

# Financial Inclusion - Brazil

## Next Steps & Challenges

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**BRAZILIAN CHAMBER  
OF COMMERCE IN GREAT BRITAIN**



# Hello! I am

## Gilberto Martins (Giba)

28 years in the payments industry:  
Credicard, Itau, Santander, Redecard,  
Mastercard & EBANX

Brazil, Latam, Caribbean Region, UK, USA,  
Africa, China, Singapore



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# Relevant effects of financial inclusion in Brazil



- 1.** Brazil had 6 economic plans over the last decades. Given the 30 years of "Real Plan", the official coin has been running strongly and definitively stabilized our economy.
- 2.** Unbanked people in Brazil has been decreasing from 16,3 millions (2021) to 4,6 millions in 2023. (\*Locomotive Institute)  
  
61% from "favelas" citizens and near neighborhoods in Brazil have one digital account, at least. Besides that, 77% are currently using PIX, in day by day transactions.
- 3.** Pix has been used by 90% of adult population in Brazil. Pix had an enormous contribution to financial inclusion, having brought 71 million Brazilians into the financial sphere. Amazonas and Amapá lead the charge with 26 and 24 Pix transactions per user, respectively, while larger regions like São Paulo and Rio de Janeiro reports 18 and 19 transactions per user. Pix recent milestone: an astounding 152.7 million transfers executed in just one day, on September 6, 2023 (\*Central Bank of Brasil)
- 4.** Per capita, PIX usage is in Brazil is twice as high as India's UPI, highlighting its remarkable acceptance and effectiveness.
- 5.**



# Next Steps - Modernization of the FX Framework



- Until 2021, the main regulatory and legislative provisions that governed the Brazilian foreign exchange market dated back to the 1990s.
- Notwithstanding the notorious outdated characteristic that norms from a past decade imprint on the market - evidently out of step with the dynamics of our 2022 society - they also have several characteristics that made the FX market too much bureaucratic and costly for all the agents involved.
- On the other hand, the regulatory and legislative framework of the Brazilian payments market has been constantly updated and improved since 2013, when the Circular 3.691 was issued.
- It is precisely due to this context that the attention of the regulators were focused on the rules of the foreign exchange market.
- This attention culminated in the movement to reform the FX market, which was consolidated both through Law No. 14.286/2021 and Resolution No. 277/2022, of the Central Bank of Brazil

COMPETITION

COST REDUCTION

DIGITAL INCLUSION

FX PAYMENTS  
(eFX Service Provider)

IMPROVED UX

FINTECHS  
PARTICIPATION

# Next Steps - International Pix



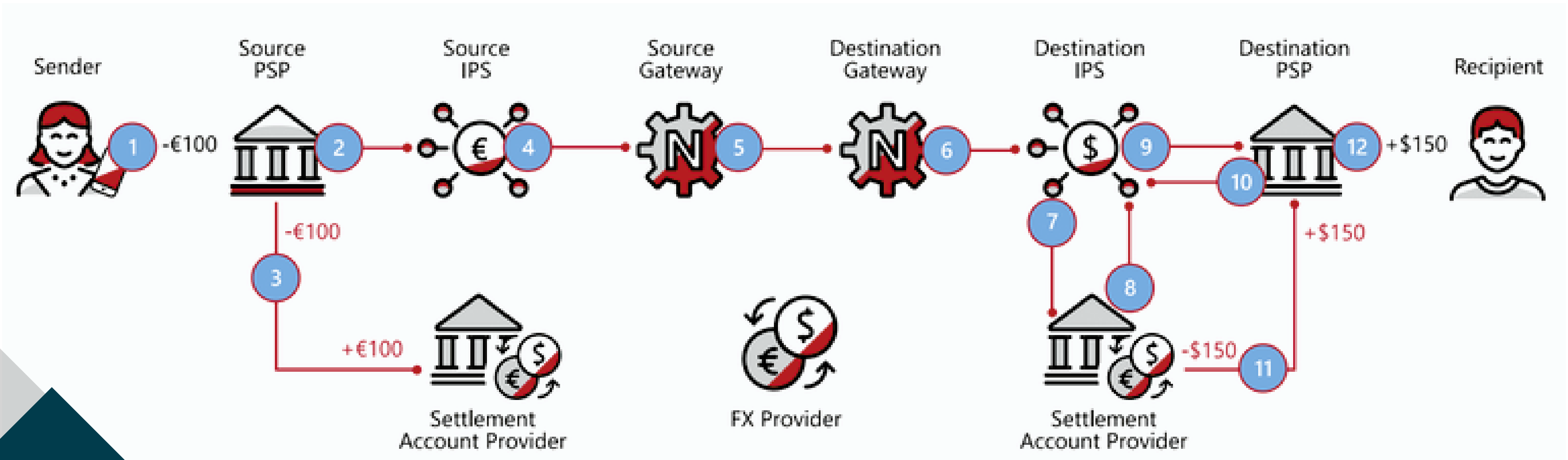
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## Nexus Project

**International Unified Instant Payment System**

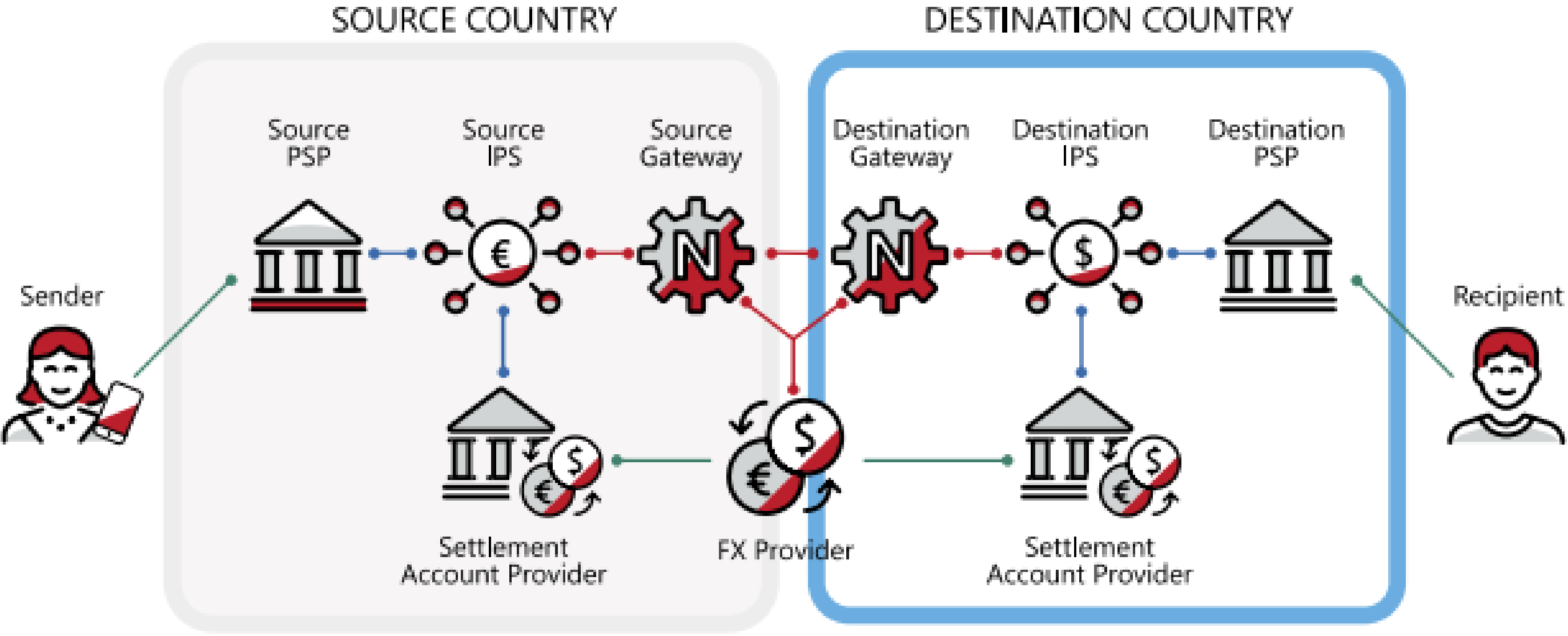
Approximately 60 countries involved and under study

# Next Steps - Nexus Project



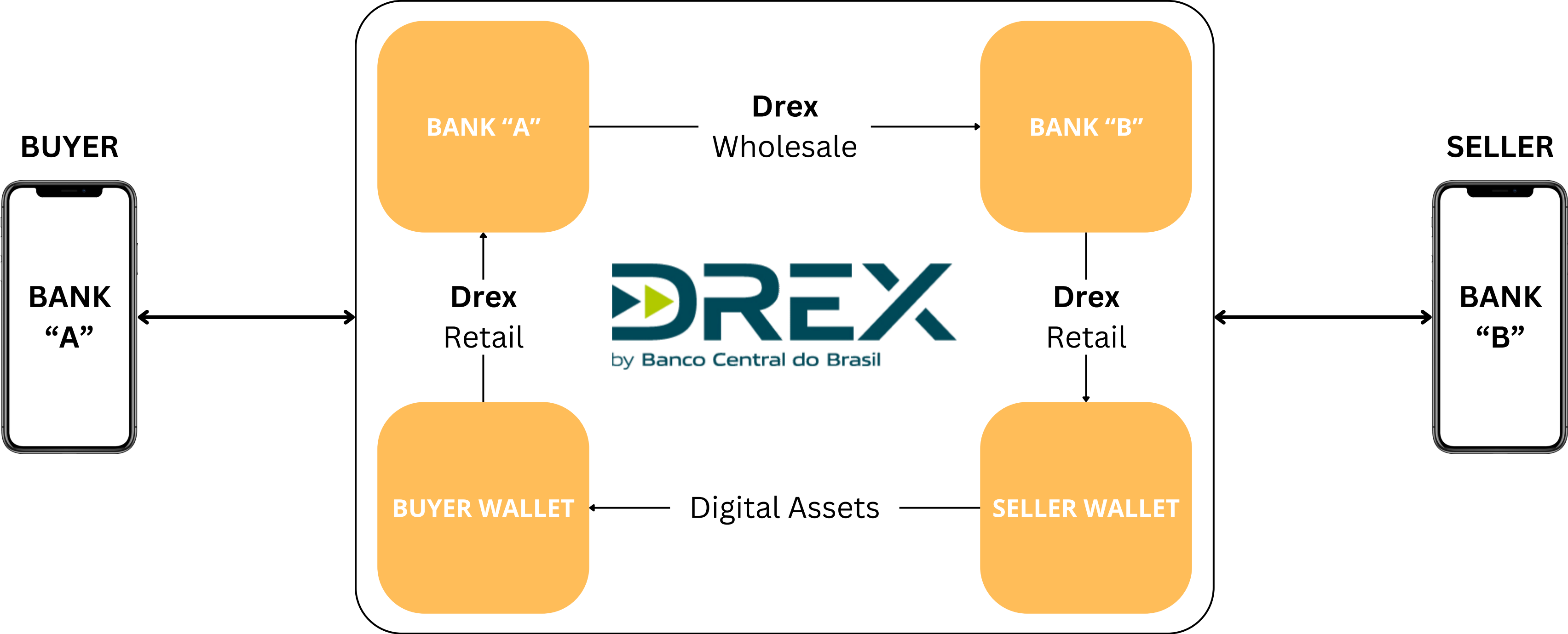
Source: BIS Innovation Hub

# Next Steps - Nexus Project



Source: BIS Innovation Hub

# Next Steps - Drex





# Next Steps - Drex

## 1. How does it works?

DREX will allow many kind of SAFE transactions within digital assets and available smart contracts in the market. Those smart financial services will be settled by Banks (Payment Institutions ??) inside DREX Platform from Central Bank, which has an IT environment that also use DLT (Distributed Ledger Technology) as a register tech tool. From the Consumers perspective, they will need access to DREX Platform through an authorized DREX agent, like a Bank.

The authorized DREX agent will be liable for DREX transfers from one account to a DREX digital wallet, in order to provide digital assets transactions in a fully safe environment.

## 3. DREX Status - Pilot

The Drex Pilot is the testing phase for operations with the Brazilian digital currency, Drex, previously called Real Digital. At this stage, the Central Bank will evaluate the benefits of the programmability of the Drex Platform, a multi-asset Distributed Ledger Technology (DLT) ecosystem where operations with digital assets ("tokenized") settled wholesale with Drex issued by the Central bank.

## 2. UX Example

For example, if you are going to buy a car, you may be afraid to pay and the seller will not transfer ownership of the vehicle. With Drex, it doesn't matter who makes the first move, as the contract will only be completed when both happen/actions. Thus, the money and ownership of the car will be transferred simultaneously. If one of the parties fails, the amount paid and the car return to their respective owners.

## Participants

**Authorized Institutions**

**National Treasury Secretary (STN)**

**Simulated End Users**

# Outcomes

**Does everything will be succesful in Brazil? It is all about PEOPLE BEHAVIOUR**

**Pix phenomenon versus Credit/Debit Cards**

**The “Super App” Dream**

**Personal Predictions**



# Q&A



# Thank You



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