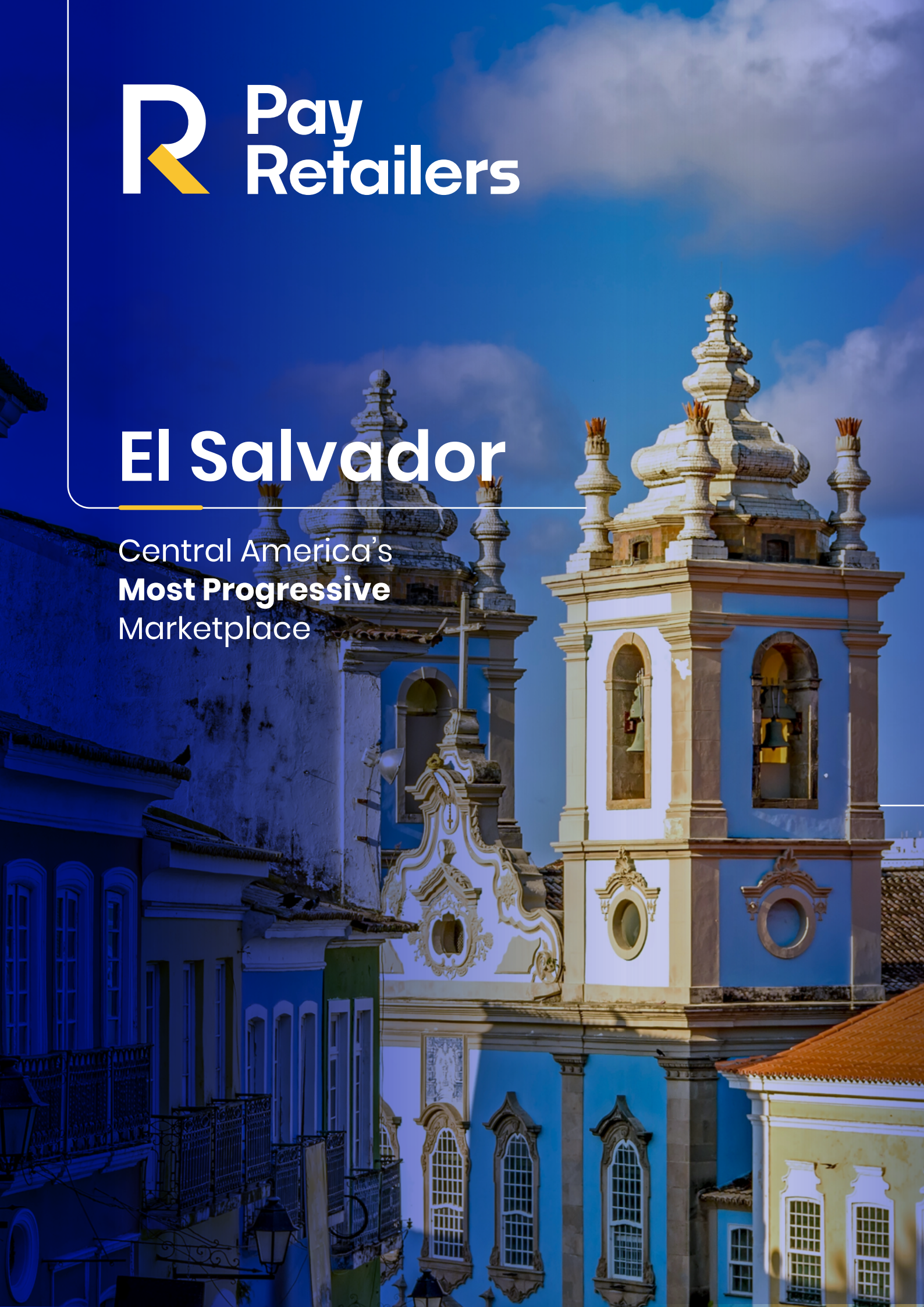




El Salvador

Central America's
Most Progressive
Marketplace



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El Salvador's market

The government of El Salvador (GOES) has played an active role in promoting the economy. On January 1, 2001, the government undertook a monetary integration plan under which the US dollar became legal tender, and all formal accounting began being undertaken in the greenback.¹

In June 2021, President Nayib Bukele announced plans to make Bitcoin legal tender in the country.² The Bitcoin Law was passed by the Legislative Assembly on June 9, 2021. Ninety days after this, Bitcoin officially became legal tender. President Bukele has also announced plans to build a Bitcoin city in El Salvador.³

The country has a strong commitment to clean energy, demonstrated by The Renewable Energy Incentives Law (REIL) that promotes investment in power generation projects from renewable sources like hydro, geothermal, wind, solar, marine, biogas, and biomass. plans to build a Bitcoin city in El Salvador.³

El Salvador's economy is expected to grow by:

1.75% in 2023
1.54% in 2024



6.57 million
population⁴



27.6 Years
median age of population



US dollar
(\$)-currency



50.5%
internet user penetration⁵



3.30 million
internet users in El Salvador



\$2.4 billion
total transaction value in digital payments in 2022 (est.)⁶

In 2021, the GOES relaunched the National Trade Facilitation Committee (NTFC), which had introduced 60 strategic measures to ease trade barriers by reducing trade costs, simplifying procedures, and improving border infrastructure and connectivity.⁷

Exports of goods and services is 25.53% of GDP⁸

El Salvador's main export destinations⁹



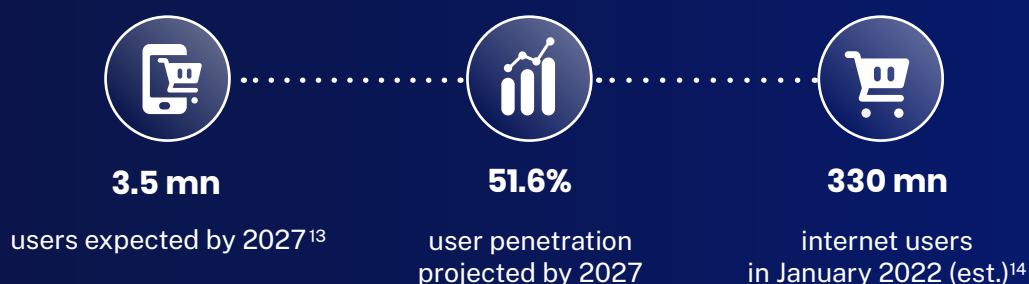
El Salvador's booming services sector

El Salvador is a predominantly service-based economy. The country's services sector contributes around 60% of GDP.¹⁰ Since the 1990s, tourism has been a steadily growing source of income, with important sites like the Joya de Cerén Archaeological Site, which is a designated UNESCO World Heritage site. El Salvador also has a thriving telecom market, which is forecast to expand at a CAGR of more than 2% in 2021-2026.¹¹

70%
of GDP in 2021 was
contributed by the
services sector¹²

**92% of digital revenues in El Salvador are
concentrated in the ecommerce sector**

eCommerce market in El Salvador



What do El Salvador's people shop for online



\$1.5 bn

ecommerce revenues
expected in 2023¹⁵

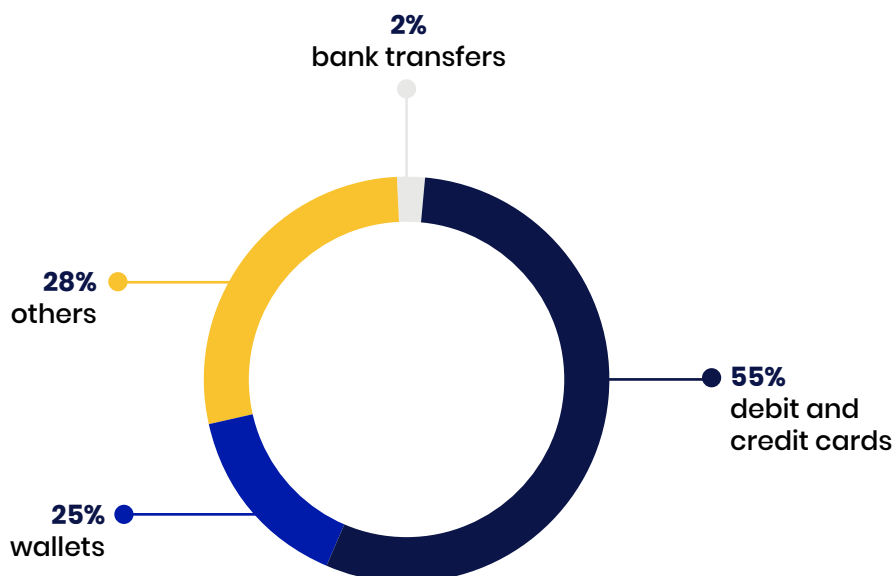
13.71%

CAGR expected
from 2023 through
2027

\$2.5 bn

ecommerce revenue
expected for 2027

El Salvador's ecommerce payment mix¹⁶



The digital transformation of El Salvador

El Salvador became the first nation to adopt Bitcoin as a legal tender in 2021. The use of cryptocurrency has brought financial services to the unbanked and attracted tourists and investors.¹⁷ The government has developed national strategic plans for promoting digital skills, including the Digital Agenda 2020-2030.¹⁸

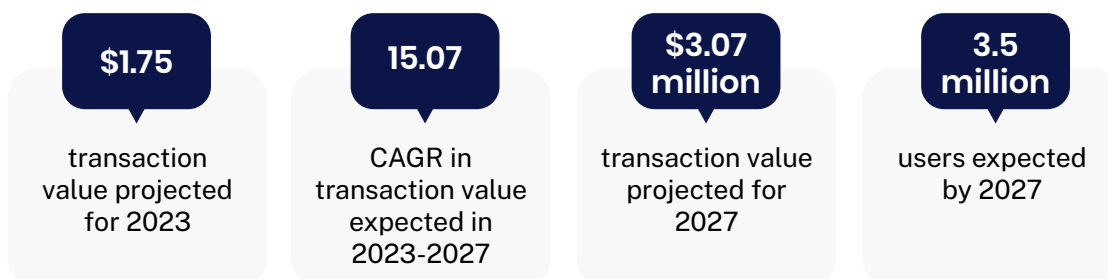
The agenda has generated more opportunities to strengthen El Salvador's ecosystem for digital financial services (DFS) and fintech through improvements to its legal and regulatory framework and market infrastructure.¹⁹

1st country in the world to adopt a cryptocurrency as legal tender



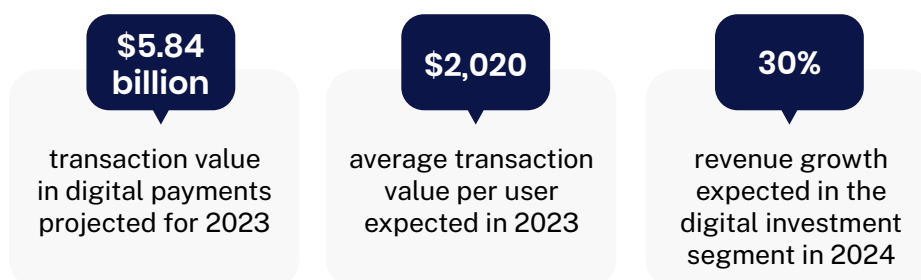
mCommerce

Growth of mCommerce in El Salvador²²



Fintech

Growth of digital payments in El Salvador²¹





eServices

Growth of eServices in El Salvador²²

\$6.92 mn
revenues
expected in 2023

4.26%
CAGR projected
for 2023-2027

\$8.18 mn
market volume
estimate for 2027

Online food delivery is expected to spreadhead growth of the eServices sector in El Salvador, with 25.8% revenue growth expected in 2024²³



Why do business in El Salvador

Open economy

El Salvador has an open economy that supports free trade. Given its strategic geographic location, it is an ideal destination for companies seeking to gain access to customer demand in both North and South America.

1.8%
expected GDP growth
in 2025²⁴

Close ties with the US

The US is El Salvador's largest trade partner. The country also has a dollarized economy, which eliminates foreign exchange risk and lowers transaction and financial costs. The government has been taking active steps to encourage foreign investors

193
US subsidiaries were
present in El Salvador
in December 2022

Large talent base

The country has a high literacy rate and a largely productive workforce. Labour productivity of businesses in the digital sector is about 3.5 times higher than the national average.²⁵ Due to El Salvador's high youth literacy rate, 63% of its population is productive.²⁶

High urban population²⁷
25.3% Rural
74.7% Urban

Digital economy

El Salvador's telecom market size is expected to grow at a CAGR of more than 2% in 2021-2026. The government is focussed on expanding connectivity to facilitate digital commerce and is working to improve international fibre optic access while promoting digital literacy. A commercial launch of 5G network services in 2024 will enhance international digital connectivity.²⁸

97.69%
overall youth literacy
rate in El Salvador

Favourable government policies

Foreign citizens and private companies can freely establish businesses in El Salvador. The government has launched and planned large infrastructure projects to facilitate business setup and trade. There are various laws to promote and protect investments and provide benefits to investors.

149.5%
mobile penetration
in El Salvador

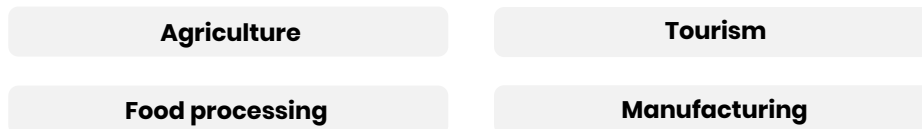
Government focus on renewable energy

The government is focused on diversifying power generation in the country. El Salvador's integrated LNG-to-power plant is expected to reduce energy imports from 25% to 5% in 2023.³⁰ This will make electricity cheaper and more easily accessible. REIL also provides tax exemptions on income derived directly from the sale of certified emission reductions (CERs).

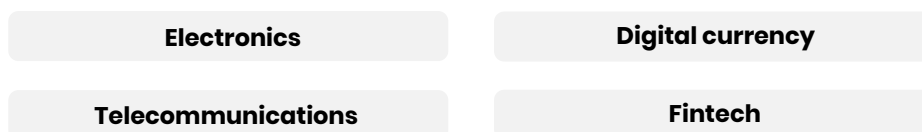
80%
reduction in energy
imports planned
for 2023

El Salvador's economic expansion

Sectors that traditionally led the growth of El Salvador's economy were:



Sectors spearheading growth include:



Top 4 payment methods in El Salvador



1. AirPak

This is a leading remittance facilitator in Central America. It is now a Western Union Master Agent and has exclusive representation as the financial services provider in Central America. It provides reliable and safe services by leveraging advanced technology and the most specialised Regulatory Compliance System in the region.



2. Pagos724

Pagos724 is a payments processor that has a presence across Latin America. It supports online and offline payments 24x7. This digital services provider accepts cash and is one of the most robust digital remittance solutions available in the region.



3. Puntopress

Aimed at making life easier, Puntopress is a facility to optimise payments for electricity, water, mobile phone recharge, and other services. It is available 24x7 and can be used for settling credit card bills and making loan repayments. There are more than 900 touch points across El Salvador. A user-friendly app allows money transfer within a few swipes.



4. Optima

Established in 2009, Optima began with financing rural micro-entrepreneurs. The company facilitates investments and credit to marginalised segments. Their subsidiary, known as LMDF, is focused on the development of women, young people, and the rural population. The company is dedicated to funding niches and underdeveloped markets to enhance financial inclusion.

Expand your business in El Salvador with PayRetailers

PayRetailers takes your business to El Salvador with more payment alternatives for your customers, all in a single platform.

Being able to offer flexibility in payments can empower your business to grow. With PayRetailers, you get to achieve just that from anywhere in the world to drive business growth in Latin America. We offer a fully localised solution for payment processing in the region. With a single API integration, you gain access to over 250 local payment methods.

Our payment gateway supports multi-channel and multi-currency payments, enabling you to provide unparalleled customer check-out experiences to maximise sales. With our always-available, robust and scalable payment infrastructure, you can start processing transactions within 48 hours.

Fraud prevention & risk management

PayRetailers ensures a completely compliant solution with a focus on the highest standards of security as part of our fraud prevention solutions.

Local collection, global settlements

Make sales in El Salvador and receive US dollars, anywhere in the world. We offer unified settlement across all currencies through a 24-hour fixed forex rate in USD and EUR.

Turnkey merchant services

With our highly scalable cloud-based solutions, you can access data quickly and easily, at any time and from anywhere.

Localised solutions

Maximise your market reach by offering the most popular local payments methods without needing to set up a local entity.

Cash Payments

















Fintech associations



Our commitment to financial inclusion & financial education

We foster business growth for your company to drive innovation in financial solutions with an aim to building financial inclusion. We believe that we can further ensure inclusion by providing knowledge and skills for people to better manage their personal finances and improve their well-being. We use our collective knowledge and industry best practices to improve financial services for everyone.

Are you interested in the El Salvadorian market?

Our team of experts can help you:

- Understand your El Salvadorian customer and their preferences.
- Get local expertise and assistance.
- Find the reliable payment methods trusted by El Salvadorian consumers in your industry to form a local payment strategy.

50+ leading companies trust us.
Operate via a local partner, so that there is no need to set up a local entity.

PayRetailers bridges the access gap between Latin Americans and international companies. Contact our sales expert team and discover our solutions for yourself.



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