



Canning House



Increasing Trade and Investment Between the UK and Latin America:

A view from the Banking, Finance and Fintech Sectors

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On 16th September 2020, Canning House hosted a trade policy roundtable on the Latin American Banking, Finance & Fintech Sectors in collaboration with the Department of International Trade (DIT) and the City of London Corporation. The event was attended by a select group of business leaders representing UK financial services companies with an active interest in Latin America.

The event began with an overview of UK trade activity with Latin America, followed by a presentation on the work DIT is doing to remove market access barriers in order to help UK businesses thrive in Latin America. The opportunities for pension funds, asset management, cryptocurrency and money transfer services was highlighted, along with the importance of following up Free Trade Agreements with commercial opportunities in the region. This was then followed by an interactive roundtable discussion between all participants.

The conversation began with a discussion about the opportunities that participants felt were available in the region. Many nations seek out British expertise in the financial services sector, and are taking steps to open up their financial markets to foreign capital. However, there were a number of potential drawbacks highlighted by those present. Several participants commented upon the lack of talent in the region, with a very limited pool of individuals possessing the financial expertise required to help businesses grow. This was contested by other participants, who stressed the high numbers of qualified graduates in the more developed countries such as Mexico with the necessary skills to help businesses grow. The fear of becoming unwittingly involved in corrupt practices was also a concern for several companies, as well as the cultural and language barriers faced when operating the region. A

number of participants also mentioned the complex legal framework existing in the region and the reluctance for domestic businesses to engage with international law firms, making it challenging to find common regulatory ground. It was frequently noted that although Latin America offered certain appeal for businesses, the capital available and the ease of doing business in regions such as Asia Pacific and the Middle East almost always tipped the odds in favour of those more established international business hubs, making it difficult for Latin America to attract attention. It was interesting to note that businesses did not report having encountered any major barriers to market access in the region in this sector, and reluctance to do business was usually due to perceived problems or more attractive propositions elsewhere in the world.

Several participants highlighted the strength and potential of the Latin American Fintech market, with a number of individuals seeing it as the future global hub for the sector. Both Brazil and Mexico are key markets, particularly in Mexico where a majority of citizens are unbanked, and where there are long-standing Fintech laws and regulatory frameworks. It was also commented upon that Brazil and Mexico are over-served markets, and there was value to be had elsewhere in the region, particularly in Peru, Colombia and Chile. However, this brings separate problems such as the high incidence of poverty and undocumented workers.

Moving forward, there were a number of key points to take away from the meeting. The need for the government to communicate what trade policy and negotiations will mean in real terms was stressed, and participants identified four key areas to focus on regionally: asset management for pension funds, infrastructure investment, green investment, and Fintech.