



Interview with Pablo Gualdi: “Mexican suppliers have now become technology partners”

Pablo Guadi, CEO of ATIO Group, a leading supplier for the Mexican fuel retail market, speaks to PetrolPlaza about their newly achieved PCI-DSS standard, the Mexican gas station market and the difficult transition to electronic payments.

Pablo Gualdi is founder and CEO of ATIO Group. He studied a degree in Systems Analysis at the University of Buenos Aires, and later an Executive Management Program at IPADE. ATIO Group is a leading supplier of ERP technology and forecourt automation software for the fuel retail industry. In their more than 22 years operating in Mexico, they have extended its operations to other Latin American countries as well as Caribbean islands. They have 40% of the Mexican market, are present in airports throughout the country and are now the first Mexican supplier to have the PCI-DSS (Payment Card Industry Data Security Standard) security certificate.

What made ATIO Group decide to obtain the PCI-DSS security certificate despite it not being mandatory in Mexico?

There are about 13,000 gas stations in Mexico. ControlGAS, ATIO's solution for the market, is in more than 5,000 stations. We are constantly innovating to give our clients better systems. Among these added services is card payments via the platform and without human interaction since the process does not require any manual operation. In Mexico, pay-at-the-pump does not exist and that is why this innovation is important. Here there are station employees doing the fuelling in 100% of the gas stations. That is why, in these times, card payments could present some risk by having to come into contact with another person. This has led us to be certified with the PCI-DSS standard, a mandatory certificate in the USA. With the standard, we guarantee that card data travels totally safe during the whole transaction: from the terminal to our system, from there to the gateway and finally to the bank that authorizes it. This minimizes the risk of fraud.

Does the certificate go hand in hand with the launch of any new product or service?

We have two types of launches. We have added more ad hoc payments to our current ControGAS platform, such as mobile phone or QR payments. This line of services is now active with the various players who provide these solutions in Mexico.

On the other hand, we are launching our new product ControlGAS New Generation. We have developed this product for several years and we are adding all the security elements for payments. In September we are launching the first service of the product with a chain that has 17 gas stations across various Caribbean islands.

Latin countries are known for their high usage of cash. Do you expect the transition to card or mobile payments to be accelerated?

The Mexican government has been promoting the use of electronic or card payments at service stations for 10 years. Despite this, cash is still the king. Many transactions continue to be carried out this way, especially in the retail trade. Some regulations that previously made card payments in the retail sector expensive have been eliminated. COVID-19 requires less contact between humans and people have less cash in hand due to the lack of income – that has boosted the use of electronic payments. Not only is it safer and more practical, there are also companies involved in electronic payments that are carrying out promotions. Users can obtain discounts and benefits, making the transition to card payments more attractive.

What are the main barriers slowing down the adaptation of electronic payments?

The biggest barrier has always been the consumer's habit of using cash at the stations. In the past, many did not accept card payments because of bank fees. Since the government reduced that fee, the service has been increasing.

With the liberalization of the Mexican energy market four years ago, foreign oil companies have entered Mexico. We service Repsol, BP, Total, ExxonMobil and others. All of them have in their product portfolio the implementation of different payment methods that encourage electronic payment.

How has this the entry of new international players changed the situation?

They have been a game changer by generating brand and service competition that did not exist before, especially in terms of quality and innovation. Suppliers of technology have moved to a new level – we are now technology partners and not simply suppliers. Before, we were a kind of necessary evil for the service stations to act within the law, as in the case of the volumetric control that ensures the litres dispensed, but now with the entry of international players we are a technological partner for all the range of products and services they offer.

What challenges does the Mexican gas station sector face in terms of digitalization?

The most important challenge continues to be regulations. In Mexico, both because of its economic importance and because of the character of the transactions and the product they handle, the fuel retail sector is over-regulated. Sometimes the same regulations made to organize the market or prevent fraud can become obstacles when implementing technological solutions. However, the general technological development, the new international players and the effect of the pandemic,

which makes all of us to look for new solutions and reduce human interaction, provides the circumstances for this to change quickly.

We have already talked about mobile payments, the digitalization of stations, what other trends do you see in Mexico?

One that you can already see clearly is the rise of convenience stores. Many of the international oil companies that have come to Mexico bring the concept of putting their own store in the service station, totally linked to the fuel side. That didn't happen before because the station either didn't have a convenience store or the store was rented to a third party that operated it independently of the fuel business.

In Mexico, despite the number of COVID-19 cases continue to increase, there are positive signs in the economy. How do you see the evolution?

In June we already saw a good recovery; we are at 3 billion litres per month (620,000 barrels per day). That's a 25% drop compared to December. In the worst times of the virus, between March and April, sales fell by 50%. There is a tangible recovery but it is not complete yet. The mobility restrictions in Mexico have not been as strict. There have been many non-essential businesses that have continued with their operations, so the impact has been less than in other countries where there have been far more significant drops.

Interview by Óscar Smith Diamante