

Shaded Section 2: E-commerce and Payment Links

1. Some Figures on Online Sales

As internet use has increased and digital technologies have been more widely adopted, payments methods for commerce have diversified, introducing new mechanisms for purchasing and paying for goods and services. In Colombia, about 9 out of 10 people have access to mobile internet and there are approximately 17 mobile phone lines per 10 inhabitants (Ministry of Information and Communication Technologies, 2024).

The definition of e-commerce provided by the Organization for Economic Co-operation and Development (OECD), which has been used in official documents such as Conpes 4012 (2020) and the diagnosis for the measurement of the value added of e-commerce in Colombia (DANE, 2021), is “the sale or purchase of goods or services made through computer networks using methods specifically designed for the purpose of receiving or processing orders, regardless of whether payment and delivery of goods or services occur online” (OCDE, 2011).

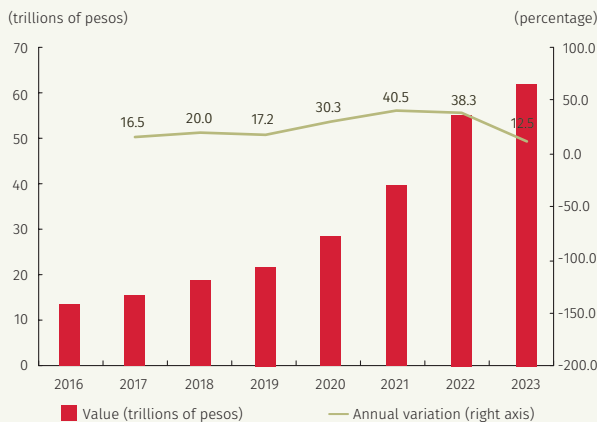
In Colombia, e-commerce (online sales) has shown an average annual increase of 25% and 39% in the value and number of transactions, respectively, from 2016 to 2023. In 2023, online transactions amounted to COP 62.1 trillion (t) (3.9% of GDP), with an average ticket of COP 165,370 (Graph S2.1).

Globally, e-commerce was estimated at USD 5,920 billion (b) (Insider Intelligence eMarketer, 2023), with China and the United States accounting for about 78% of the total (Ministry of Information and Communication Technologies, 2024). In Latin America, e-commerce reached a value of USD 509 b in the same year, with Colombia ranking third, behind Brazil and Mexico (Payments & Commerce Market Intelligence, 2024).

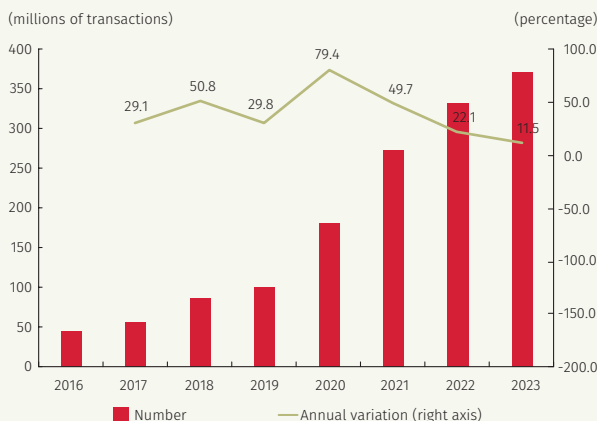
In Colombia, the population that made online purchases represented 16.4% of people over 18 years of age (around 6 million) (Chamber of Electronic Commerce, 2023). According to DANE (2022), of the people who used the internet to purchase goods or services, 76.8% purchased clothing, shoes, accessories, and sports items, 62.6% ordered prepared meals, and 31.9% purchased electronic equipment (TV, sound systems, cameras, etc.).

Graph S2.1
E-commerce in Colombia

A. Value of operations

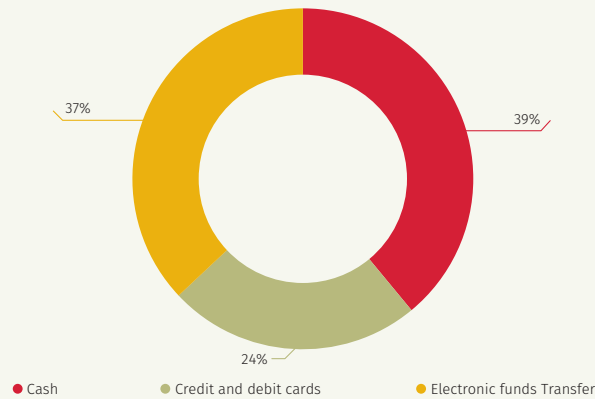


B. Number of operations



Sources: Ministry of Information and Communication Technologies (2023) and Chamber of Electronic Commerce (2024).

Graph S2.2
Use of Payment Instruments by Individuals in E-commerce Purchases, 2022



Source: Observatory eCommerce (2023, updated April 2024); calculations by Banco de la República.

2. Online Payment Links

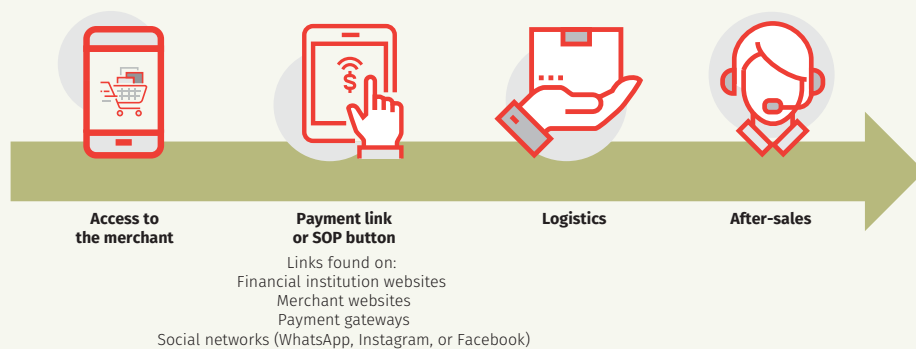
The most commonly used payment instruments for online purchases in Colombia in 2022 were: cash (39%), electronic funds transfers (37%), and credit and debit cards (24%) (see Graph S2.2).

In Colombia, there is a greater use of electronic payment instruments such as electronic funds transfers and debit and credit cards. Between 2014 and 2022, the adoption levels for these three instruments increased significantly: electronic funds transfers grew from 6 transactions per capita to 36, debit cards from 5 to 17, and credit cards from 4 to 8 transactions per capita.

Despite the high participation of cash payments, mainly in the cash-on-delivery model, the use of electronic payment instruments for online sales has been driven by the industry through options such as “payments links” or “payment buttons.” These digital methods allow businesses to sell and receive payments, requesting the necessary information to complete a non-face-to-face sales transaction.

These methods are offered by financial institutions or payment gateways, allowing payment recipients (merchants) to provide their customers easy access to payment instruments through the websites of financial institutions, merchants, gateways, or social networks (such as WhatsApp, Instagram, or Facebook). Once customers have added items to their cart, they go to the payment page, made possible by the technological service of payment links or technological connections that allow communication between channels (internet or cellular network) and instruments (electronic funds transfers and cards). These instruments, along with the payment order, operate the retail-value payment systems (Diagram S2.1).

Diagram S2.1
E-commerce Value Chain



Source: Banco de la República.

In conclusion, payment links or payment buttons are links that have made it easier for buyers to use the same electronic instruments, such as debit and credit cards and electronic funds transfers through websites and social networks¹. Innovation is at the first stage of the payment process, in the initiation methods, where, with the availability of digital technology, various accesses to such instruments have been designed, characterized by ubiquity (entry to the business and their respective payment from different electronic devices such as computers, tablets, and mobile phones). The growth of e-commerce has been supported by adaptation to digital technology by consumers, financial institutions, payment providers, and merchants, among others.

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¹ The payment instruments used in e-commerce include cash, debit and credit cards, and electronic funds transfers. In 2015, the use of electronic funds transfers represented 11%, and in 2023, it increased to 37%.