



Visa Consulting & Analytics (VCA)

Payments in Gaming in Latin America & The Caribbean

The rise of the Gaming Industry
in the region & the subsequent
payment opportunities
that lay within



Gaming is a Lifestyle! The Gaming Industry is now a ~US\$ 220B global giant.^{1,2}

LAC is no exception as it positions itself as the fastest growing region with ~290M gamers contributing ~US\$ 7.2B in gaming revenues in 2021.³

Executive Summary

Gaming in Latin America & The Caribbean (LAC) has experienced sustained growth derived from the Covid-19 pandemic, and smartphone and internet proliferation in the region, **which continues to grow at Compound Annual Growth Rate (CAGR) 9% (2019-27)⁴**. As gaming evolves into digital formats, there is an ever-growing variety of gaming genres and titles, leading to a wider demographic appeal and reach.

Mobile game formats are expected to have the fastest growth, being the top contributors to the industry at an **expected 13% growth rate during the next five years⁵**. Both console & PC will experience relatively flat growth trends going forward, while new formats like **Metaverse and Cloud Gaming will redefine the future of gaming, among other use cases.**

One way financial industry players can seize the gaming opportunity is tapping into **Gen-Z segments, as they represent the highest share of players⁶**, developing a seamless acquisition journey and rewarding them for gaming-related spend.



¹ Statista: Videogames Global games market revenue share by region 2022 | Statista

² Statista: Latin America: digital gaming revenue 2023 | Statista

³ Videogame market Size, Video Game Market Size & Share Growth Report, 2030 (grandviewresearch.com/industry-analysis/video-game-market#:~:text=b.,The%20global%20video%20game%20market%20size%20was%20estimated%20at%20USD,USD%20583.69%20billion%20by%202030)

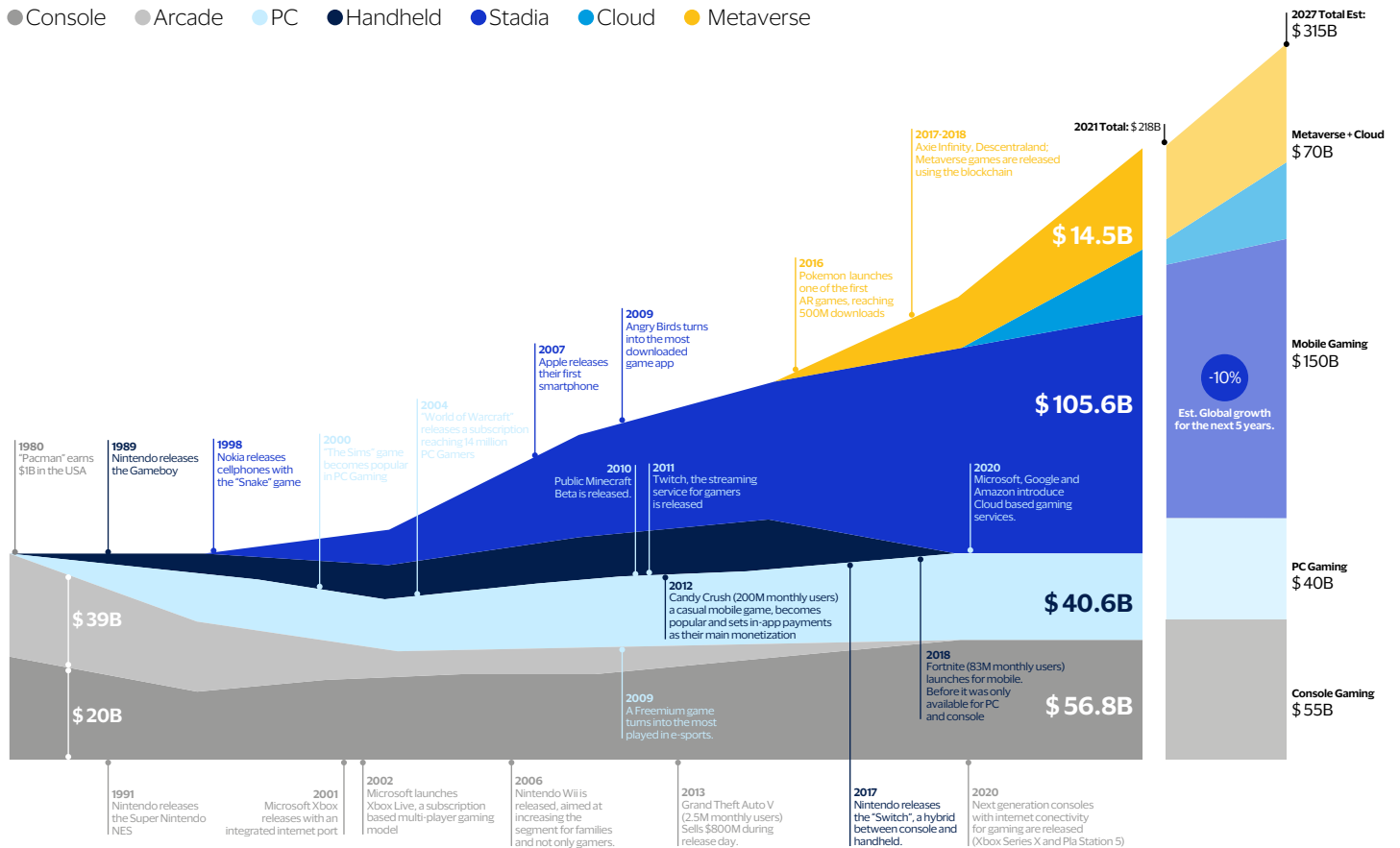
⁴ Statista: Videogames Global games market revenue share by region 2022 | Statista

⁵ Statista: Videogames Global games market revenue share by region 2022 | Statista

⁶ Statista: Videogames Global games market revenue share by region 2022 | Statista

Gaming has evolved into a ~\$220B giant reaching over 3.2B gamers worldwide through wide selection of gaming genres & distribution.⁷

Gaming has steadily evolved to represent \$218 billion as an industry, with a wide selection of genres, channels and price points.



⁷ Evolution of Global Gaming - NewZoo, Kepler Cannon Analysis, Statista, League of Legends, Press Releases, Fortnite, BeinCrypto, Visualcapitalist

A quick introduction to Gaming in LAC.

In this report, we refer to Gaming as the act of playing games on Personal Computers (PCs), mobiles or consoles via online media, downloads and other apps. Gaming is a fast-growing industry that touches many sectors, **including Digital Payments**. In 2021, LAC Gaming was worth US\$ 7.2 Billion, which between 2019 and 2027, is expected to deliver a compounded annual growth rate of 9%⁸.

 **US\$ 7.2B**
Revenue 2021⁹

 **289M**
Number of Gamers 2021¹⁰

While Covid-19 pandemic fueled industry growth, **there's a wider spectrum of factors** driving strong bullish prospects for Gaming in LAC¹¹, such as:

Covid-19

Increased digitization and the need for social interaction during C-19 led to 80% of consumers having played or watched video games¹²

Wide Variety of Games

Social and hyper social games are increasing, gamers across demographics are more willing to pay for their games

Online/ Local Payment Methods

Unbanked gamers use digital wallets and other alternative payment methods to access games.

Smartphone / Internet Penetration

LAC mobile users are expected to reach 690M & users with internet connections to reach ~422M, 4% CAGR¹³

Financial Independence

Gen Z and Millennials have broader access to digital financial tools, with up to 88% using their bank's or credit union app in their phone¹⁴

Marketing & Local Influencers

E-sports viewership and streaming in 2022 reached a global audience of 532M fans^{15,16}

⁸ Statista: Videogames Global games market revenue share by region 2022 | Statista

⁹ Revenue 2021 - M News

¹⁰ Number of Gamers - M News

¹¹ Growth Drivers - Source: Newzoo, Ebanx, Data.ai, Ericsson, Latin America Business Stories

¹² www.nielsen.com/insights/2020/3-2-1-go-video-gaming-is-at-an-all-time-high-during-covid-19/

¹³ www.gsma.com/latinamerica/wp-content/uploads/2020/02/Mobile-Economy-Latin-America-2019-English-Full-Report.pdf

¹⁴ www.mx.com/assets/resources/whitepapers/gen-z-millennial-survey-whitepaper.pdf

¹⁵ www.insiderintelligence.com/insights/esports-ecosystem-market-report/#:~:text=As%20competitive%20video%20games%20continue,532%20million%20esports%20viewers%20worldwide

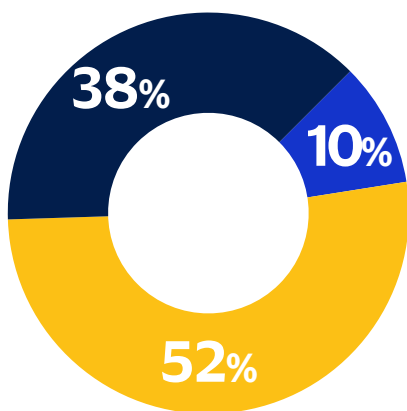
¹⁶ Newzoo Global Esports & Live Streaming Market Report 2022



There are over 290 million gamers in the region¹⁷. The Gaming Industry supports three main channels for playing: Mobile, Console and Personal Computers. Players commonly prefer one of these channels for the full experience.

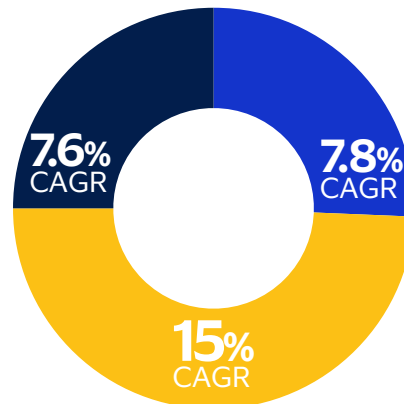
Revenue Split by Channel 2021¹⁸

● Mobile ● Console ● PC & others



Split by Channel Growth 2021¹⁹

● Mobile ● Console ● PC & others



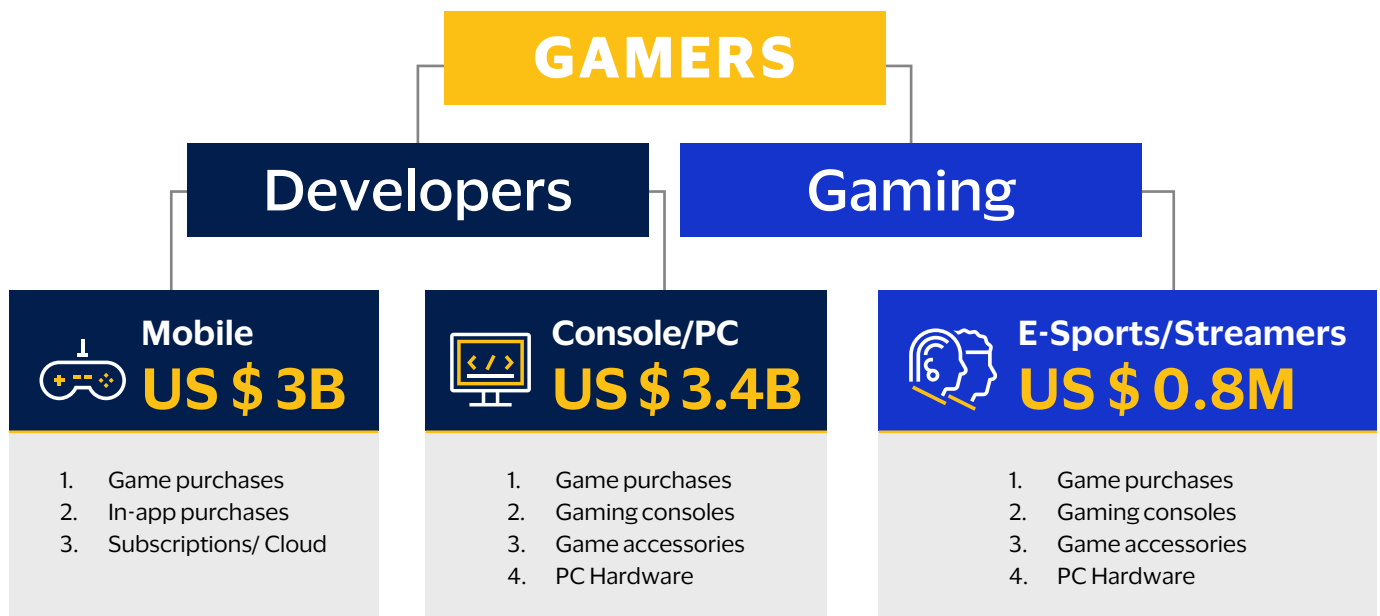
¹⁷ business.ebanx.com/hubfs/ABM/Gaming/Infographic%20-%20The%20Latin%20American%20gamer%20profile/The-Latin-American-Gamer-Profile-infographic-EN-EBANX.pdf

¹⁸ Revenue Split by Channel - Statista shared by VCA

¹⁹ Statista: Videogames Global games market revenue share by region 2022 | Statista

How Digital Payments fit into the Gaming Ecosystem

The Gaming Ecosystem is majorly comprised of (i) game developers/ publishers, (ii) gaming communities (e-sports, influencers etc.) and (iii) gamers. While gamers most frequently transact on mobile channels, the larger ticket size transactions occur on consoles and hardware related purchases, however, less frequently with flat expected growth²⁰.

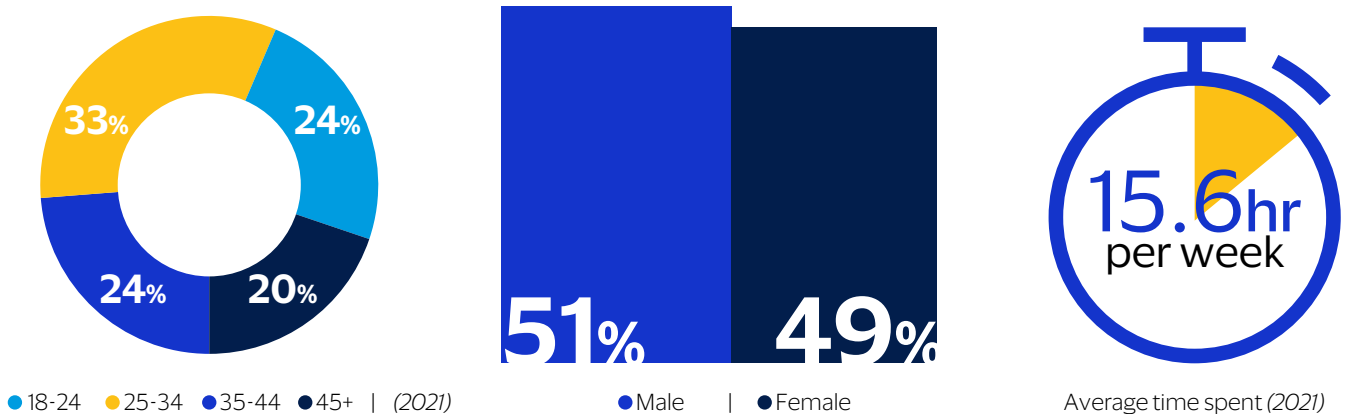


²⁰ Statista: Videogames Global games market revenue share by region 2022 | Statista

There is no such thing as a stereotypical gamer ²¹

Gaming is no longer limited to the stereotypical male video-gamer, **there's now a game for all genders & demographics.** Gaming caters to a huge portion of the global population primarily due to mobile gaming, social aspect of games and gamer communities, and overall better content.

45% of LAC population (290M) are now gamers.



18-24

Second largest segment of gamers & payers

Preferred Genres: Sports, Metaverse, Puzzle, Action

Preferred Payment Methods: APMs, Cash

25-34

Largest segment of gamers (Gen Z/ younger millennials) & payers

Preferred Genres: Sports, Strategy, Adventure, Metaverse

Preferred Payment Methods: Debit/ Credit Cards, E-Wallets

35-44

Second largest segment of gamers, third largest segment of payers

Preferred Genres: Sports, Multiplayer, Online

Preferred Payment Methods: Debit/ Credit Cards

45+

Smallest segment of gamers, hardly pay for game-related purchases

Preferred Genres: Sports, Casual games, Action

Preferred Payment Methods: n/a

²¹ Gamer Profiles: Kstatic, Newzoo, BCG

Payment-related Pain Points for Gamers²²

As the gaming industry evolves into diverse channels and revenue streams, a seamless customer payment journey is going to be imperative for regional institutions to differentiate their offerings and promote gaming-related spend.

These pain points act as potential obstacles for gamers to switch to non-cash alternatives, allowing Digital Payment enablers to capture and monetize off gaming payment flows if able to identify and act quickly.

1. Lack of Availability of Payment Options

- 47% of LAC gamers said there were limited payment options/ favorite payment method was not available

1. 47%

2. Declined Payment Methods

- 25% of users reported that their card payment declines frequently, or their card was blocked

2. 25%

3. High Transaction Costs

- 44% gamers report being discouraged by hidden/ unexpected fees & charges or unhappy with recurring prices
- 29% were put off by foreign currency payment options only

3. 44%

4. Complex User Experience

- Gamers take 20+ steps to be able to buy-in or cash-out in-game currencies/ crypto
- 12% reported system failures at checkout

4. 12%

5. Lack of Trust/ Data Security

- 39% gamers report lack in trust in website or slow/ unresponsive website

5. 39%

²² Payment Pain Points: VCA Regional from Paying to Playing Whitepaper

Main opportunity areas for LAC Digital Payment enablers & leading examples from around the globe

Capture Gen Z Gamers early in their payment journeys²³

Gen Z/ Younger Millennials constitute highest share of potential digital payment users presenting an **opportunity for issuers to lock these players early-on in their payments journey**

A popular regional digital issuer offers a suite of financial solutions & value-added services aimed at teenagers such as expense management, early-age goal-based saving plans etc.

Key Takeaway: Value-added Services aimed at GenZ can help issuers in acquiring a **net new customer segment**

Bank the unbanked by providing cash alternatives²⁴

Big portion of unbanked individuals still play games. As more games go digital, gamers need to find a way to pay online - **Alternative Payment Methods (APMs) such as e-wallets**, are great ways to capture this segment

A popular financial services provider launched an offering to address the unbanked population & provide them with a virtual prepaid card with 90K+ free channels to top-up the card via select banks, convenience stores etc.

Key Takeaway: APMs can capture a share of unbanked population and **ultimately increase bank PV**

Reward high spending customers for their gaming-related spend²⁵

Gamers could be motivated to incur in higher spending patterns if they are **rewarded for doing so**

Multiple global players, including a popular regional bank, are introducing loyalty programs for gamers including hyper accelerated gaming rewards, embedded marketplaces, exclusive discounts/ benefits via partnerships

Key Takeaway: Loyalty Programs for gamers incentivize **gaming-related spend and increase PV**

Position institutions and services as Next-Gen by experimenting with crypto/ metaverse²⁶

The metaverse is ripe with use cases, but for now, gaming has proven to be the best way to monetize it (e.g., virtual concerts for Fortnite ticket sales have surpassed the real-life biggest concert, spend on avatar skins is more than online retail e-commerce)

While multiple global banks offer crypto rewards, an American challenger bank has positioned itself at the forefront of Crypto & Metaverse by offering Crypto/ NFT enabled wallets, embedded NFT marketplaces & messenger integrations

Key Takeaway: **Crypto offerings** can help financial institutions with first mover advantage and next-gen positioning

²³ Opportunity 1: Analysis, Ita by Itau

²⁴ Opportunity 2: Analysis, Maya Prepaid Cards

²⁵ Opportunity 3: Analysis, Player's Bank

²⁶ Opportunity 4: Analysis, Zelf

Gaming is not only a digital trend or a spend category; it is very important part of consumers lives, especially the **younger Millennial and Gen Z generations**, and part of their personal identity. Regionally, it has been broadly **adopted as a habit, and represents a large market opportunity.**

How will your business serve gamers? Should you build a value proposition specially tailored for gamers?



Visa Consulting and Analytics can help you better understand the gaming phenomenon, here's how:

1.

Why to compete?

Comprehend the competitive landscape, understand the gaming market opportunity and size the value to be captured.

2.

How to compete?

Assess the market's specific consumer's needs and design a corresponding gaming proposition.

3.

Plan to compete.

Develop a comprehensive roadmap to deliver on the vision through the support of ecosystem enablers.

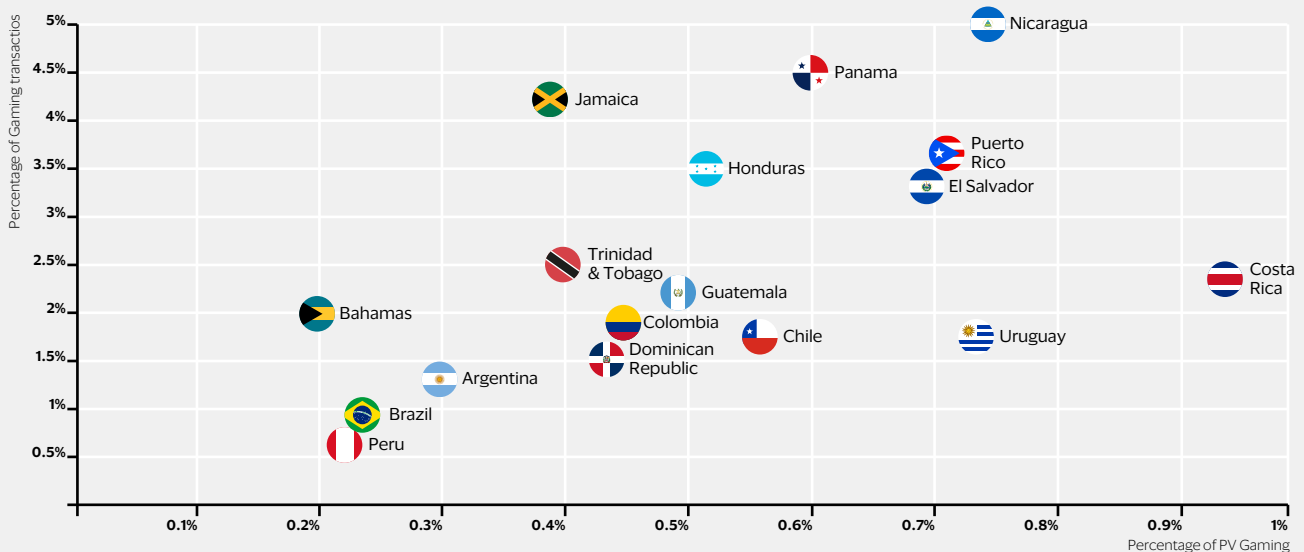
Payments and gaming in Latin America & The Caribbean

The Gaming industry in Latin America and the Caribbean (LAC) is worth **US\$ \$8.4 Billion²⁷** and it is expected to deliver a compounded annual growth rate of **9% by 2027²⁸**.

This thriving and innovative sector impacts several other industries, and payments is among the industries that are keeping up and supporting this growth the most. But how does this audience use technology to make payments in the gaming world? **This is what Visa Consulting & Analytics (VCA) looked into as it analyzed Visa transactions carried out in seventeen countries in the region during the first semester of 2023.**



Gaming growth index in LAC²⁹



Countries with highest transactional share in Gaming

Nicaragua **8%** El Salvador **5%** Jamaica **5%** Honduras **5%**

²⁷ Newzoo - Global Games Market Report (2022), 2) Revenue 2021 - M News and Number of Gamers - M News

²⁸ Statista: Videogames Global games market revenue share by region 2022 | Statista

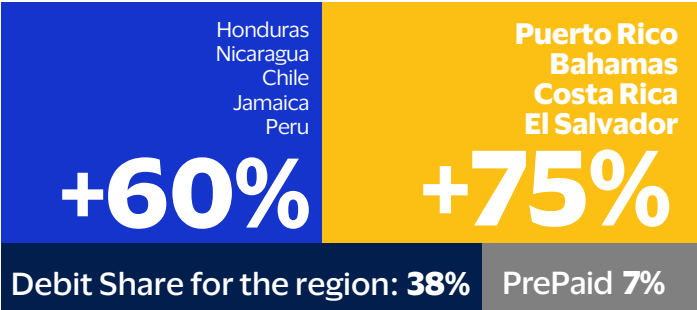
²⁹ Visanet

Gaming by Product³⁰

Some countries have high Credit credential usage in Gaming related transactions

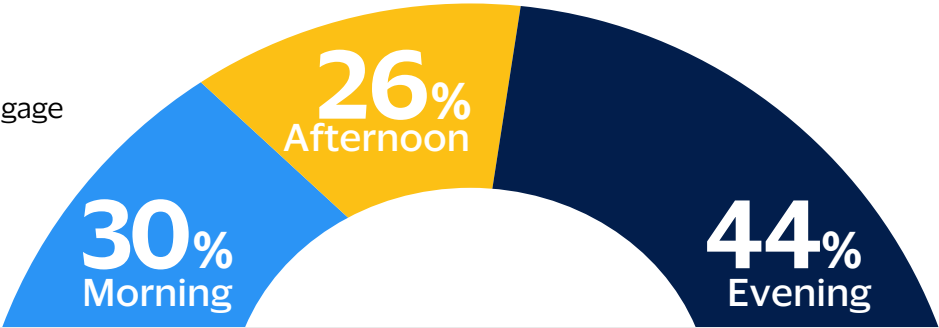


While most preferred Debit products for their Gaming needs



Time to Game

Times of day when people in LAC engage more in Gaming related purchases:



Average weekly transactional shares of up to

16%

During Fridays, Saturdays, and Sundays, with other days averaging between 13% in the region.

The highest representation of evening purchases from these markets

+50%

- Costa Rica
- Colombia
- Uruguay
- Chile
- El Salvador
- Honduras

³⁰ Visanet



Cross-Border Gaming

VCA also took a look at international Gaming related transactions for Visa cardholders in LAC during the first semester of 2023. The top countries with greater transactional share in cross-border Gaming were:

• **Argentina** • **Mexico** • **Nicaragua** • **Peru**

54%

average transactional volume with debit credentials

+50%

of transactions happening during the evenings



Areas of opportunity for financial institutions



Comprehend the competitive landscape and developments, understand the gaming market opportunity, dynamics and size the value to capture.



Assess gaming communities in-market using transactional (VisaNet) data, meeting specific needs, ultimately designing an appealing and new-generation gaming proposition.



Compete by developing a gaming aspiration along with potential actions that can be undertaken in the gaming space.

This is how VCA can help



Evaluate current competitive landscape for your business and market, its growth perspectives and the opportunities it offers.



Develop a product and services roadmap for the **Gen-Z and Millennial audience.**



Design next-generation gaming value propositions based on data-driven insights.



Enhance your gaming offers for **card portfolios through our Data products.**



Build short and medium term initiatives to seize the gaming opportunity in the market.



Create a Gamer Profile Dashboard that can **build communities based on Gamer spending trends.**

The VCA consulting team analyzed VisaNet data related to transactions and payment volume taking place during 6 months, between January 2023 and June 2023. Gaming merchants were identified through their MCC and /or their merchant's name. The analyzed countries included: Argentina, Bahamas, Brazil, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua, Mexico, Panama, Peru, Puerto Rico, Dominican Republic, Trinidad & Tobago, and Uruguay.



About Visa Consulting & Analytics

We are a global team of hundreds of payments consultants, data scientists and economists across six continents.

- Our consultants are experts in strategy, product, portfolio management, risk, digital and more with decades of experience in the payments industry.
- Our data scientists are experts in statistics, advanced analytics and machine learning with exclusive access to insights from VisaNet, one of the largest payments networks in the world.
- Our economists understand economic conditions impacting consumer spending and provide unique and timely insights into global spending trends.

The combination of our deep payments consulting expertise, our economic intelligence and our breadth of data allows us to identify actionable insights and recommendations that drive better business decisions.

For help addressing any of the questions raised in this paper, please reach out to your Visa Account Executive to schedule time with our Visa Consulting & Analytics team or send an email to VCA@Visa.com or visit us at Visa.com/VCA

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