projects.

Furthermore, it's crucial to underline that in Chile, fewer and fewer Fintech products and services are targeting underbanked or unbanked segments, both in B2B and consumer domains. This highlights the accelerated progress in Fintech adoption in the Andean country. Coupled with the already high level of banked individuals and thanks to the widespread internet penetration, Chile continues to solidify its position as the Latin American country making the greatest strides in financial inclusion.

At the same time, there is a noticeable increase in interest from large financial institutions and corporates in Fintech products and services. Now, more than half of the companies within the ecosystem target these entities under a B2B framework.

While there was a significant drop in transaction volumes and the number of Venture Capital operations in 2023, in 2024 several Chilean Fintech companies have raised significant financing rounds to consolidate their operations in the Chilean market and strengthen their expansion strategies into other Latin American markets. Access to various sources of funding for Fintech in Chile has increased considerably in recent years, with angel investors financially supporting more than half of the ecosystem.

At the same time, Fintech companies have accelerated the implementation of various technologies to strengthen their operations and offer more accurate products in recent years. Artificial Intelligence and process automation technologies are leading in this area, with both showing significant percentage growth since 2021 in terms of the proportion of ecosystem companies that have adopted them.

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GLOSSARY OF TERMS

Fintech segments:

Lending: this segment includes Fintechs that offer Business Balance Sheet Lending, Consumer Balance Sheet Lending, Business Peer-to-Peer Lending, Consumer Peer-to-Peer Lending, Buy Now Pay Later (BNPL) solutions and Factoring.

Payments and Remittances: aquí se consideran a las Fintech de Pagos y Carteras Móviles, Transferencias Internacionales y Remesas, Puntos de venta móviles (mPOS por sus siglas en inglés), y Pasarelas y Agregadores de Pagos.

Technological Infrastructure for Banks and Fintechs: This category includes companies that address specific needs of financial institutions, such as Identity and Know Your Customer (KYC) solutions, Smart Contracts, Alternative Scoring, and Chatbots. It also encompasses solutions for Digital Security and Identification, Fraud Prevention, and Risk Management.

Crowdfunding: includes rewards, donations and equity crowdfunding companies.

Enterprise Financial Management: considers companies in Electronic Invoicing, Digital Accounting, Financial Management and Business Intelligence, and Collections.

Personal Financial Management: This segment includes Personal Financial Management Platforms, Comparison and Debt Management Platforms. It also encompasses subsegments such as Financial Education and Salary-on-Demand Fintech startups (FEWA).

Insurtech: this category includes Comparison Platforms, Distribution Channels and Lead Generation specific to insurers, as well as Digital Insurers. It also includes Technologies for Insurance Companies.

Digital Banking: here Business Banking and Consumer Banking are encompassed.

Proptech: this emerging segment arises from the identification of a critical mass of startups specialized in the real estate space. The subcategories within Proptech include: Real Estate Crowdfunding and Real Estate Technologies.

Open Finance: includes startups that provide services falling into two main categories: Open Data and Open Capabilities. Open Capabilities include startups that facilitate the connection to the financial system, bin sponsors, bank account management startups or end-to-end and modular service providers that allow third parties (Fintech and non-Fintech) to offer banking services without having to develop the banking infrastructure internally. Also considered in this category are embedded finance startups, i.e., those that provide non-financial products or services but incorporate or embed financial services as long as this represents an important business vertical within their business model (e.g., sale of cars with financing model).

Wealth Management: this segment includes Digital Wealth Management Fintechs, Robotized Advisors, Foreign Exchange Solutions, Securities Market Solutions and Cryptocurrency Exchanges.

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