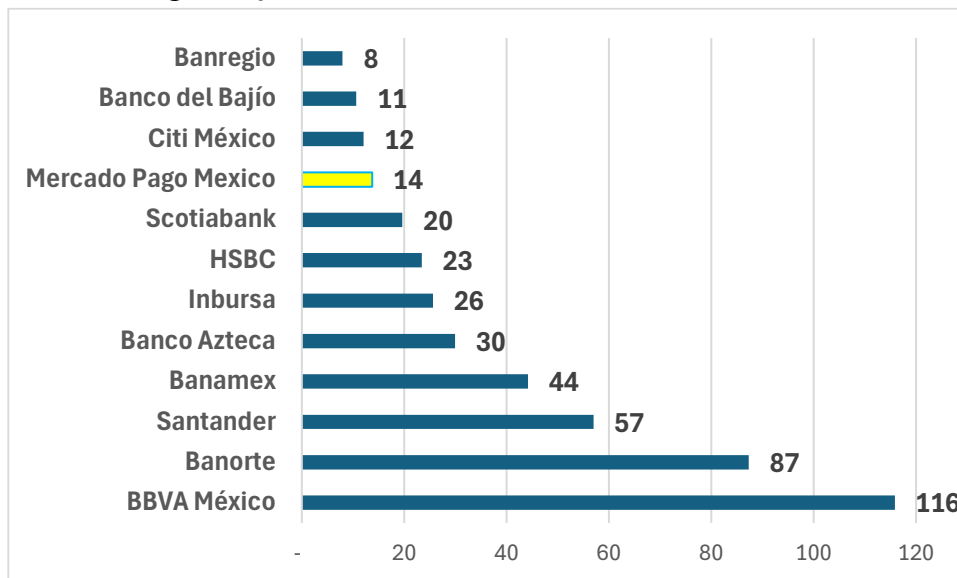


Mexico FinTech News

Mercado Bank, the giant Mexican non-bank bank

Mercado Pago has quietly become one of Mexico’s largest “non-bank banks”, already rivaling, and in some metrics arguably surpassing, mid-tier traditional lenders such as BanBajío in terms of revenues, transaction volumes, consumer reach and overall market impact. That makes its pending transition into a fully licensed bank arguably the key Mexico fintech issue in 2026 and 2027. A banking license would not only improve disclosure and regulatory transparency, but also allow Mercado Pago to deepen its push toward becoming a principal financial institution for SMEs and mass-market consumers, its ultimate strategic ambition in Mexico. But without a license it might lag fintech competitors like Nu, Revolut, Klar and Plata that have or soon will have their license, can thus offer payroll loans, cut their funding costs, etc., and of course suffer versus the incumbent banks.

Mercado Pago sits just outside the G7



Source: CNBV, Mercado Libre, Miranda Partners. Figures for 1Q26 in MXN bn. For banks, figures include the sum of interest income, gross fee income and trading results.

So far, however, the CNBV has moved cautiously, even by its standards, with limited visibility on timing despite Mercado Pago having reportedly submitted its application long ago. (Of course the CNBV may not be at fault, and Mercado Pago may have mishandled its application; it's impossible to know from the outside.) The company’s sheer size and growing systemic relevance makes approval more urgent, even if size complicates the application with the amount of information required. Still at some point regulators may reasonably conclude (or at least they should) that it is preferable to have such a large financial actor operating inside the fully regulated banking perimeter rather than outside it. It makes little sense for Mercado Pago to be without a license when most of the smaller fintechs now have one or will very soon.

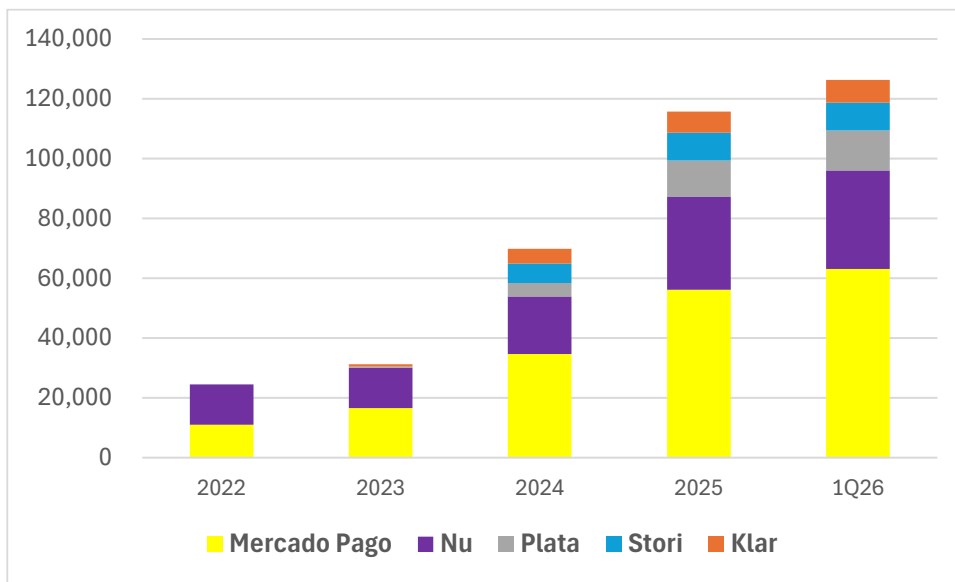
Precisely quantifying Mercado Pago Mexico scale is difficult because while the company has developed an innovative, high-quality communications strategy (see their industry-leading IR podcast [here](#)) geographic-level detail by region on its Fintech division Mercado Pago reporting remains selective. Moreover, the bulk of its operations in Mexico are conducted through lightly or unregulated entities: For Nubank we get fairly detailed numbers from the Mexican regulator every month, since it operates as a Sofipo, but Mercado Pago's IFPEs and SOFOMs are not required to give out much information.

Further, Mercado Pago operates a diverse group of businesses, mostly credit (consumer credit cards and loans to merchants), interchange fees (on credit and debit cards), and acquiring business (terminals to SMEs). Overall revenue of US\$781 mn for 1Q26 (\$471mn in credit revenue and \$303 mn in financial services/income and \$7 mn in product sales) captures the different activities, but the costs and thus margins associated with these revenues will vary a lot by segment.

What is though clear is how fast the business is growing. In its first-quarter 2026 report, Mercado Pago's US\$781 million in fintech revenue was up an extraordinary 75.7% year-on-year. Total Mercado Libre revenue in Mexico reached US\$1.98 billion, so fintech now accounts for almost 40% of country revenues. Mercado Pago's total payment volume in acquiring grew 46% year-on-year on an FX-neutral basis across merchant payments, QR, checkout and point-of-sale transactions.

Mercado Pago is, by far, Mexico's largest fintech

CNBV discloses loan figures for Sofipos down to the penny every month (Nu's Mexican portfolio as of December 2025: MXN 31,008,494,736.23). For Mercado Pago, we have to make some (admittedly, quite very) rough estimates: Mexican credit revenues (which are disclosed quarterly) represent about a quarter of consolidated credit revenues, so it could follow that Mexican loans (which are not disclosed) are about a quarter of total loans (disclosed in the quarterly SEC filing). One could try to fine-tune that estimate stripping out reported figures for some of the securitized Brazilian loans, but ultimately, the sheer size of Mercado Pago makes the point somewhat moot: whether it's 20% or 29% of the consolidated total, Mercado Pago Mexico is as large as its main Mexico fintech peers *combined*, at about MXN 63 bn as of 1Q26 (~US\$3.5 bn).

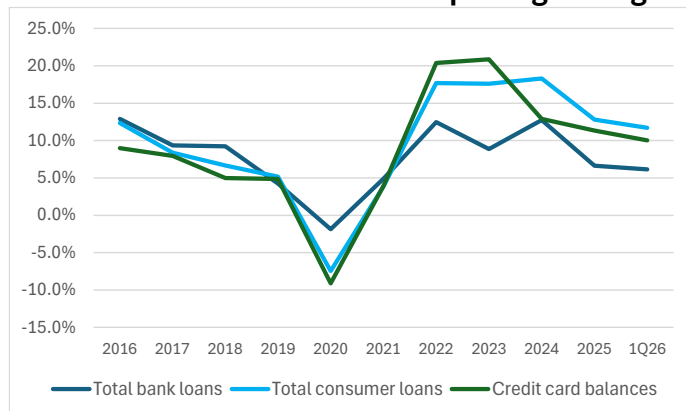


Source: Company data, CNBV, Miranda Partners estimates. Figures in MXN mn.

There is no easily discernible fintech impact on the banking system growth

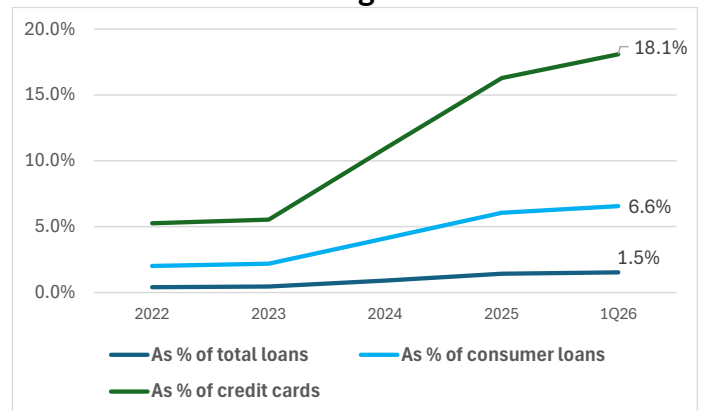
One might believe that the advent of fintech challengers has put a dent on, say, overall bank credit card growth over the past years; one would be wrong. In fact, bank consumer loans have maintained a higher growth even after the post-Covid rebound, relative to the pre-fintech years. The relative slowdown of total loans in 2025 was driven by lower growth in corporate loans (which represent about half of the total) and the sharp contraction in Pemex and CFE bank loans. So, if anything, fintechs have pressured traditional banks to step up their game in consumer credit, rather than substitute for them.

Banks' consumer loans have kept on growing...



Source: CNBV, Miranda Partners. YoY growth.

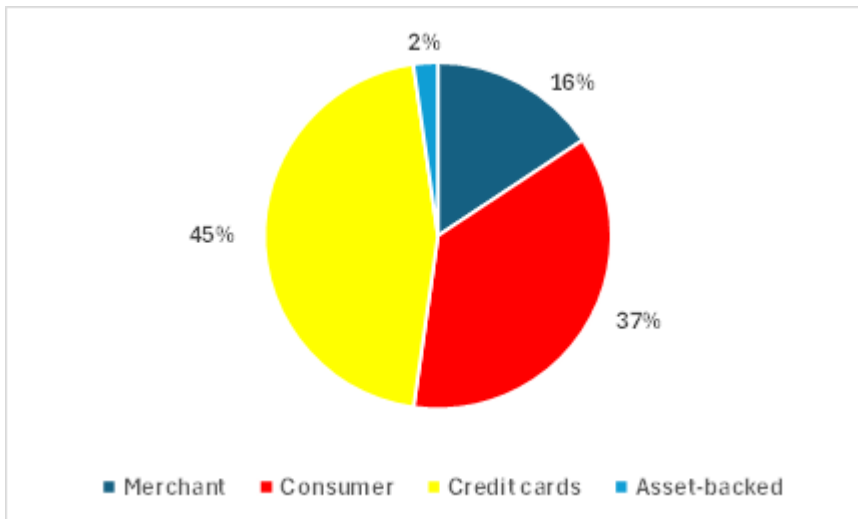
...as fintechs' overall weight remains low



Source: CNBV, Company data, Miranda Partners estimates.

Any takeaways for the other fintechs?

Size matters, but so does diversification. Unlike its peers, Mercado Pago does not exclusively focus on credit cards, it also has a sizeable portfolio of merchant loans; since it knows what its merchants have historically made on its platform, it can make fairly safe forecasts of what they can afford to borrow.



Source: Mercado Libre, Miranda Partners. Consolidated portfolio composition as of 1Q26.

Other Mercado Pago businesses in Mexico?

Financial services and income generated US\$303mn in the 1Q26, driven by merchant acquiring and interchange. Mercado Pago has become the major merchant-acquiring platform in Mexico, particularly among SMEs and micro-merchants underserved by banks. Management has put its terminal base at above 1 million active POS devices, which would make it the country's largest payment aggregator by terminals, compared to roughly 1.4 million terminals operated by banks in aggregate. (By volume it still lags the largest incumbent banks that process far more by terminal.)

On the issuing side, Mercado Pago is building a payments revenue stream through debit and credit cards, earning interchange when its cards are used beyond the Mercado Libre marketplace. Detailed interchange revenue by country is not disclosed, but if Nu was at MXN 2.7 bn in interchange fees in 2025, it is reasonable to assume that Mercado Pago is not far from that.

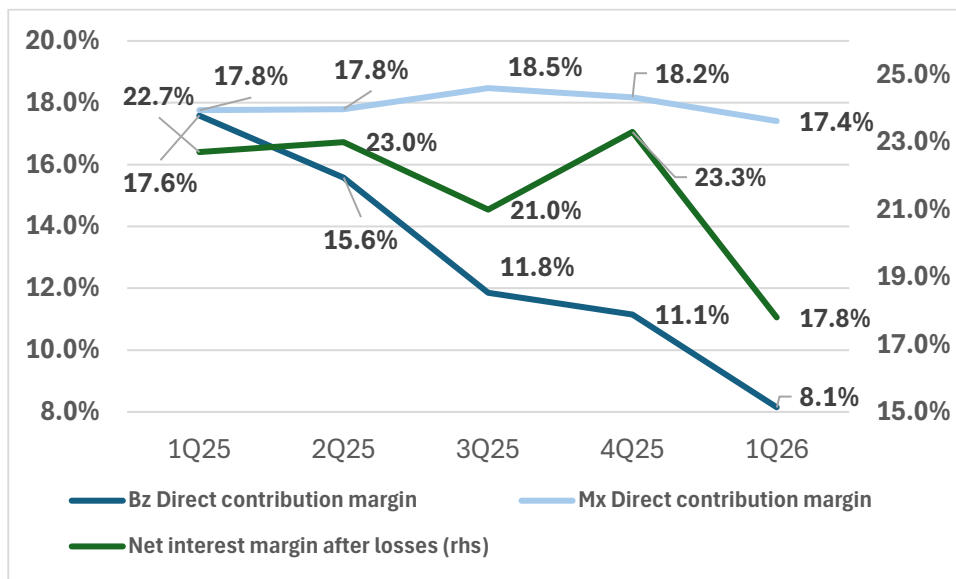
So is Mercado Pago profitable in Mexico?

Yes, most likely. As we [recently discussed](#), Mexican resiliency versus pressures in South America has been a silver lining for both Mercado Libre and Nubank as the competitive (and political) environment in Brazil and Argentina heats up. Judging by the high correlation (0.72) between the Brazil contribution margin (essentially, the country's operating profit margin, which includes provisions) and the decline in the consolidated NIMAL (net interest margin after credit losses), and the relative stability of the Mexican contribution margin, it follows that the Mexican (undisclosed) NIMAL should be around the 20% level, or at the very least, in the mid-high teens. This, however, does not include operating expenses, but since the Mexican contribution margin (which does) is well into the teens, we believe assuming profitability for both e-commerce and fintech in Mexico is reasonable.

There are also some structural reasons why Mercado Pago might be more profitable than its Mexico fintech rivals. Given that Mercado Pago already has a huge base of customers from its Mercado Libre

footprint, it's likely it has lower marketing and customer acquisition costs than its main fintech rivals. And further as Mercado Pago is mostly promoting credit cards to people already on its platform for e-commerce purposes, and on whom it has lots of data on shopping habits, it probably suffers less adverse selection than other new entrants: that is, attracting fewer clients who are fishing for cards because cannot get credit elsewhere and are a poor risk, and because of its e-commerce data Mercado Pago is in a better position to identify them and turn them down.

An elevated cost of funding on “deposits” may be depressing margins for now, although lack of data makes this hard to quantify. As Mercado Libre is an IFPE (among other vehicles) it is not allowed to offer clients interest. It gets round this by onboarding clients via GBM brokerage accounts (GBM has reported about 5.5mn active accounts, perhaps a majority of which come from Mercado Pago). Subject to certain conditions of minimum spending, Mercado Pago clients receive 13% yield on the first MXN 25,000 in the account and after that 6% yield for a maximum cumulative MXN 25,000/month deposited – after that there is no yield. Mercado Pago will be paying the difference between the rate it offers clients and CETES of 6.5% plus some operating costs, a material drag on profitability. On other hand, Mercado Libre at the consolidated level can fund itself via extremely competitive rates on bonds, so the actual impact on profitability of its funding structure will depend on how much of its funding is at 13%, how much at 6%, how much at 0%, and how much via corporate bonds and its own equity.



Source: Mercado Libre, Miranda Partners.

Fintech México says more openness needed

Eight years after Mexico's Fintech Law, trade group Fintech México warns that regulatory and operational friction is still putting the brakes on the ecosystem, especially in authorizations, payments, open finance and crypto. It flags oversized licensing demands, long wait times, tight limits on ITF

ownership and outsourcing, plus unequal access to payment rails that favor incumbents. A restrictive virtual-assets regime and the absence of a robust, standardized open-finance framework add more drag, raising compliance costs and uncertainty.

El Economista, 20/05/26, Sebastián Estrada: [Fintech México Identifies Sector Barriers](#). | Full report: [Link](#).

Klar to enter mortgage segment with Yave acquisition

Fintech Klar announced it has acquired Yave, a proptech specialized in mortgages. Founded in 2018, Yave has originated MXN 5 bn in mortgage loans, using a fully digital process. While the mortgage segment has a much lower default rate (it had a 3.7% adjusted NPL ratio as of March, compared to 13.1% for credit cards, according to CNBV figures for the banking system), it also has much lower active rates (around 12%, compared to over 100% for credit cards), with most banks treating the segment as a way to increase customer retention and cross-selling (most notably insurance products tied to the mortgage).

DPL News, 19/05/26, Raúl Parra: [Klar to launch mortgage loans following Yave acquisition](#).

Additional reading...

- [Sheinbaum rules out impact on remittances from Trump's new executive order](#).
- [Antitrust regulator fines Banorte and Rappi for unauthorized JV](#).
- [AI, sustainability and financial well-being drive Mexico's FinTech evolution](#).

LatAm FinTech News

Boa sorte with that: Mastercard wants help dealing with Banco Master's fallout

Mastercard is asking merchant acquirers and other firms for help in dealing with the bankruptcy of Banco Master and its fintech arm, Will. The company is on the hook for close to US\$1 bn, half of which it has already paid to processors. Mastercard argues that a recent law that makes networks "fully responsible" for ensuring such payments should not apply, since it was enacted after Will's collapse. To exactly no one's surprise, Brazilian companies have been less than receptive: "Acquirers could not, cannot, and will not be able to choose the issuers that are part of the payment scheme, nor are they responsible for the guarantees linked to the transaction", said acquirer Cielo in a statement.

Bloomberg, 22/05/26, Matheus Piovesana: [Mastercard Asks Payment Processors to Help With Will Bank Losses](#).

Additional reading...

- [The 10 Colombian start-ups that took in the most money in 2025](#).
- [Colombian Lulo Bank becomes first bank to offer access to digital gold](#).
- [Colombian paytech Abroad launches EchoPay to simplify in-person payments and management](#).
- [Evertec deepens Latin America push with Brazil M&A, Chile contract](#).

Global FinTech News

President Trump pushes Fed, now on fintech innovation

President Donald Trump signed an executive order telling the Federal Reserve and other regulators to review rules that may be choking fintech innovation and to consider wider access for fintech and other non-banks to Fed payment accounts and services. The move puts “master account” access for unconventional players like crypto-focused firms back in the spotlight and nudges the Fed to rethink how far it is willing to open its rails beyond traditional banks.

Reuters, 19/05/26, Staff: [Trump tells Fed to consider fintech access to payment accounts](#).

Additional reading...

- [Fed proposes limited payment accounts for fintechs, others](#).
- [ECB summons banks to urge them to fix flaws exposed by latest AI models](#).
- [Bank Boss Apologizes for 'Lower-Value Human Capital' Comment](#).
- [China to crack down on 'illegal' cross-border securities](#).
- [Mercury hits \\$5.2 billion valuation as fintech firm banks on AI startups](#).

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