



# ENABLER 4 ACCESS TO CAPITAL



Businesses need funding for growth and innovation. Accessing the capital market involves connecting with a reliable pool of investors, analysts, and bankers who actively seeking investment prospects in sectors similar to those of businesses looking for capital to start or grow.

## **KEY POINTS**

- Mexico has a well-established financial sector with a stable stock exchange and financial institutions. This framework provides foreign companies access to traditional financing methods.
- Mexico has made progress in developing its capital markets sector, driven by reforms aimed at increasing competition, transparency, and investor protection.

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#### A stable economy where private capital is booming

- FTAs & Investment Stability: Mexico's free trade agreements with the U.S. and Canada (USMCA) and +50 other countries create certainty for investors.
- **Record FDI:** Mexico attracted a record \$36.1 billion in Foreign Direct Investment (FDI) in 2023. FDI provides access to capital, technology, and expertise, boosts productivity, creates jobs, and enhances competitiveness in the global market. (Ministry of Economy)
- Growing Venture Capital Investment: VC investment skyrocketed in 2021 reaching US \$4.8 billion, representing a 294% increase compared to 2020's US \$1.2 billion. The number of transactions also increased by 60.5%, with 167 transactions compared to 104 in 2020, and 92 in 2019. (IMAP)

# **Alternative Methods to Access Capital**

• Fintech and non-banking loans: Mexican entrpreneus can enhance their liquidity by exploring avenues beyond traditional credit lines. They can also navigate alternative options provided by fintech firms and non-banking financial institutions.







4 of every ten organizations in Mexico will resort to external financing for growth, 72% of those surveyed will opt for loans from traditional banks, 22% for contributions from partners and 18% will go with development banks.

Perspectivas de la Alta Dirección en México 2024,
KPMG

"The private capital industry has had a weighted annual growth of 10% over the last ten years, in 2023 the committed capital for Mexico was 1.6 billion dollars."

Interview with Liliana Reyes, General Director of the Mexican Association of Private Capital (AMEXCAP) in Imagen Radio

"In 2023, 34 new capital funds (investment vehicles) were registered to continue investing in companies.
There are more and more funds that want to continue participating in this industry."

Interview with Liliana Reyes, General Director of the Mexican Association of Private Capital (AMEXCAP) in Imagen Radio





# **ENABLERS' HIGHLIGHTS**

Three sectors dominate investment in Mexico thanks to its ability to explore markets and strategic opportunities: fintech, e-commerce, and logitech. (BBVA)





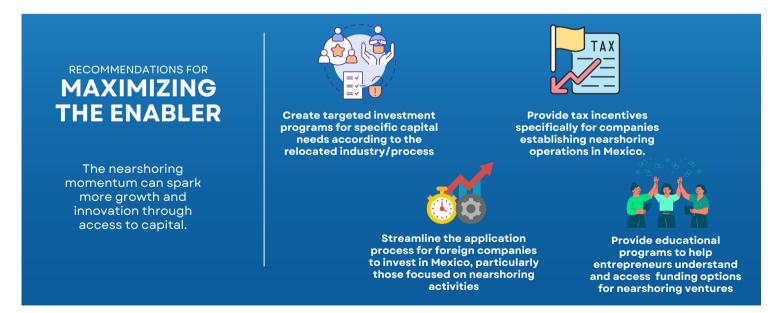
Mexico boasts a thriving fintech sector with close to 1,000 companies, including 217 foreign entities spanning 22 countries. The domestic industry has witnessed an impressive compound annual growth rate of 18.4% over the last five years, attracting non-Mexican firms to tap into its vast market of 130 million potential consumers. (Fintech Nexus)

As Mexico continues to be an attractive destination for nearshoring, both traditional and non-traditional financial institutions will increasingly provide opportunities for financing. This trend will grow as more companies seek investment to establish operations within the country.



## MAIN STAKEHOLDERS TO WATCH IN 2024

- AMEXCAP: a non-profit organization whose mission is to promote the development of the private equity and venture capital industry in Mexico.
- BBVA: Grupo Financiero BBVA México (GFBB) is a private financial institution, with a very important presence in Mexico. It offers a wide array of financial products and services. Its main activity is performed through BBVA Bancomer (the Bank); which is the leader banking subsidiary in Mexico in terms of deposits, loans, ATMs and branches.
- BIVA: Mexican Stock Exchange that provides local and global investors with cutting-edge technology for trading and market data solutions, as well as listing and maintenance services for companies.
- CDPQ: global investment group that drives performance and progress, with net assets amounting \$434 billion. CDPQ invests in constructive capital-in private equity, equity markets, private credit, infrastructure and real estate-to create opportunities and position enterprises to succeed.
- GBM: one of the leading promoters of investment both nationally and internationally, they firmly believe that the potential of a country lies in its people.
- Amplifica Capital: community of investors, founders and operators, designed to activate women as investors in technologically innovative early-stage companies.
- **QED Investors:** the premier VC in the fintech space that invests in businesses that disrupt and empower. They have a \$3.6 bn under management and 225 portfolio companies.





- <u>Perspectivas de la Alta Dirección en</u> <u>México 2024 (KPMG)</u>
- Interview with Liliana Reyes, General Director of the Mexican Association of Private Capital (AMEXCAP) (Imagen Radio)
- Mexico Coming in Hot (BBVA)
- U.S. fintechs set foot in Mexico's rising digital market (Fintech Nexus)
- IED in Mexico 2023 (Secretary of Economy)
- Trends in VC Funding in Mexico (IMAP)

This series is created by the USMF with ideas from its Allyshoring Taskforce which meets periodically to discuss ways to expand the knowledge and adoption of an ally-shoring strategy for the relocation of the supply chains.

