Organisation for Economic Co-operation and Development

DAF/COMP/WD(2025)12

Unclassified

English - Or. English

11 June 2025

DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE

Competition in Mobile Payment Services – Note by Mexico

18 June 2025

This document reproduces a written contribution from Mexico submitted for Item 4 of the 146th OECD Competition Committee meeting on 18-20 June 2025.

Antonio CAPOBIANCO
Antonio.Capobianco@oecd.org, +(33-1) 45 24 98 08

JT03568012

Mexico[1]

1. Introduction

1. In Mexico, half of the adult population does not possess a bank account; nine out of ten people do not have a credit card, and only a third of the population has paid with digital means.

2. Financial technologies have the potential to transform this landscape by encouraging the entry of new players who can challenge traditional financial institutions with more efficient digital financial services. However, the use of digital financial services is limited by factors that go beyond the financial system. Among these: internet connectivity; the preference for paying with cash; lack of financial education and digital skills, and the size of the informal economy.

3. In this contribution, the Federal Economic Competition Commission (Commision or Cofece) provides an analysis of the mobile payments landscape in Mexico, focusing on financial inclusion, regulatory challenges, and the state of market competition.

2. Overview of the payments market in Mexico[2]

4. Mexican population access the financial system through both traditional physical channels—such as bank branches, ATMs, and banking correspondents—and digital platforms like mobile apps and the internet. The 2021 National Survey on Financial Inclusion (ENIF) found that 52% of the adult population in Mexico (90.4 million in 2021) used ATMS. Among individuals with financial products, 68% used ATMs, compared to 14% of those without such products. Additionally, 44% of the population used banking correspondents—service points located in stores—which represent the most commonly used channel among people who do not have access to financial products (30%). This indicates that these channels play a key role in bringing financial services closer to those excluded from the formal financial system.

5. For individuals who already have financial products, digital tools are becoming increasingly important. More than half of those with a savings product use mobile apps to check balances and carry out transactions. This figure (52%) surpasses the proportion who rely on ATMs or bank branches for the same purposes (38%). Moreover, the 2018 Survey shows a continued rise in the use of digital channels: in 2012, 1.2 million adults had mobile banking services; by 2018, that number had grown nearly to 7.4 million.

6. Despite this progress, cash remains the dominant payment method, even though 54% of the adult population holds a debit or credit card. This is largely due to limited card acceptance among merchants and a general lack of awareness about alternative payment options, such as real-time payment systems.

[1] Federal Economic Competition Commission (Cofece)

[2] The overview of the payments is summary of findings from the “Study of Competition and Free Market Access in Digital Financial Services” conducted by Cofece, which is discussed later in this document.

2.1. Types of payment

7. Payments can be categorized by type (P2P, P2B, B2P and B2B)[3] and by method categorized into checks, electronic transfers (including mobile payments), direct debits, and transactions using debit and credit cards (both at physical point-of-sale terminals and in e-commerce). In Mexico, after cash, card payments through point-of-sale (POS) terminals are the most widely used payment method, followed by electronic transfers. The latter accounts for the highest transaction amounts, as they are commonly used by financial institutions and large corporate treasuries (see table 1).

Table 1. ATM withdrawals, transactions in point-of-sale (POS) terminals and transfers

Means of payment	Number of transactions (thousands of operations)	Share (%)	Amount of operations (millions of Mexican pesos)	Share (%)
POS	4,625,512	47.2	2,920,528	1.5
Transfers	2,140,524	21.8	187,735,461	93.8
ATM	1,696,060	17.3	4,406,324	2.0
e-commerce	1,061,728	10.8	802,747	0.4
Checks	101,631	1.0	3,844,498	1.9
Direct debits	176,544	1.8	783,776	0.4
CoDi	4,017	0.0	3,992	0.0
Total	**9,806,016**	**100**	**200,137,326**	**100**

Source: Cofece (2024), Study of competition and free market access in digital financial services

8. Regarding POS transactions with debit and credit cards, commercial banks hold the largest market share (91.3% in 2023), as they do with electronic transfers (95.7%). Notably, Electronic Payment Funds Institutions (IFPEs)[4] have become the second-largest entity in terms of the number of POS transactions.

9. While the use and acceptance of electronic money has advanced, many people in Mexico still prefer cash. The use of digital payment methods increases with income, suggesting that the benefits of fintechs are concentrated among higher-income groups. This highlights the importance of promoting fintech adoption among low-income households to enhance their financial inclusion.

[3] Person-to-person payments (P2P), person-to-business (P2B), business-to-people (B2P), and business-to-business (B2B).

[4] The 2018 Fintech Law (LRITF) in Mexico introduced two new types of financial entities: Electronic Payment Fund Institutions (IFPE) and Crowdfunding Institutions (IFC). IFPEs are authorized to offer electronic payment fund accounts, which function like prepaid debit accounts. These accounts allow users to store funds (physically or digitally) and carry out transactions such as sending, receiving, and transferring money or virtual assets. IFPEs can operate with local currency, foreign currencies, and regulated virtual assets, and may handle cash transactions with prior approval from the financial regulator (CNBV). However, they are prohibited from offering credit or paying interest on account balances. Some IFPEs issue cards for ATM withdrawals and purchases via POS terminals or online. Funds received by IFPEs must be deposited in demand accounts at financial institutions or invested in overnight government securities repos. Importantly, these funds are not protected by deposit insurance or government guarantees.

2.2. Mobile payment platforms

10. Among the available payment methods for everyday transactions—both peer-to-peer (P2P) and face-to-face person-to-business (P2B)—three stand out for meeting similar needs: card payments (debit and credit) made at the point of sale (POS); mobile payments using digital wallets where the card is not physically present; and mobile payments linked directly to savings or payroll accounts, without involving a card. The first two types of payments are processed through card payment clearing houses, while the third relies on a real-time processing and settlement systems.

11. The availability of multiple payment options for both consumers and businesses plays a crucial role in shaping the fees charged by service providers, as it introduces competitive pressure and encourages more efficient pricing.

12. Mobile payment platforms that offer alternatives to physical and virtual cards, potentially at lower costs, have been introduced. However, the adoption of these systems has been modest compared to similar technologies in other countries.

13. For example, in 2019, the central bank (Banxico) launched CoDi, a QR-based payment system designed as an alternative to traditional means. CoDi offers instant transfers, no fees or chargebacks for users, and immediate availability of funds for recipients. Commercial banks are required to offer CoDi free of charge to their clients, and third-party developers are allowed to build applications that facilitate its use for merchants.

14. Despite these benefits, CoDi has yet to achieve widespread adoption. It accounts for less than 1% of daily transactions. From its launch through the first quarter of 2024, CoDi registered 11.9 million cumulative transactions—less than half of the annual target. As of 2024, 1.6% of the population had engaged with the CoDi platform at least once. While adoption has been gradual, this presents a valuable opportunity to enhance its reach by improving interoperability and exploring incentive structures that encourage greater participation from banks and developers—within the framework of existing regulations.

2.3. Fintech as a Service

15. Digital correspondents, or Fintech as a Service (FaaS), enable non-financial companies to offer financial services—like payments, wallets, loans, and insurance—under their own brand using white-label solutions from licensed financial institutions. This model expands access to financial services and enhances user experience.

16. In Mexico, digital correspondents were unregulated until July 2024, when a resolution allowed commercial and development banks to partner with third parties to offer digital services. Building on this progress, extending similar opportunities to other financial entities such as Sofipos[5] and IFPEs could further enhance innovation and expand access to financial services across a broader segment of the population**.**

17. While physical correspondents have expanded financial coverage in Mexico, telecom networks reach even further. To improve access, banks without digital

[5] Sofipo (Popular Financial Society) is a regulated financial institution that offers services such as savings, loans, and payments, mainly to individuals and communities with limited access to traditional banking. They are supervised by the CNBV (the National Banking and Securities Commission, the sector regulator) and operate under the Law of Popular Savings and Credit. Their goal is to promote financial inclusion in underserved and rural sectors.

infrastructure could partner with fintech platforms to deliver services more efficiently using existing digital networks and customer bases.

2.4. **Electronic Payment Fund** Institutions

18. IFPEs were originally designed to facilitate circulation and payments rather than serve as a store of value. As such, refining the regulatory framework to better align with their operational model could help preserve their efficiency and promote healthy competition across different payment systems.

19. For prudential reasons, IFPEs are subject to regulations requiring operational continuity plans including the use of dual cloud infrastructure, that is IFPEs must either maintain their own infrastructure or contract a second provider located in a different jurisdiction (two cloud service providers in different jurisdictions). This measure aims to ensure resilience against failures or restrictions imposed by foreign authorities. However, this requirement may present challenges to the cost-efficiency that defines the IFPE model and could create opportunities to further enhance their competitiveness with traditional banks

2.5. Regulatory barriers

20. Regulation in the payments market plays a crucial role in ensuring stability and trust. Aligning regulatory requirements more closely with the specific risk profiles of different financial entities could further enhance competition and innovation. For instance, IFPEs—designed with lower systemic risk—currently face stricter requirements than traditional banks in areas such as business continuity and third-party agent usage. Adjusting these requirements proportionally could level the playing field and unlock greater potential for inclusive financial services.

21. The recent inclusion of banks in digital correspondent regulation marks a significant step toward expanding access to financial services. Building on this progress, extending similar capabilities to IFPEs and Sofipos could further strengthen interoperability and foster a more inclusive and competitive payment ecosystem. Allowing IFPEs to act as digital correspondents for other financial institutions would also enable them to contribute more actively to innovation and outreach, particularly in underserved segments of the population.

22. Mexico's current financial regulatory framework, which is based on the type of entity rather than the nature of the activity, presents an opportunity for modernization. Aligning regulations with the principle of 'same activity, same risk, same rules' could help ensure a more level playing field across providers offering similar services, such as payments. This shift would promote fairness, encourage innovation, and support a more dynamic and inclusive financial ecosystem.

23. The Fintech Law's mandate for sharing open, aggregated, and transactional data marks a significant step toward fostering innovation through open finance. To fully realize its potential, the timely issuance of secondary regulations by the relevant authorities—CNBV, CNSF, and Consar—would be instrumental. This would empower new market entrants with access to essential data, enabling them to develop more innovative, competitive, and user-centric payment services.

3. Competition enforcement

3.1. Investigation in the market for the development, distribution, and payment processing of mobile applications and digital content[6]

24. In September 2022, Cofece launched an investigation to determine whether there has been abuse of dominance in the market for the development, distribution, and processing of payment mobile applications and digital contents and related services.

25. Mobile apps provide a wide range of functionalities and content for electronic devices such as smartwatches, tablets, and smartphones. Among the most popular types of apps are those related to video games, entertainment, photography, and social media. These applications are developed by software creators and distributed primarily through app stores. Developers can monetize their apps through various business models, including advertising, in-app purchases, and paid downloads.

26. This ongoing investigation aims at examining the business models used by developers and the mechanisms through which payments are processed within app stores. The research is particularly relevant given the scale of the market: in 2021 alone, Mexicans downloaded over 4.8 billion apps, generating approximately 29 billion Mexican pesos in revenue for developers.

3.2. Barriers to competition in the card payment processing market[7]

27. In September 2023, Cofece determined the lack of competition conditions and identified barriers to competition[8] in the market of card payment processing services operated by clearinghouses. These barriers contribute to the exclusion of vulnerable populations and micro, small, and medium-sized enterprises from the financial system, as they are unable to afford the high transaction fees.

28. Card payment processing services allow customers to pay businesses using cards. These transactions begin when a customer uses a card at a point-of-sale (POS) terminal,

[6] File IO-005-2022. Press release available in English at: https://www.cofece.mx/wp-content/uploads/2022/10/COFECE-031-2022_ENG.pdf

[7] File IEBC-005-2018. Complementary note in Spanish available at: https://www.cofece.mx/wp-content/uploads/2023/09/Nota-complementaria.pdf

[8] The Federal Economic Competition Law grants Cofece with the power to identify and address barriers to competition and essential facilities. This provision enables the Commission to analyze a specific market when there are indications of potential distortions affecting the competition process – distortions that may not necessarily arise from the conduct of a specific economic agent, but rather from market structures, conditions of regulatory frameworks. Therefore, the procedure established in the competition law is not aimed at sanctioning anticompetitive conducts by economic agents. Instead, it seeks to identify structural problems through an investigation of a specific market, to order their correction through various remedies. The competition law defines barriers to competition as any structural characteristic, fact or act of economic agents that prevents access to competitors, limits their ability to compete in the markets or prevents or distorts competition, as well as legal provisions that unduly produce such adverse effects to the competitive process. To eliminate such barriers to competition, the Commission may impose two types of remedies: (i) behavioral, which oblige economic agents to act in a specific manner or cease performing acts that distort the competitive process; and (ii) structural, which allow modifying the structure of a market, including the possibility of divestiture of assets, rights or social parts, with the objective of generating or restoring competitive conditions in the markets. In addition, Cofece may issue recommendations to authorities at any level of government to eliminate the regulatory barriers detected.

which requests authorization from the issuing bank. If approved, the business receives payment. This process relies on an electronic communication service between banks, provided by clearinghouses, which charge a fee per transaction.

29. In Mexico, the average interchange fee between banks is 1.36%, significantly higher than the 0.2% average in European countries—six times more expensive. Correcting the identified anticompetitive effects would stimulate consumption, encourage formal economic activity, and enhance financial inclusion. Greater access to financial services supports savings, financial planning, and resource management, while also reducing risks and promoting economic development.

30. According to the sector regulator (CNBV), the number of POS terminals in Mexico grew by 5% in 2021, reaching 4.3 million. However, Mexico still lags behind countries like Brazil and Argentina in POS terminals per capita.

31. During its investigation, Cofece found that only two clearinghouses—E-Global and Prosa—were operating in the market. Two additional entities, despite having the necessary permits, were unable to enter the market due to existing barriers.

32. Cofece concluded that effective competition does not exist in this market due to the following reasons:

- The market is highly concentrated, with only two active providers.
- The regulatory framework favors the status quo, protecting incumbent clearinghouses and hindering the entry of new competitors, innovation, and service differentiation. This is reinforced by self-imposed operating rules and uniform fee structures.
- Clearinghouses are owned by banks that also issue cards and provide POS terminals, creating potential conflicts of interest and facilitating anticompetitive practices in related markets.

33. To address these issues and restore competitive conditions, Cofece recommends:

- The central bank (Banxico) and the sector regulator should revise regulations to ensure that the interoperability of card payment networks is guaranteed by the authorities, not by market participants.
- Interchange fees should no longer be set by consensus, allowing for competitive differentiation.
- The formula for determining interchange fees should be revised to consider system operating costs, incentives for cost reduction, and financial inclusion goals.
- Banxico should amend regulations to ensure fair certification and connectivity between new and existing clearinghouses.
- Banxico should establish protocols for information handling within clearinghouses to prevent collusion among banks.
- Banxico and CNBV should assess the need to regulate the qualifications and affiliations of clearinghouse board members to avoid conflicts of interest.
- E-Global and Prosa should implement and promote compliance programs aligned with the Federal Economic Competition Law and appoint compliance officers.

34. These actions aimed at having an efficient card payment processing services market, with more participants, greater innovation, and lower costs for businesses, cardholders, and banks.

4. Competition advocacy

4.1. Study of competition and free market access in digital financial services[9]

35. In October 2024, Cofece published a comprehensive study on the market for digital financial services, including mobile payments. The study identified structural, behavioral and regulatory barriers that limit competition and provided recommendations to improve access to financial services, reducing costs and promoting financial inclusion. Main recommendations of the study are:

- Simplify account switching: Enable users to fully transfer their bank accounts—including settings like direct debits—between institutions without extra effort, encouraging competition.
- Expand payroll portability: Allow payroll transfers not just between banks but also to Popular Financial Societies (Sofipos), giving users more options for receiving their salaries.
- Improve access to information: Make it easier for users to compare financial institutions and services, and ensure all providers are properly registered with regulators.
- Standardize product cancellations: Create a unified mechanism for canceling financial products, with clear steps and response times.
- Promote Digital Correspondents: Allow more commercial entities and fintech companies to act as digital access points for financial services, expanding reach.
- Advance Open Finance: Transition to a system where financial data is securely shared between institutions to foster competition and better services.

36. Specifically, in the payments market, the study recommended the following:

- Implement public policies that facilitate the adoption of Fintech solutions by low-income households, thereby encouraging greater use of non-cash payment methods.
- Ensure regulation is proportional to the level of risk: Review the regulatory framework to reconsider the operational continuity requirements for IFPEs, with the aim of eliminating the need to duplicate contracted cloud computing services. This would help reduce compliance costs for IFPEs.
- Promote the use of alternative payment methods: Promote the adoption of alternative payment methods beyond cash and card payments, in order to provide financial service users with greater freedom to choose the payment option that best meets their needs.

[9] The Study of Competition and Free Market Access in Digital Financial Services is available in English at: https://www.cofece.mx/wp-content/uploads/2024/11/EE24-F_fintech-ENG_1DEAI-1-1.pdf. Press release is available at:

4.2. Recommendations in the market for card payment acceptance services[10]

37. In November 2023, Cofece issued an opinion with recommendations aimed at enhancing competition conditions in the card payment acceptance market.

38. To accept card payments, businesses contract services from acquirers or aggregators, who act as intermediaries between merchants and card issuers. Each transaction involves two types of fees: the interchange fee, paid by the acquirer to the card issuer, and the discount rate, paid by the business to the acquirer or aggregator. The discount rate is typically proportional to the transaction amount and varies depending on the type of business.

39. Regarding services offered to businesses, Cofece identified several areas of opportunity to foster greater competition:

- Interchange fees are higher for businesses that do not verify their line of business, resulting in increased costs for those that fail to register properly with their providers.
- The information published by Banxico on interchange fees and discount rates may be difficult for businesses to access, limiting their ability to compare and choose the most suitable card payment service provider.
- The regulatory framework requires that contracts include non-discriminatory, conflict-free, and expeditious dispute resolution mechanisms. These principles must be widely understood and consistently applied by all market participants.

40. Based on these findings, Cofece issued the following recommendations to Banxico and the CNBV, within the scope of their respective authorities:

- The mechanism to implement the natural rate is made more flexible by exception, which would allow lower interchange fees to translate into lower discount rates for businesses.
- Ensure that existing mechanisms provide legal certainty for aggregators in disputes with acquirers and other participants in the payment network.
- Develop mechanisms to disseminate information that enables businesses to make more informed decisions about the pricing and benefits of services offered by aggregators or acquirers, helping them choose the provider that best meets their needs.

41. With these recommendations Cofece aims to address structural barriers in the card payment acceptance market and to promote better access to information, interoperability, and user empowerment.

42. This opinion complements other actions taken by Cofece to promote competition in the sector, including the resolution mentioned above, that identified a lack of effective competition in the domestic transaction processing services market provided by card payment clearinghouses.

[10] File OPN-002-2023, Available in Spanish at: https://www.cofece.mx/CFCResoluciones/docs/Opiniones/V199/1/6024238.pdf

5. Final remarks

43. Owning a financial product is a necessary, but not sufficient, condition for individuals to benefit from participation in the financial system. It is the active use of financial products and access channels that truly enables people to realize these benefits. Therefore, financial inclusion must go beyond mere ownership and ensure that the necessary conditions and infrastructure are in place to support effective and meaningful use.