

# I MEETING OF HEADS OF FINANCIAL MARKET INFRASTRUCTURES

## PAYMENTS IN BRAZIL: RECENT TRENDS AND THE PIX

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# AGENDA

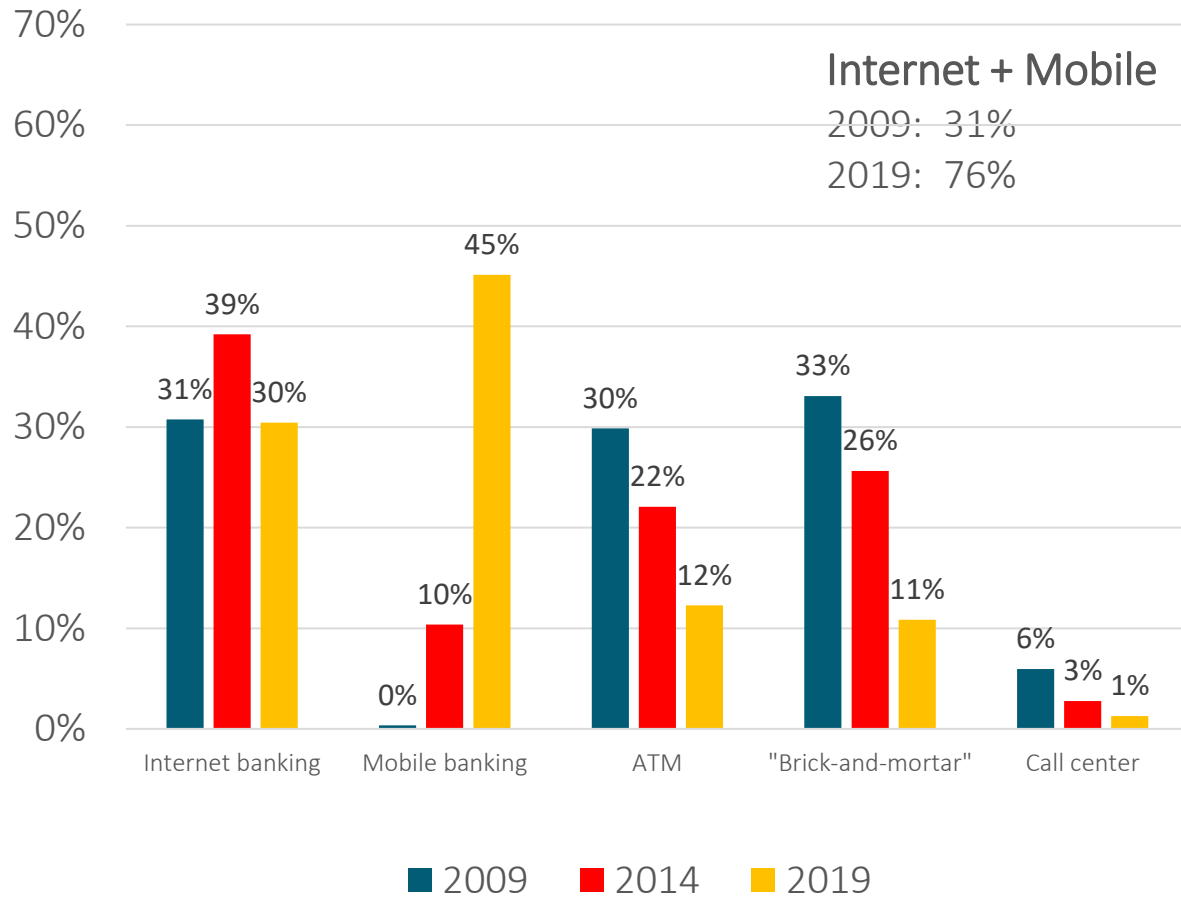
- Recent trends in payments
- Instant payments - Pix
- Covid consequences on payments

# Looking to the future

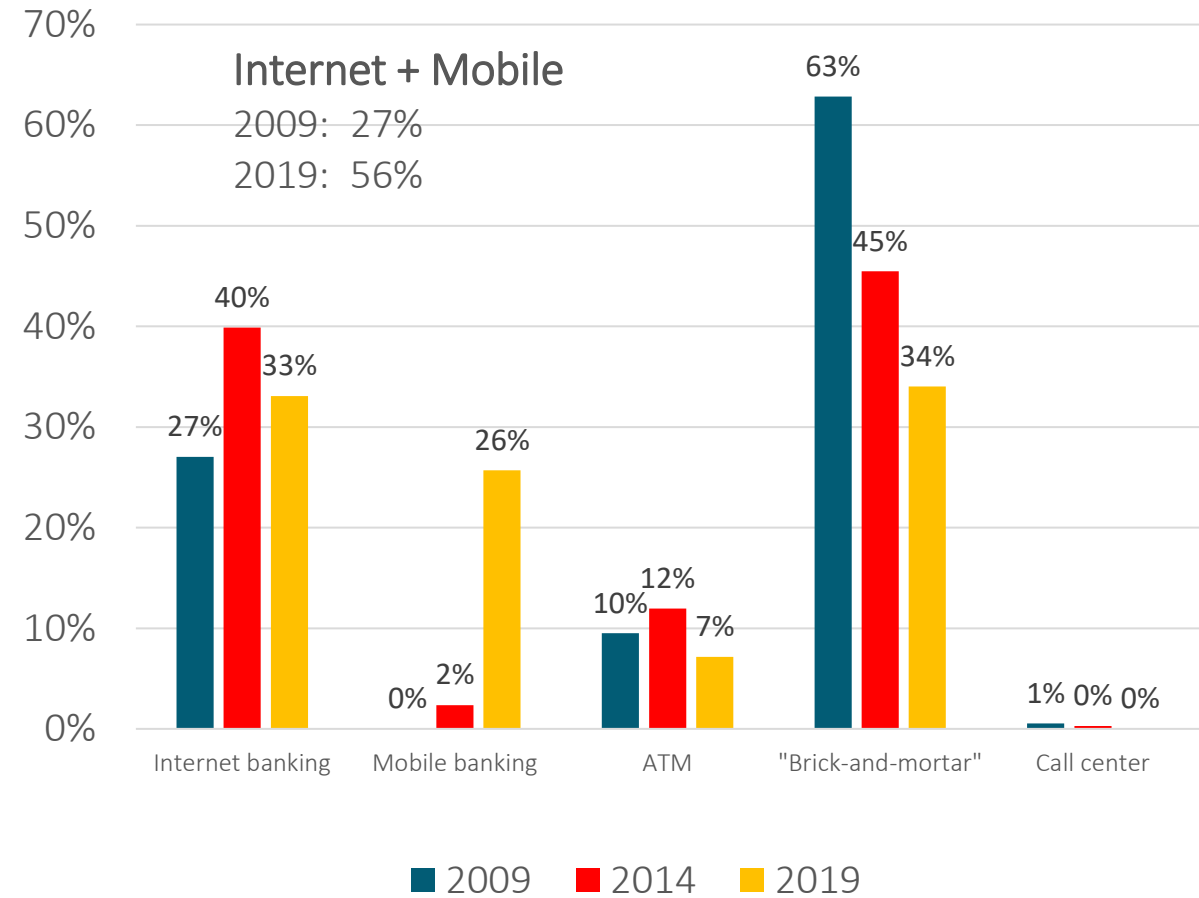
- The objective of the Central Bank is to **create a competitive** environment **reducing barriers to entry**, stimulating higher efficiency in the financial system
- Proactivity to deal with a world in which the **business models adapt quickly**
- Stimulus to the entry of **new competitors, often nontraditional ones**
- **Technology** is a competition vector: **reduction of costs and innovative solutions** in providing financial services
- Guarantee that all processes are based on **the legal protection of consumers' personal data**
- **Dissemination of credit information:** centralized registration of financial assets and securities (including cards receivables)
- Central Bank's view to establish the so called financial intermediation of the future: **innovation is compatible with financial stability**
- Development of the financial intermediation: **Instant payments (Pix) and Open Banking**

# Towards digital channels

Customer service per channel – All types of transactions  
(% total)



Customer service per channel – Payment transactions  
(% total)



# Stimulating competition

Central Bank of Brazil become retail payments regulator in 2013

Agenda based on fostering competition and prohibiting anti-discriminatory practices

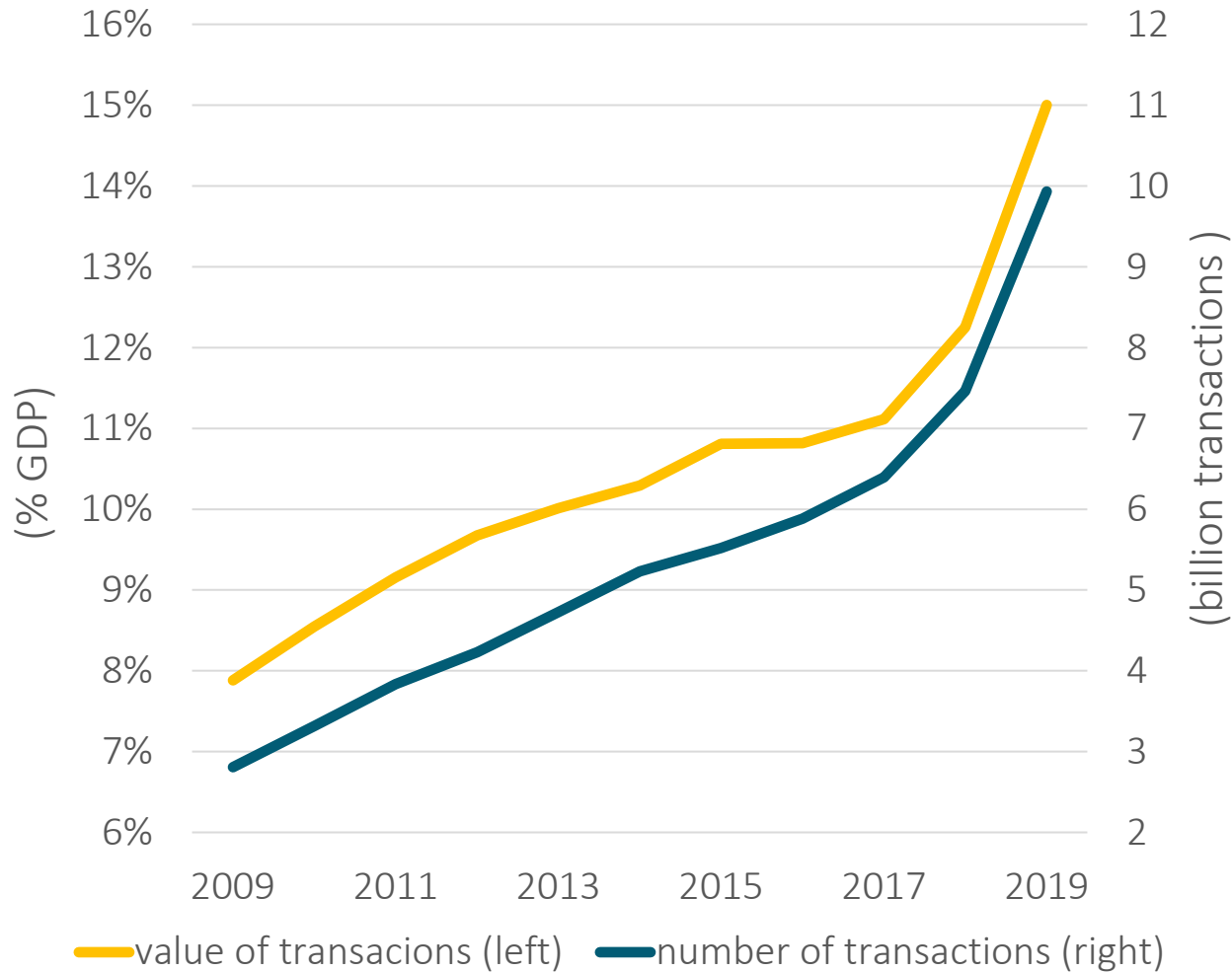
## Results:

- ✓ Strong verticalization (issuers and acquirers): From duopoly to more than 20 acquirers
- ✓ Entry of new participants not connected to traditional banks
- ✓ Lower MDRs rates
- ✓ Greater competition on credit collateralized by credit card receivables
- ✓ Short periods for merchants to receive funds
- ✓ Room for innovation in the provision of new services (nonconventional business models)

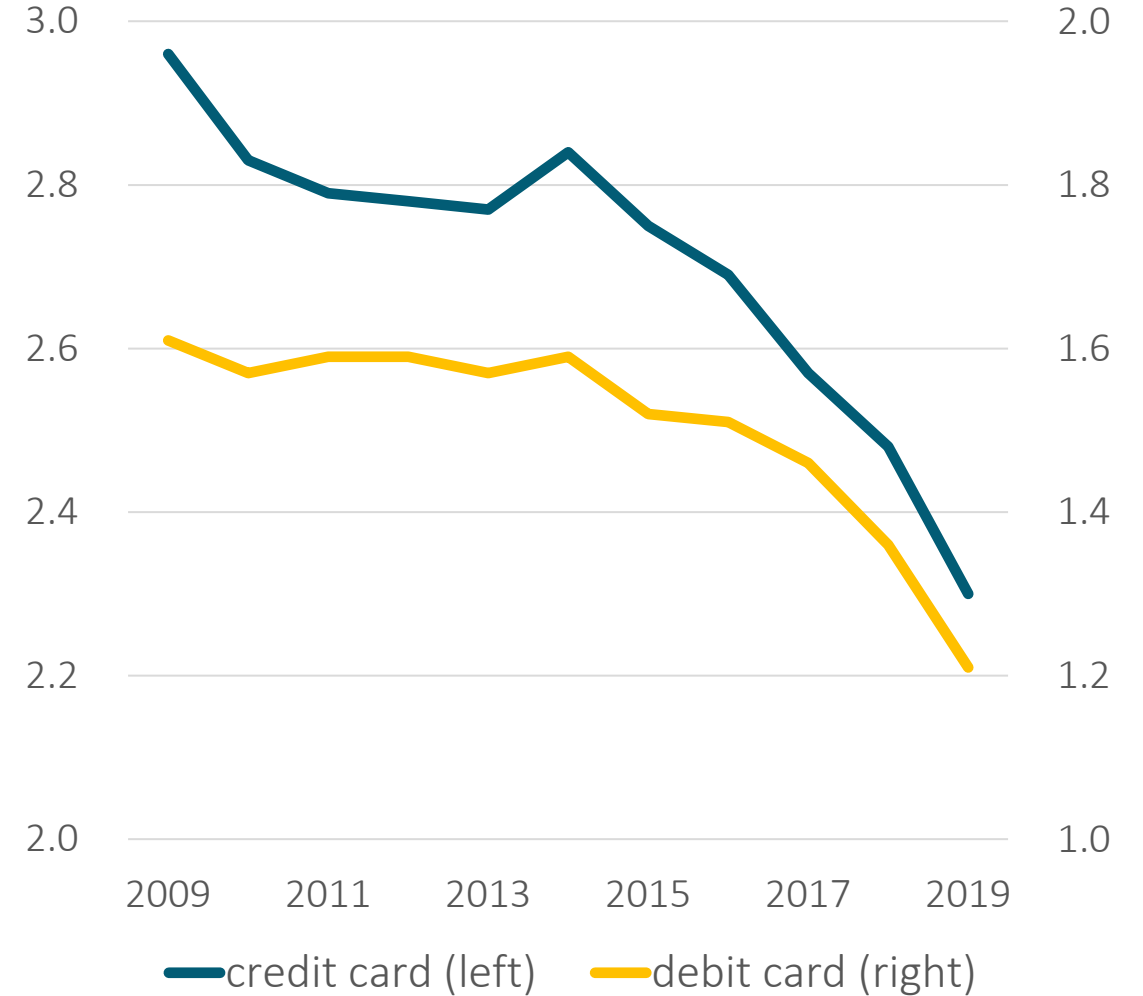
# Stimulating competition

Debit transactions: **limit of 0.5% for the average of the interchange fee** and 0.8% as the maximum value for any transaction. 60% pass-through to MDR.

## Credit card transactions



## MDR – Credit and Debit cards (% per month)



# The Context for a New Ecosystem

Digital  
Revolution

Currency  
(Cash)

Gaps



NEW STANDARD TO PAY  
AND TRANSFER MONEY

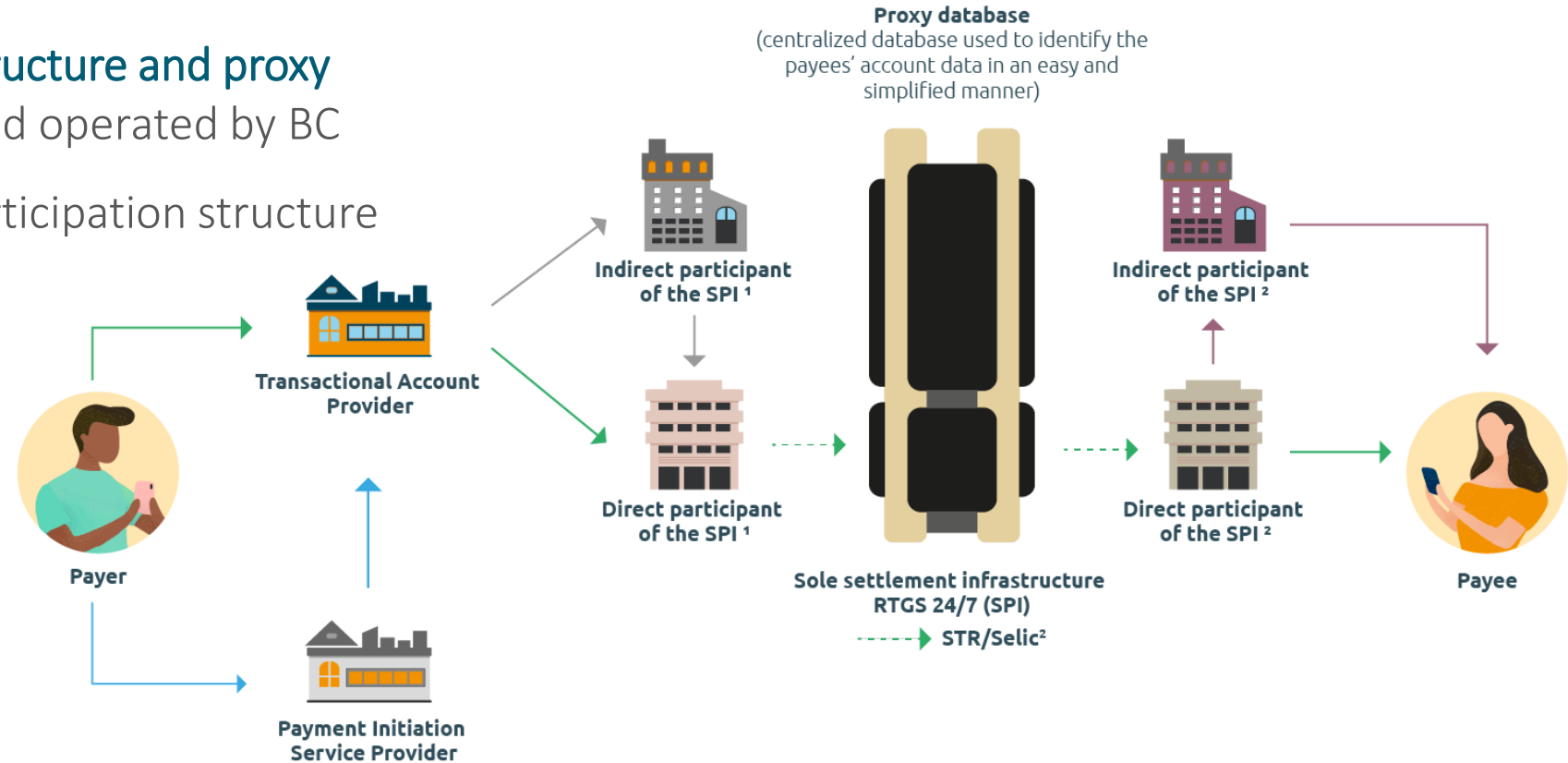


# Pix: Brazilian Instant Payments



BCB will be the payment scheme owner (rulebook) and an infrastructure provider

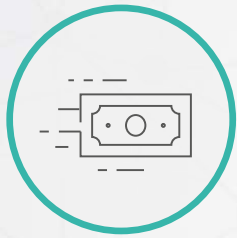
- **Centralized settlement infrastructure and proxy database** will be developed and operated by BC
- Pix has a **flexible** and **open** participation structure  
980 institutions applied to offer Pix since its launch.



<https://www.bcb.gov.br/en/financialstability/instantpayments>



# 7 Reasons which make Pix Unique



Speed



Availability



Security



Convenience



Use Case  
Multiplicity



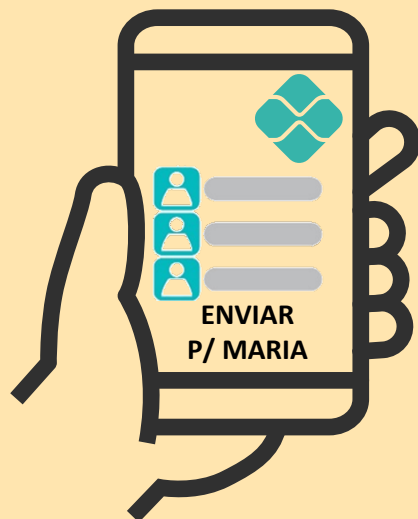
Aggregated  
Information



Open  
Environment

# Ease to Initiate Payment

**Data Input**  
(manual account input ou keys)



**Static QR Code**



**Dynamic QR Code**



Keys



**35%** of Brazilians with **access** to mobile Internet already made payments with QR Code

# Two Large BCB Roles

**Regulation**

Establishment of Rules

**Pix Rules**

**Operation**

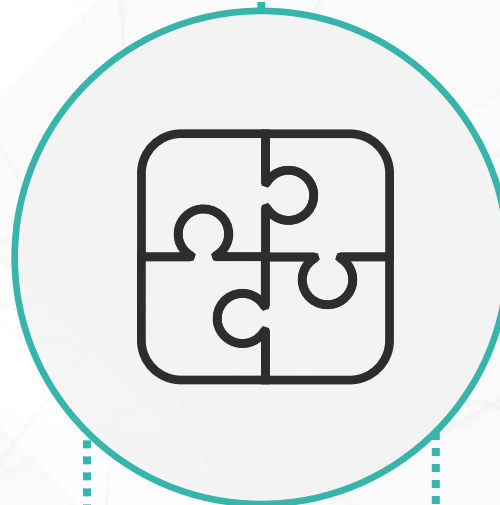
Platform Operator

**SPI and DICT**



# Participation and Transparency

Co-creation



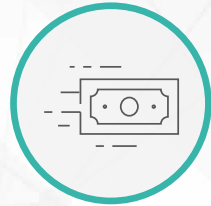
Pix Forum

Public Consultation

# 2020 Milestones



# 0 Pix aims to...



**Ease** the life of payers and payees



Make new **business models** feasible



**Decrease** costs (free of charge services)



**Contribute** for the digitization of payments and financial inclusion

**Thank You!**

