BBVA Spark

# Mexico coming in hot

## The startups and entrepreneurs spearheading the country's technological transformation

**THREE FACTS AT A GLANCE...**

### Second country in Latin America

Mexico is the **second country in Latin America*** in terms of the size of its entrepreneurial ecosystem, and 37th in the world ranking.

### Top 10

Mexico City and Monterrey have made their way into the list of the **top 10 most entrepreneurial metropolises** in Latin America and the Caribbean.

### Key player in global entrepreneurship

The pull of unicorns and a startup-friendly environment make the country a **key player in global entrepreneurship.**

** Second only to Chile, according to StartupBlink data in 2023. Hispanic America includes Spanish-speaking countries in Latin America and the Caribbean. Brazil is not included in this category.*

## INVESTMENT SNAPSHOT

The global slowdown in venture capital is also noticeable in Mexico, but Mexican startups and scaleups are proving their capacity to attract venture capital.

**Investment secured by Mexican startups** **-47%**

| | |
|---|---|
| **2021** | 15.3B USD* |
| **2022** | 8.1B USD* |

**Number of investment rounds** **+34,7%**

| | |
|---|---|
| **2021** | 582 rounds |
| **2022** | 784 rounds |

**Billions of US dollars*

With a 37% drop in venture capital deals in the first half of 2023 compared to last year, Mexican entrepreneurs are increasingly challenged to access capital.

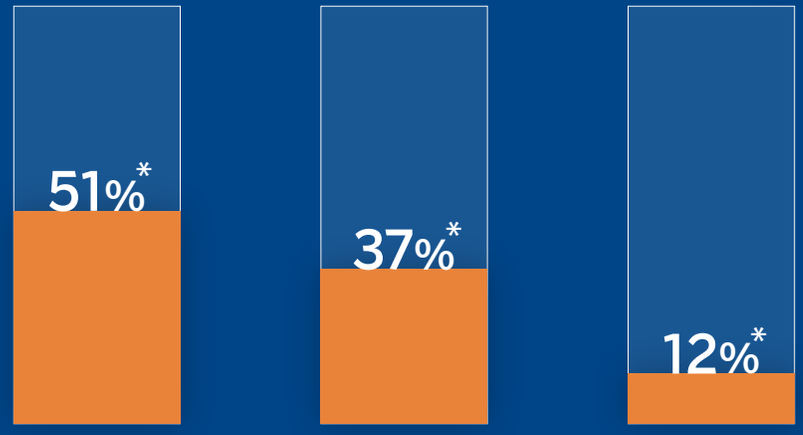
## RANKING OF ENTREPRENEURIAL CITIES

| | | | | | |
|---|---|---|---|---|---|
| 1 | Mexico City | 5 | Chihuahua | 9 | San Luís Potosí |
| 2 | Monterrey | 6 | Cancún | 10 | Hermosillo |
| 3 | Puebla | 7 | Santiago de Querétaro | | |
| 4 | Guadalajara | 8 | León | | |

## THE PODIUM OF MEXICAN ENTREPRENEURSHIP

Three sectors dominate investment in Mexico through their ability to explore markets and strategic opportunities such as finance, e-commerce, and logistics and transportation.

***Percentage of venture capital raised by Mexican companies in 2022**




**Fintech**
Boosting the banking sector.

**E-commerce**
New channels and sales opportunities.

**+**

**Logitech**
Optimisation, lower cost and supply chain efficiency.

**Other**

**10 MUSD**
Average investment ticket in fintech startups.

**650**
**Fintech companies**
in México in 2023 (+26% more than in 2022)

**Open finance + API**
Optimisation, lower cost and supply chain efficiency.

## A BEACON FOR ENTREPRENEURS

The country offers several advantages for both local and foreign entrepreneurs and investors that are looking for the perfect place to lay the groundwork for their business.

### Strategic connections

Location close to the U.S. and its cultural and linguistic ties with Latin America gives it a privileged position.

### Large local market

With some 127 million inhabitants, Mexico is also the world's 15th largest economy by GDP.

### Public and private support

Mexico has been a pioneer in the development of regulations, such as the Fintech Law, to drive entrepreneurship.

# LAND OF UNICORNS (TODAY AND TOMORROW)

Mexico is now home to eight unicorns and several dozen startups that could soon reach this coveted status.

## THE UNICORNS

*Companies valued at $1 billion or more before going public.*

**E-commerce**

**KAVAK**

Buying and selling used cars online. The first Mexican unicorn.

VALUATION
8.7B USD

**Fintech**

**Bitso**

Cryptocurrency exchange and trading.

VALUATION
2.2B USD

**Fintech**

**clip**

Digital trading and payments.

VALUATION
2B USD

**Fintech**

**Konfío**

Online financial services platform.

VALUATION
1.3B USD

**E-commerce**

**merama**

Acquisition and expansion of digital commerce businesses.

VALUATION
1.2B USD

**Fintech**

**stori**

Credit cards with no annual fee.

VALUATION
1.2B USD

**Logitech**

**nowports**

Digital freight forwarder.

VALUATION
1.1B USD

**Fintech**

**CLARA**

Expense management and corporate credit cards.

VALUATION
1B USD

## THE 'SOONICORNS'

*Companies founded in 2012 or later, backed by VCs and with a valuation of more than 100M USD or a last equity round of more than 20M USD.*

**38 Mexican startups** boast this status, including:

**Fintech**

**kueski**
Online payment and lending solution.

**JEEVES**
Financial platform for payments, expense management and financing.

**Klar**
Financial services for credit and investment.

**Logitech**

**skydropx**
Platform for shipment centralisation.

**HR Tech**

**runa**
Human resources management.

**E-commerce**

**Justo**
Online supermarket.

**Movilidad**

**kolors**
Intelligent inter-city bus mobility.

**Streaming**

**TREBEL**
Music on demand.

**Healthtech**

**sofía**
Insurance and telemedicine.

**Proptech**

**tu habi**
Online home buying and selling.

## OTHER PLAYERS IN THE ECOSYSTEM

The State, local governments, various hubs, accelerators and incubators, as well as other strategic partners round out and drive the vibrant Mexican entrepreneurial ecosystem.

### Associations and communities

Association of Entrepreneurs of Mexico (ASEM) Endeavor México, Fintech México.

### Public initiatives

COMECYT - EDOMÉX Young Entrepreneurs and Innovators Programme, FONDESO business support programmes, MIPYMESMX.

### Accelerators

Mass Challenge México, 500 LatAm, Impact Hub Monterrey.

### Academia

National Centre for the Support of Small and Medium Enterprises (CENAPYME) at the University of México, Eugenio Garza Lagüera Entrepreneurship Institute of the Technological Institute of Monterrey, Centre for Entrepreneurship and Business Acceleration (CEAN) of the Ibero-American University.

### Local hubs

Vallejo-i Technology Development and Innovation Center (CDIT) in Mexico City, Ciudad Creativa Digital Guadalajara, Startup Chihuahua.

### Investment funds

IGNIA, Wollef, Dila Capital.

### Other financial partners

BBVA Spark México, Capital Emprendedor (the Nacional Financiera' fund), Finnovating.

## SUPPORT FOR ENTREPRENEURSHIP, A PUBLIC POLICY

Mexico has excelled in the global entrepreneurial landscape by supporting the creation of startups through innovative legal mechanisms.

### Fintech law

Pioneer in Latin America, it established a regulatory framework to boost fintech transparency, competitiveness and security.

### Simplified Joint Stock Company (Sociedad por Acciones Simplificadas, SAS)

A new type of commercial company for the creation of companies in just one day.

### Prompt Payment Initiative (Iniciativa de Pago Oportuno)

Currently being processed, it would reduce the term to make payments to SMEs to 45 days to improve their liquidity.

### Entrepreneurship Law (Ley de Emprendimiento)

Proposed by the Employers Confederation of the Mexican Republic (Confederación Patronal de la República Mexicana, COPARMEX) in 2022, it would aim to support the consolidation of SMEs.

## A COUNTRY OF ENTREPRENEURS

**SMEs contribute 42% of the gross domestic product (GDP) and generate 78% of jobs, according to data from the National Institute of Statistics and Geography (Instituto Nacional de Estadística y Geografía, INEGI).**

Entrepreneurship drives Mexico's economic growth, job creation and attracts international investment...

**... But it also promotes a level playing field for all through accessible solutions.**

**An exciting ecosystem at the forefront in Latin America and the world. A landscape of successful initiatives, companies and solutions in the eyes of venture capitalists.**

**This is Mexico: an oasis for entrepreneurship.**

**Sources:** Endeavor, TTR Data, Startup Blink, BBVA, Expansión, CB Insights, Finnovista, LAVCA, Soounicorns Club, Ministerio de Economía de México, Forbes México, Bloomberg Línea