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# Digital payments connecting businesses and people in rising economies

An overview of online commerce in Latin America and Africa

# Beyond Borders

## 2022 → 2023

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# The rise of creators' economy in Latin America – and the challenge of micropayments



# The rise of creators' economy in Latin America – and the challenge of micropayments

**IN 1996, MICROSOFT FOUNDER BILL GATES** called attention to content as “where much of the real money will be made on the internet.” This statement couldn't have been more true, especially today.

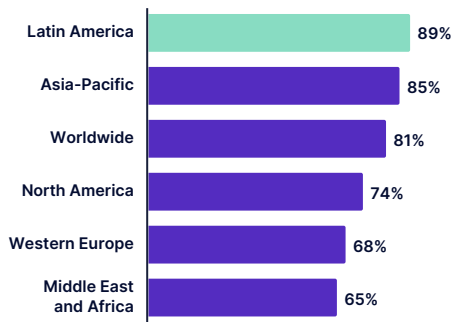
In a world where billions of people are connected and more knowledge is produced in a single day than in past decades, the internet is not only about reach and followers anymore, but about the content that one is capable of creating, and the genuine connection it fosters with users. That's why creators, who generate original content to share it online with their audiences, already account for up to 25% of the population in some countries, reaching 303 million people globally, according to [Adobe's recent study](#).

→  
**89%**  
of Latin Americas' internet users are on social media today

## Social media driven people

Latin America has the highest social media penetration in the world.<sup>1</sup>

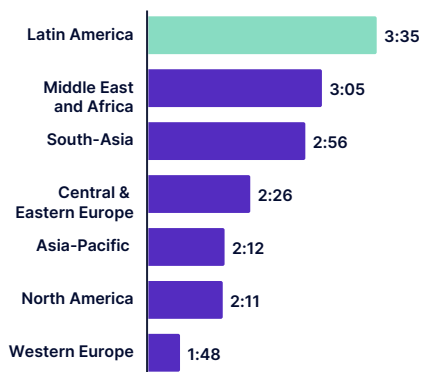
% of internet users who are on social media, 2022



## Leaders in social media consumption

Latin Americans also spend more time on their preferred social channels.<sup>2</sup>

Social media consumption per day, in hours



Brazil, specifically, is pointed out as a hotspot of this new economy, where creators “monetize their content, goods and services online by leveraging their own creativity, talents and passions,” per the same study.

This comes as no surprise, **as Latin America is the region with the highest penetration of social media in the world**, and where internet users spend the most time online.

Latin Americans are intensively connected, spending 3 hours and 35 minutes daily on social media, as stated by the [Global Media Intelligence Report 2022](#), from Insider Intelligence and GWI. The region leads the time spent on social media compared to every other part of the world. Latin Americans are even more heavy users of social media than North Americans, with 89% versus 74% of internet users’ penetration respectively, and those in the U.S. and Canada spend fewer hours on social media – clocking in at 2 hours and 11 minutes per day.

For many LatAm social media users, the internet is a place where they can “express themselves and explore their interests.” According to Adobe’s survey, half of Brazilians, for example, can be considered creators, “reshaping every aspect of culture and society.”

With Latin Americans spending so many hours online, **brands and companies have a challenge: how to connect with such a vast but scattered audience.**

Online ads are one option – and digital advertising is already a huge market in Latin America. For example, [forecasts from Insider Intelligence](#) predict digital ad spending to increase by 19% in 2022, reaching USD 15.8 billion and making the region one of the fastest-growing in the world. This category represents 50% of all ad spending in the region, primarily driven by mobile and social media.

However, partnering with creators and social influencers is now viewed as a critical strategy for companies, especially in Latin America: 41% of Brazilians already have purchased online because of a creator, followed by 29% of Mexicans and 20% of Colombians, according to [Atlantico LatAm Digital Report 2022](#).

→ **3h35min**  
is the average daily time spent on social media by Latin Americans – the highest in the world

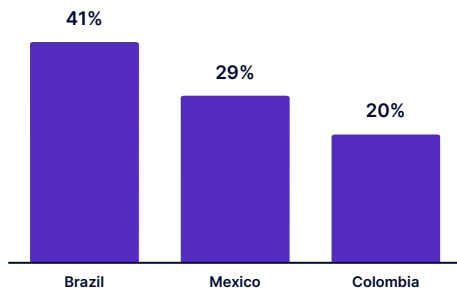
<sup>1</sup> Source: [Insider Intelligence](#), 2022

<sup>2</sup> Source: [Insider Intelligence](#), 2022

## Creators have a strong influence on online purchases

In Latin America, creators are driving online shopping.<sup>1</sup>

Purchased a product because of a creator, %



## The power of digital

Digital ads in Latin American countries are growing strongly.<sup>2</sup>

Digital ad spending growth % (2022)



“Creators’ role is key. They are the most intimate way of connecting with our consumers, having the responsibility to translate and deliver our message to their followers,” said Elio Silva, Marketing Executive Director for Riachuelo, one of Brazil’s most prominent fashion retail chains, in a [recent interview](#). Riachuelo is currently investing in partnerships with nano- and micro-influencers (with less than 35,000 followers) across the country to present their collections to the public.

The big shift here was giving voice to people who did not have one before – which is what social media has enabled. “You don’t have to be a celebrity. That was the game-changer,” said Ricardo Sangion, partner at VC firm TheVentureCity and former Country Manager of Pinterest Brazil, in an interview for this study.

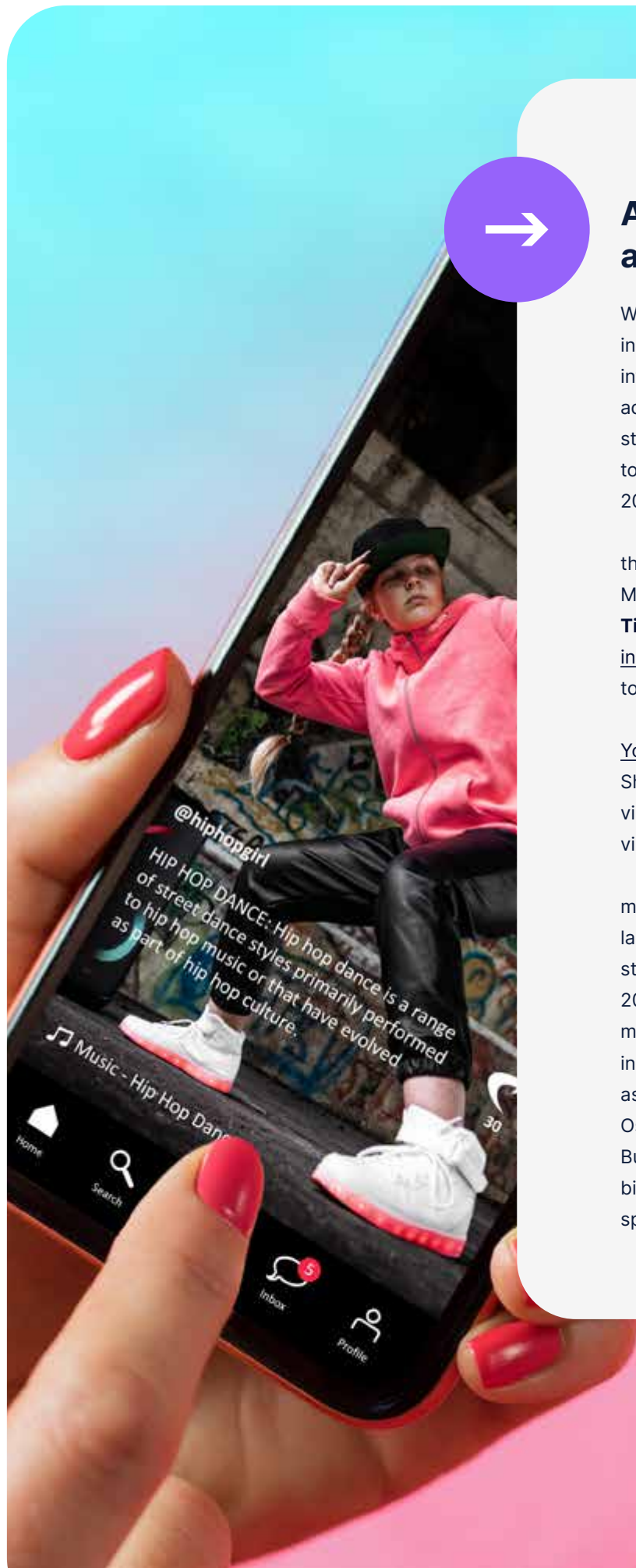
The [Influencer Revolution Report](#), launched by WGSN, a trend-forecasting company based in London, explained this phenomenon well. The report cites Nathan Tankus, a “28-year-old with no degree who became a must-read on the economy,” thanks to his Twitter posts which gave him over 100,000 followers. “New voices with a specific focus are emerging on platforms like Twitter as well as through newsletters, gaining attention for their expertise and opinion. [...] Tankus represents the new thought leader who pairs knowledge of a certain topic with the right digital tools to cultivate an engaged community.”



“Creators don’t have to be celebrities. That was the game-changer.”

### Ricardo Sangion

Partner at VC firm TheVentureCity and former Country Manager of Pinterest Brazil



## A bet from both companies and platforms

With creators gaining more and more space in the online world, companies have been investing in creators as new channels for advertising. The payout volume for influencers, streamers and gamers in LatAm, according to AMI, should grow at 60% per year through 2025, reaching USD 61 billion in 2025.

Platforms are keeping an eye on how to bring them closer and connect with their audiences. Many are investing in monetization tools, like **TikTok** did with its Creators Fund, which debuted in July 2020: an official fund created by the app to compensate creators for their content.

In response to the success of TikTok's initiative, **YouTube** also launched a Creators' Fund for Shorts in May 2021 that allocates money for video producers, with creators keeping 45% of viewership-related income.

**Spotify** already knows that good content means more revenue. The streaming platform launched in 2008 with a sole focus on music and started to open its catalog to podcasts in 2015. In 2021, Spotify's podcast ad revenue – advertising made during podcasts – achieved USD 215 million in income, with the company highlighting Brazil as a key growth market for the product. Dawn Ostroff, Spotify's Chief Content and Advertising Business Officer, called podcasts a “USD 20 billion opportunity,” as the platform continues to spend big on exclusive rights to popular shows.

## The pain point

But those results are not all coming to creators and influencers, many of whom still struggle to monetize. According to Adobe's survey, only 37% of creators worldwide earn any money from their social media posts, and about 60% of them have other full-time jobs.

Currently, the primary way for creators to earn money on social networks is through sponsored content, where brands pay for content specifically created by the influencer to raise awareness about a product or service. More than 50% of Brazilian creators said this is their main strategy to earn money, according to the [Atlantico Digital Influencer Survey](#).

But, as Atlantico indicates, **there is a significant group who is still waiting to receive any income from their digital work**. In Brazil, for instance, 23% of creators have no income from their online activity, while 50% of them make less than USD 100 per month.

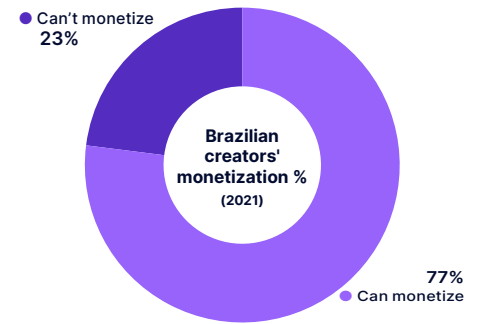
"Income earned from creator monetization tools, like tipping and subscriptions, is still incremental at best. What's more, few creators have made significant sums from the platforms' creator funds, which provide monthly payments to creators who post top-performing content. The scarce payouts have caused many creators to criticize the platforms," reads a recent [report from Insider Intelligence](#).

This scenario is often worse when we talk about Latin American creators since the majority of social media and content platforms are based outside of LatAm – so most creator payments would involve a cross-border transaction, which might be expensive and time-consuming.

Platforms still need to develop a functional strategy to keep those creators doing what they do best: engaging people. But this goal does not seem so easy to achieve. Creators have complained about dramatic, unannounced changes to payouts. "Platforms need creators to make content that drives engagement, but creators also need the platforms to provide them with the stability to do so consistently," according to a [recent analysis](#) from Insider Intelligence.

### No income source

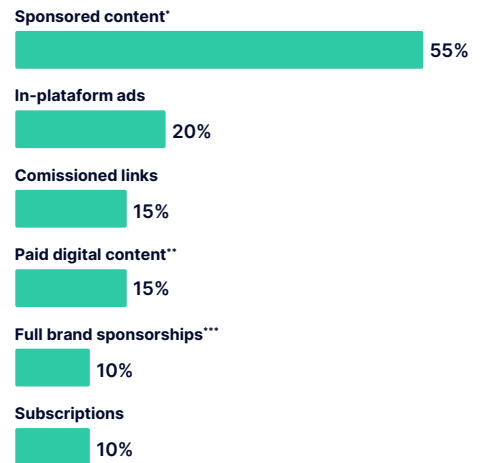
More than 20% of Brazilian creators are not able to monetize yet.<sup>1</sup>



### Brazilian creators struggle to monetize

Sponsored content remains the main source of income.<sup>2</sup>

Type of creators monetization in Brazil % (2021)



→  
**Only 37%**  
of creators worldwide earn money from their social media posts

→  
**USD 100**  
per month is the most that half of Brazilian creators earn from their online activity

<sup>1,2</sup>Source: [Atlantico Digital Influencer Survey](#)

\*Sponsored content: brands pay for content specifically created by the influencer.

\*\*Paid digital content: content is created under demand, but not necessarily tied to creator's personal image: it can be a text or an article in a blog, for example.

\*\*\*Full brand sponsorship: a closer relationship with the brand, where the creator is an official brand advocate and can produce content with exclusivity.

## A pent-up demand

According to the experts interviewed for this report, **many creators' fans would like to contribute to those who create meaningful and insightful content – as long as they have a way to do that.**

"It is about accessing something that people really enjoy: once they find it, they'll be willing to spend on that," said Sangion at TheVentureCity. "If you remove the friction on the payments side, things will happen." According to him, what is missing is a bridge between those two sides that will help build a wholly creative and content economy. And this link can be a frictionless payment method.

This trend of seeking more frictionless payment methods is on most of the platforms' radar. Instagram, for example, is "[piloting a subscription feature](#) that will let users access exclusive content from creators in exchange for a monthly fee."

On the payments side, some companies are also working to develop and launch better solutions. Visa recently launched its [Creator Commerce Program](#), to let users of social and gaming platforms tip creators, while making it fast and easy for creators to receive payments in near-real-time from anywhere in the world.

But when it comes to the Latin American market, where most consumers don't have a credit card, the goal of delivering frictionless payments for creators will still depend on the type of payment methods offered by the platform, and how quickly and intuitively the transactions can be made, especially when it comes to small-value contributions.



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**Ricardo Sangion**

Partner at VC firm TheVentureCity and former Country Manager of Pinterest Brazil

### Creators' pain points

A lack of real-time payouts is the main complaint from creators worldwide.<sup>1</sup>

Pain points, %

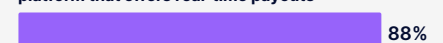
Would be willing to pay for access to near real-time payouts



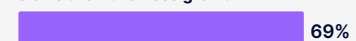
Would switch platforms to access real-time payouts



Would post more content on a platform that offers real-time payouts



Thinks that wait for payouts slows their business growth



<sup>1</sup> Source: Visa's Creator Survey





## The micropayments solution lies in alternative payments

In Latin America, region with the highest penetration of social networks and time spent online in the world, the creative economy is a multi-billion dollar opportunity: the payout volume for influencers, streamers, and gamers in LatAm should grow at 60% per year through 2025, reaching USD 61 billion in 2025, according to AMI (Americas Market Intelligence). Most of these payments, especially for nano-influencers and social media rewards, are low in value, being known as micropayments.

With few localized, low-cost and fast payout options, Latin American creators struggle to get paid in an easy, convenient, and transparent way – in **a market ready to be disrupted**. Making small-value transactions profitable and agile is one of the most significant challenges for the payments' industry today.

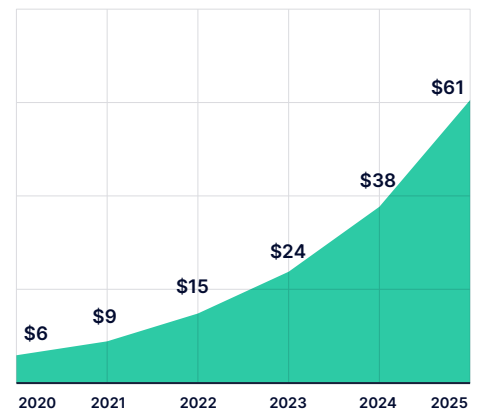
"In most situations, micropayments are too expensive. The transaction itself often costs more than the payment's value," said EBANX's Chief Product Officer Ariel Patschiki. "And it's not just about the monetary cost, but the time spent in doing this. If a fan wants to tip BRL 1 to a streamer and it takes more than two minutes, people's time is likely more valuable than that."

In other words, yes, people are willing to pay. But they are not willing to lose their time nor money doing that. This is where alternative payment solutions, like digital wallets, can be the key to creating a functional, closed-loop ecosystem, which is even more valuable in Latin America – where 72% of adults don't have a credit card, per the World Bank.

### Influencers are growing and thriving

Through 2025, payouts to influencers will grow at 60% per year in Latin America.<sup>1</sup>

Payouts to influencers, streamers and gamers in LatAm, in USD Bn



## 60% per year

is how much payouts for influencers should grow in LatAm through 2025

Some of the Alternative Payment Methods (APMs) that rose in LatAm's e-commerce during the last few years, such **as instant transfers and wallets, have the instantaneity, quality user experience and low cost needed for micropayments to be done in an easy, seamless way.**

At EBANX, for example, the vast majority of payouts done with APMs (digital wallets and Pix in Brazil) are confirmed in less than 10 minutes, with a 93% approval rate. Their average ticket value is considerably low: only USD 7.

But there is still a long path for micropayments to work smoothly when it comes to recurring, small-value contributions from fans to creators.

As shared by Patschiki at EBANX: "What is missing is the recurring payments experience. With Pix, for example, the confirmation is instantaneous, but the UX for monthly payments is poor."

"We don't have anything that mixes all together: the instantaneity of Pix combined with the UX of the mobile phones, with the strength of a financial institution, for instance," added TheVentureCity's Sangion.

In Brazil, Pix's upcoming resources, such as the recurring payments tool (which has no defined launch date yet), are seen as a new horizon for the industry. Some players are already offering homemade solutions for that, using scheduled Pix. Across LatAm, digital wallets have been offering a seamless recurring payments experience, working very well for low-value payments, but with small acceptance among digital merchants.

"When the friction on the payments' side diminishes, this industry is going to explode. There is already enough demand for that," said Patschiki.



"When the friction on the payments' side diminishes, the creators' industry is going to explode. There is already enough demand for that."

**Ariel Patschiki**

Chief Product Officer at EBANX

This, of course, needs to apply to cross-border payments, eliminating borders for the growing creator economy. "Why would I have to care about whether a payment is international or not? Content is not just from Brazil or the country I am based in. The platform needs to manage that," said Sangion.

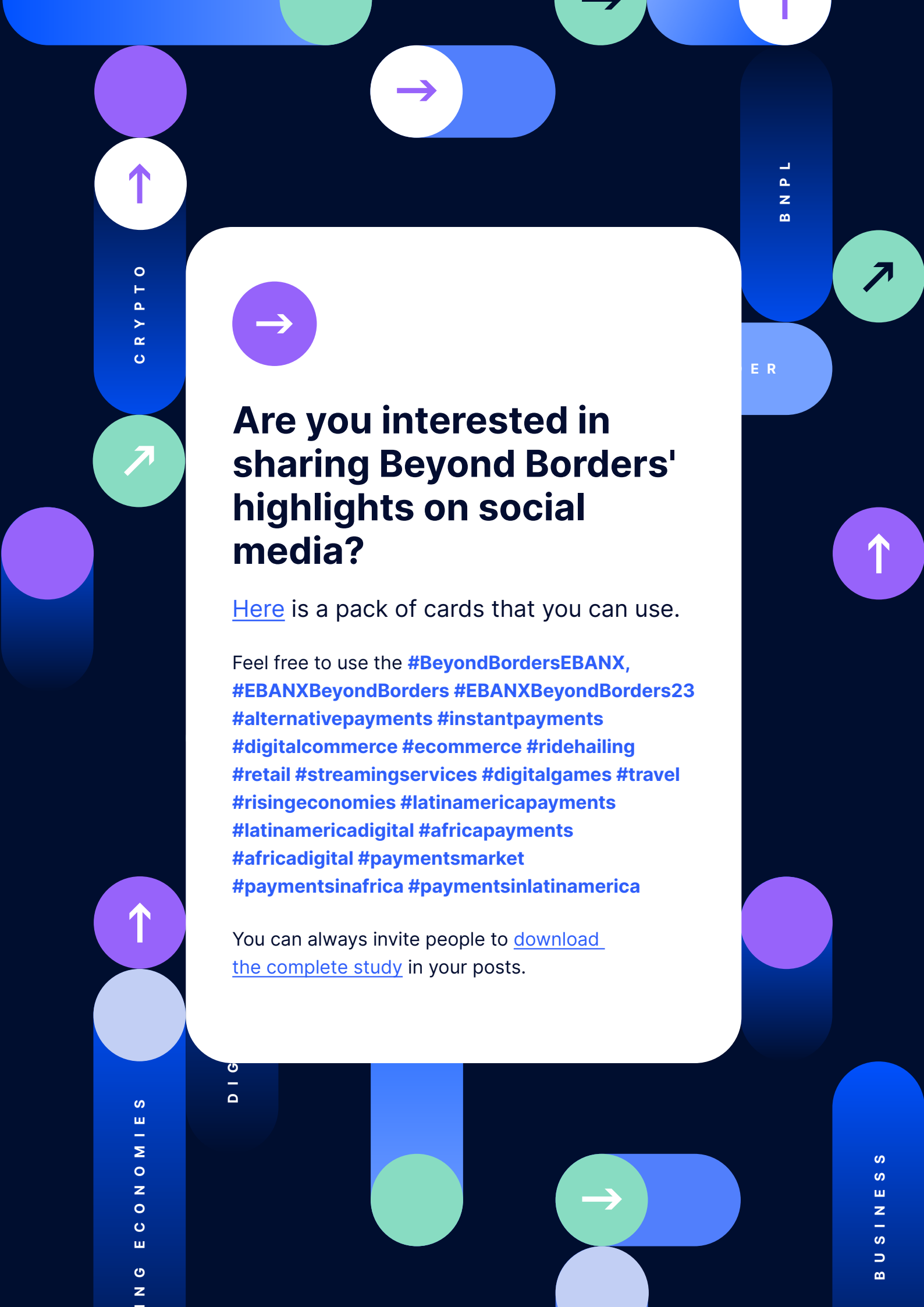
In other words, **payments have the power to develop a global network that links creators to their audiences worldwide and enables trusted connections between people.** And in LatAm, this will not happen through cryptocurrencies or any other tech novelty in the near term, as some industry experts have imagined – but sooner, through APMs. ●

## The success of alternative micropayments

With an average value of USD 7, payouts done with digital wallets and Pix are confirmed in less than 10 minutes.<sup>1</sup>

<b>Median ticket</b>	USD 7
<b>Confirmation time</b>	96% of payments are paid under 10 min
<b>Approval rate</b>	93%

<sup>1</sup> Source: EBANX internal data (all payout transactions from Jan-Oct/2022, using digital wallets and Pix)



CRYPTO


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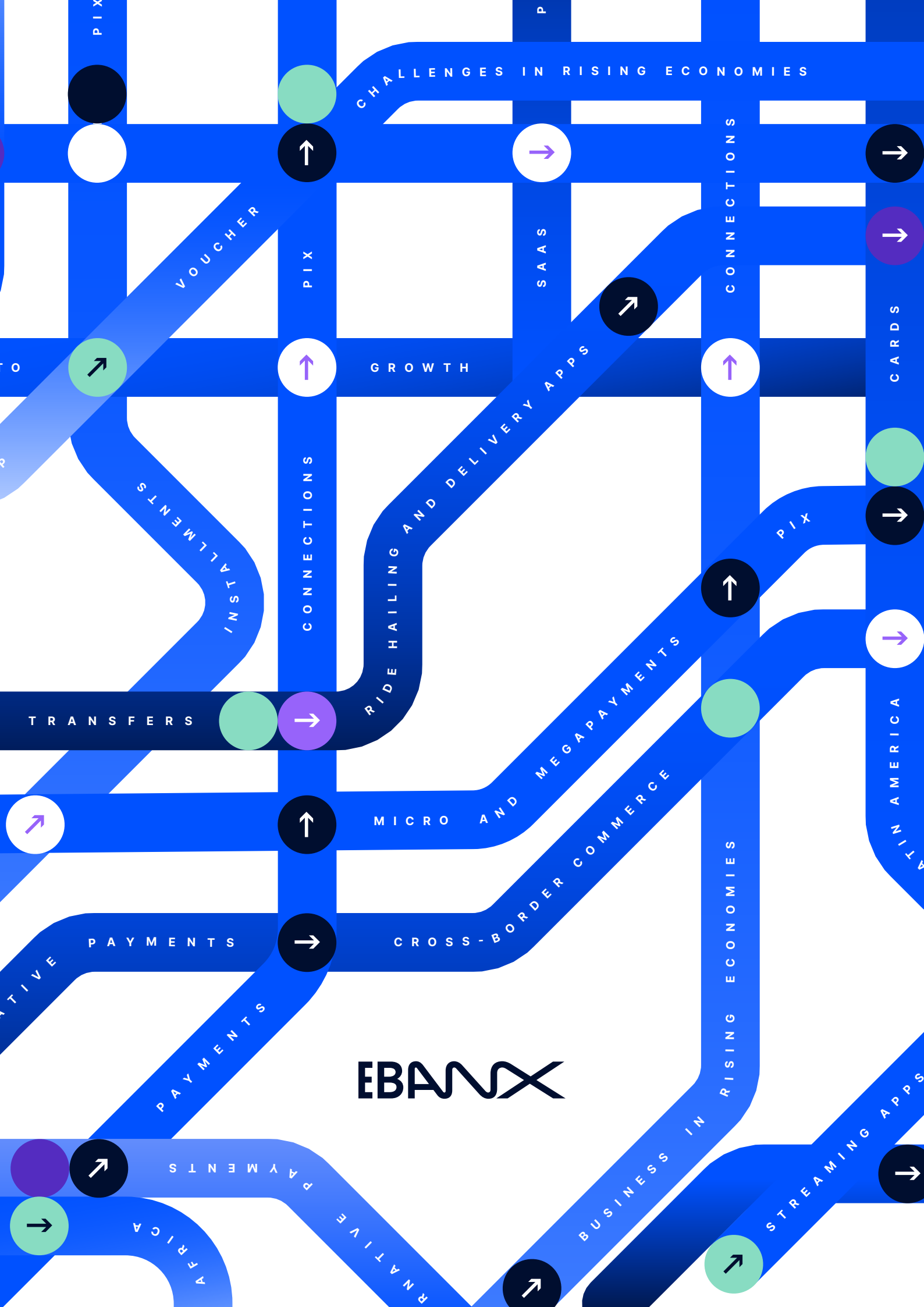


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