

Pest analysis of mexico: corruption and the expanding fintech market

[Business](#)



Mexico is a complicated country, full of hopeful citizens wishing to escape poverty. If only the country's corruption didn't start at the political level. These politicians are determined to keep benefits to themselves rather than sharing it with the people.

Although the country is making headway with technology, the poverty level is still too high. And with Americans expecting the country to foot the bill for the development of the wall (devised and insisted upon by President Donald Trump), tension prevails between the American and Mexican leaders. This PEST analysis of Mexico explains the many controversies citizens face politically, economically, socially, and technologically (what is PEST analysis?).

Political environment in Mexico: Corruption at local and national levels

Mexico's poverty is affected by the local and national government. The local government impacts the success of small local businesses. If it benefits the government they will offer special "incentives" (like low-interest bonds) to small businesses. Unfortunately, this means the local government is open to influence — and not necessarily the pure kind.

Mexico is drowning in political corruption. Politicians and leaders in power are suggestible to bribes for personal benefit. It makes it harder for citizens to believe in democracy considering the elected politicians can freely do as they please — not for the benefit of the people, but for the benefit of themselves.

As for the national government, the National Action Party of President Calderon no longer holds the majority in the Chamber of Deputies, despite being the largest party in the Senate. Although the national government does affect the poverty level, it's only one part of the equation.

For instance, the government isn't introducing enough policies for developmental opportunities. As such, Mexico relies on the World Bank and the International Monetary Fund to make adjustments. Alas, these adjustments are worsening poverty rather than improving.

The country needs the government to focus on policies for new employment to decrease the actively growing poverty line.

Economical factors impacting Mexico: A devastating poverty line

Next up in the PEST framework is the economic factors that affect a county. Mexico places second for the largest economy in Latin America; Brazil leads in first place. Plenty of the economy comes from exports shipped to international markets. Oil is the largest export; unfortunately, the need for it is dropping. This is why Mexico also exports other products including chemicals, motor vehicle parts, and technology.

Even though the funds brought in by these exports is beneficial for the country, it's not enough to decrease poverty. Mexico struggles to generate enough jobs for their people. Those people who do have jobs don't make enough to offset the costs of living.

The minimum wage differs by location. Back in 2012, the minimum wage increased by a sliver amount. Although this sounds like a reason to rejoice, it's actually a problem. This raise increases poverty. Since families are struggling to make ends meet, they're sending out their children to work (illegally) on the streets for additional income. Ironically, the World Bank deems Mexico an upper-middle income country.

Ten years ago the country experienced an intense recession; as bad as it was back in the 1930s. Now, Mexico relies on the United States for remittances. These remittances are typically put towards healthcare, food, housing, and education. The rest is used on infrastructure and projects to improve the country's development.

Right now, President Donald Trump wishes to build a wall between American and Mexico, and they expect Mexico to pay for it. This would bring a need for new technology and security, but the country isn't in a place to pay for this expensive product that provides no real benefit to the country.

Social factors of Mexico: Close family bonds and troublesome violence

Mexico is largely a Spanish-speaking country with more than half of the population living in urban areas. Those people who live in rural areas struggle to find employment opportunities. For more choices, they move into urban sectors, even though it doesn't mean they'll make more money. At least it's a chance.

Despite the poverty issue, the country is improving their literacy rates and education. Most children are enrolled in school at the primary level, although <https://assignbuster.com/pest-analysis-of-mexico-corruption-and-the-expanding-fintech-market/>

kids usually stop going around the age of 15 and older. Despite being on the lower end compared to other countries, this is still a literacy rate increase for Mexico.

Family is important to Mexicans. Most households contain three generations of family and everyone maintains a close relationship with one another. It's common for families — infants to the elderly — to have regular parties and festivities just for the fun of it. Social status is affected by familial ties, starting from birth to old age.

Women still primarily take care of the home, including chores and childcare. This double standard continues into working life. Women are expected to be more demure and quiet, while the men show off extreme chauvinism.

The intense desire and expectation to be “ macho” cause marital issues, including increased cosmetic violence. Most cases go unreported. And even if it were to be reported, many cases go uninvestigated.

Technological climate of Mexico: The expanding fintech market is too easily corruptible

Technological factors come last when doing a PEST analysis. The United States and Mexico share the border, meaning it's easier to transport products over to their American neighbors. Technology has also helped citizens find new job opportunities. Although computers are more often used by enterprises and personal computers by smaller businesses.

Mexico is regulating the booming fintech market. Initial problems related to corruption prevented this industry's full potential. As of last year, a new law

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passed to lower the risk of corruption and money laundering, while also vanquishing corruptions regarding cryptocurrency. This now allows further growth of the fintech market; hopefully, it'll benefit the country as a whole.

Computers bring more opportunities because people are needed for business security, online marketing, and connecting with new audiences.

Conclusion of PEST analysis of Mexico

Mexico is a country full of familial ties, festivities, and enjoyment. It's also where the poverty line devours the poor and governmental parties turn a blind eye. The country is overrun by corruption; in political parties, banks, and technology. Much still needs to be done for Mexican civilians to live happier lives as shown in yet another example of PEST analysis.

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