

Payments and Financial Inclusion in Brazil

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Lima

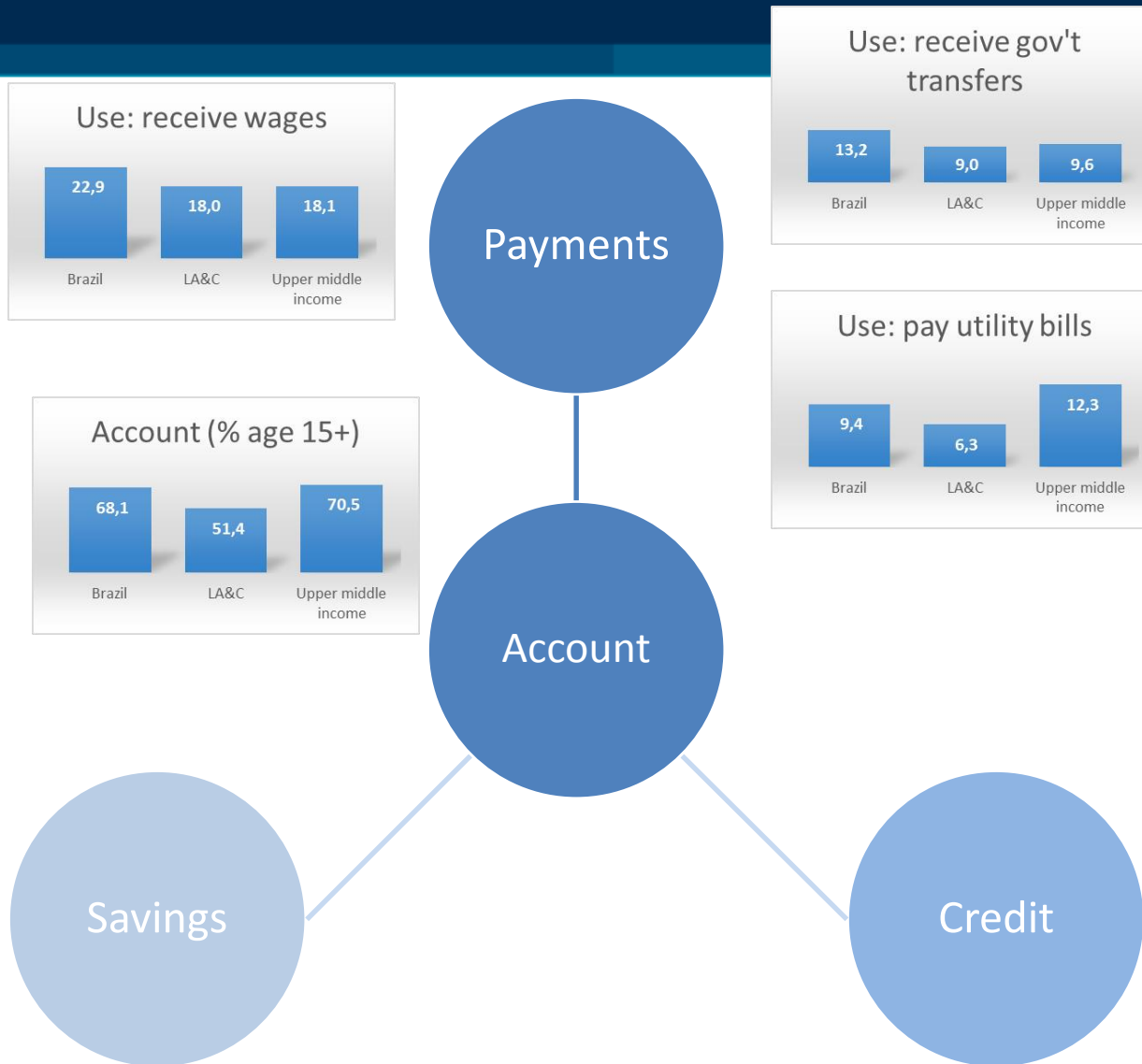
26/05/2016

Payment Services

ACCESS & USE IN BRAZIL

Accounts in Brazil: access and use

Users' needs

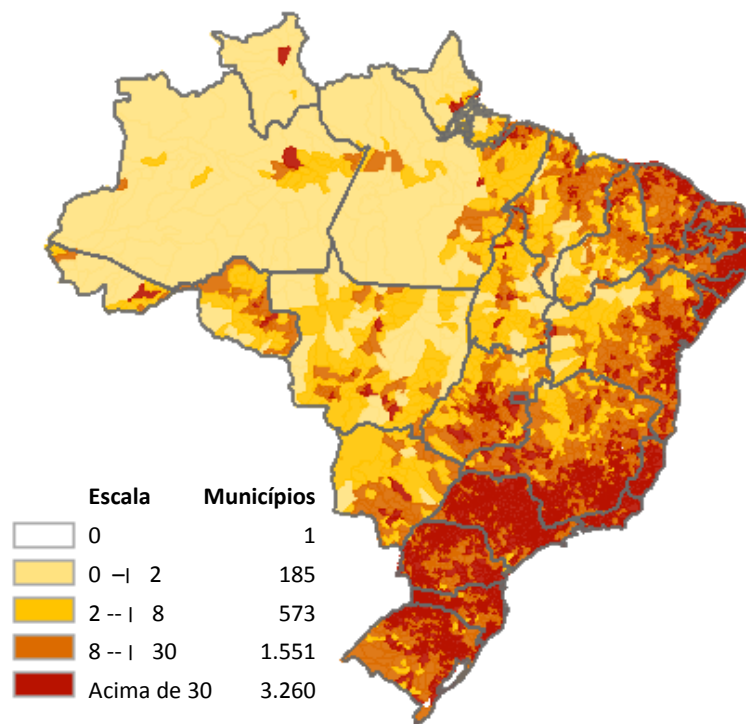


Source (data): Demirguc-Kunt et al. (2015).

Geographical component

Number of outposts per 1,000 km², by municipalities

Bank branches and outposts, electronic outposts and agents



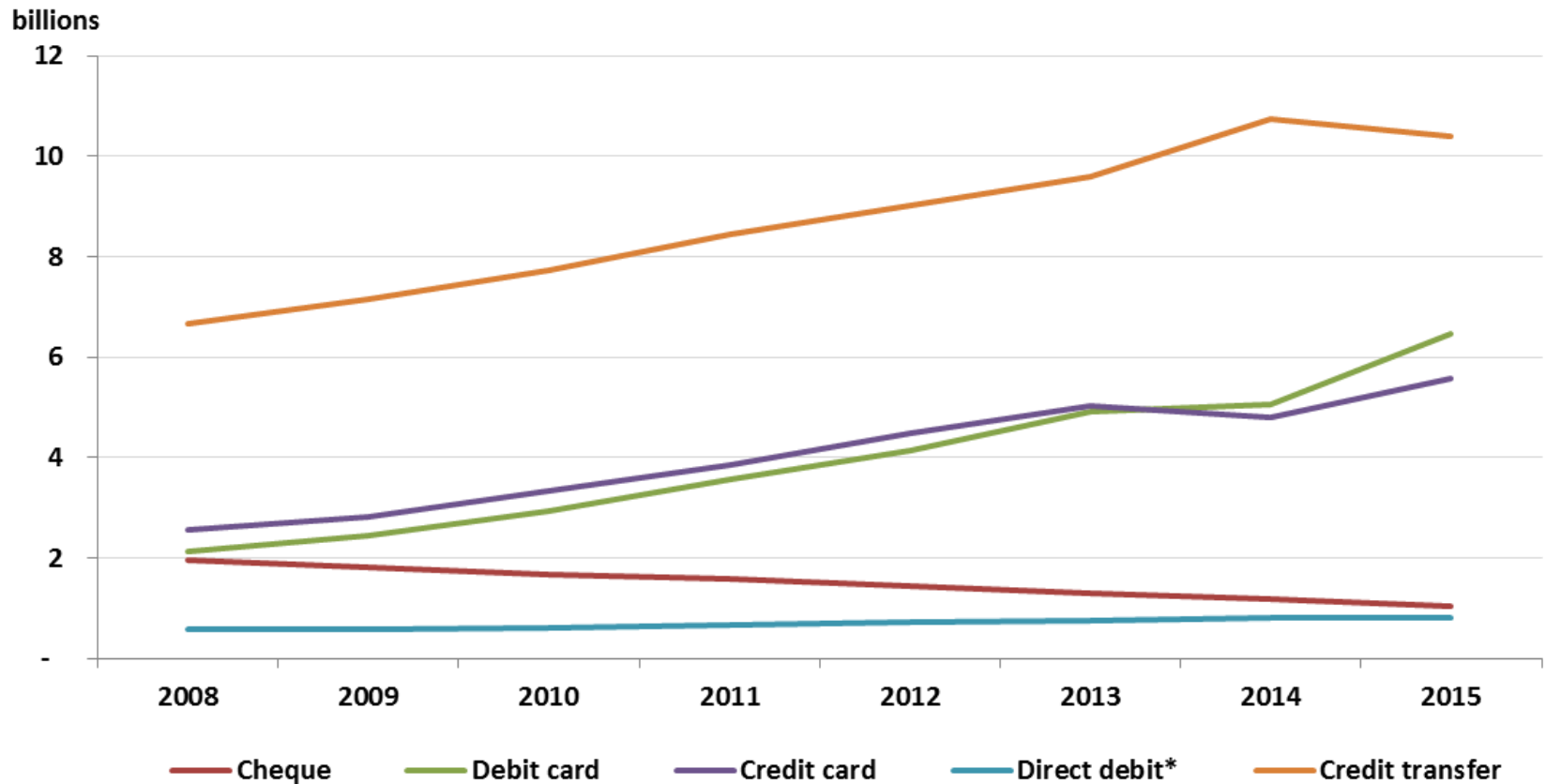
Sources: BCB / IBGE (2014)

Payments Infrastructure

| Region | ATM | POS | ATM/pop(*) | POS/pop(*) |
|---------------|----------------|------------------|-------------|----------------|
| North | 6,547 | 142,363 | 57.6 | 1,252.1 |
| Northeast | 34,054 | 854,472 | 55.2 | 1,386.1 |
| Mid-West | 16,933 | 443,131 | 98.7 | 2,582.1 |
| Southeast | 93,419 | 2,840,050 | 108.2 | 3,290.7 |
| South | 31,425 | 880,932 | 106.9 | 2,995.9 |
| BRAZIL | 182,378 | 5,160,948 | 88.6 | 2,506.7 |

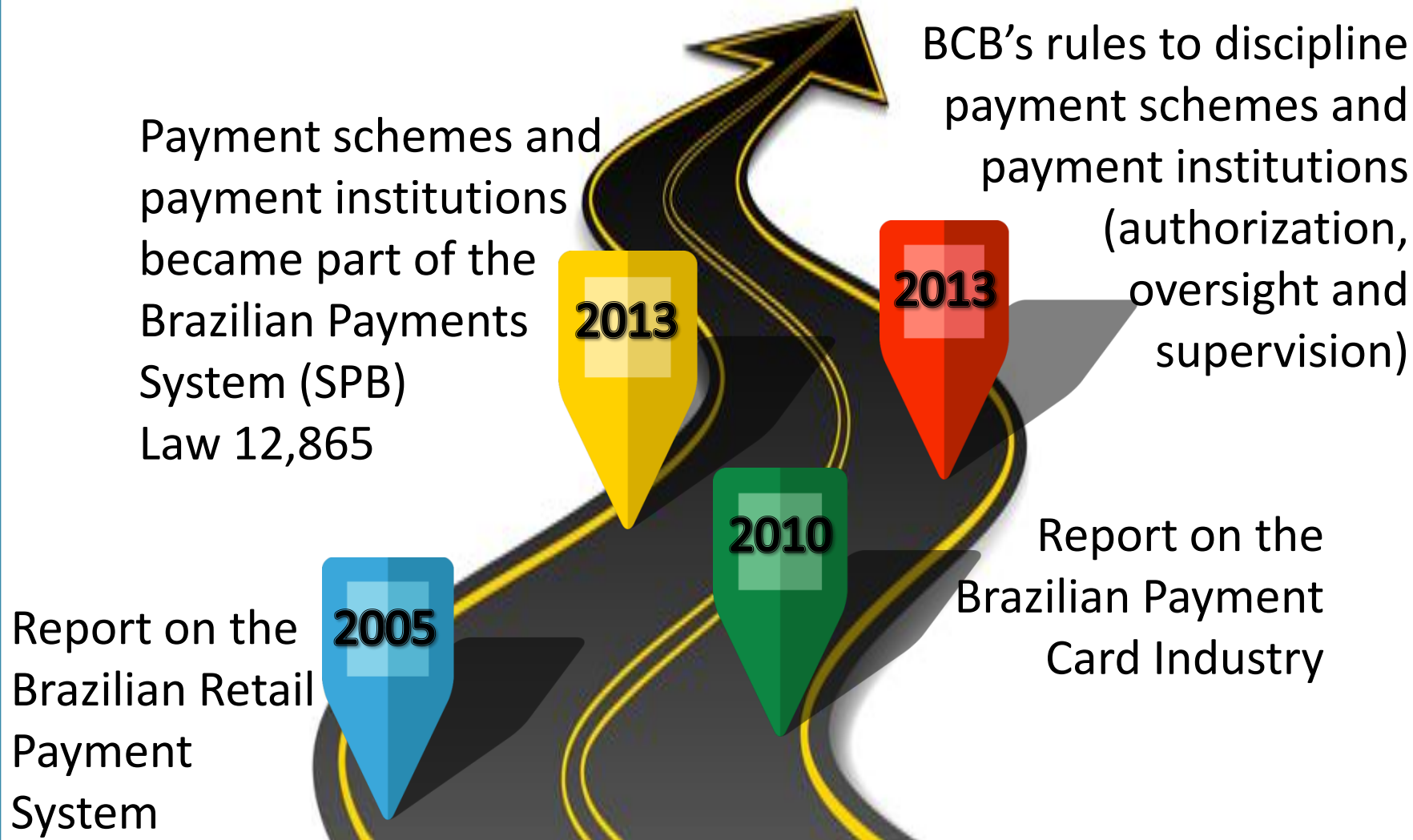
(*) per 100,000 inhabitants

Payment Instruments - Usage



PAYMENT SCHEMES, E-MONEY & PREPAID ACCOUNTS

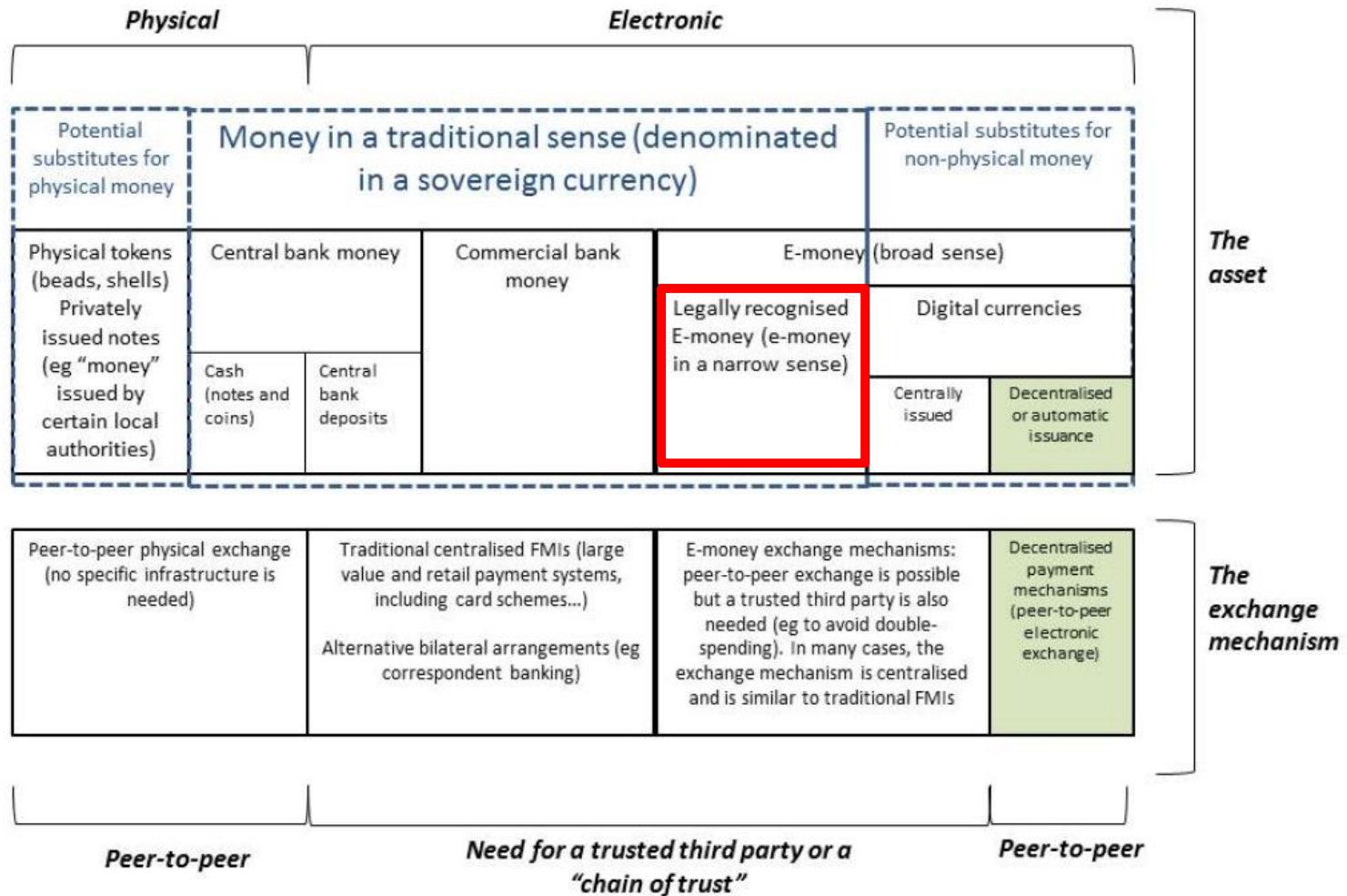
Moral-suading the market and regulation



Regulation: principles and objectives

- Soundness and efficiency of the Payment Schemes and the PIs
- Non-discriminatory access
- Legal certainty
- Foster competition
- Interoperability
- Innovation and diversity of business models
- Meeting the needs of end users
- Reliability, quality and security of payment services
- Risk based approach to regulation
- **Financial inclusion**

e-Money



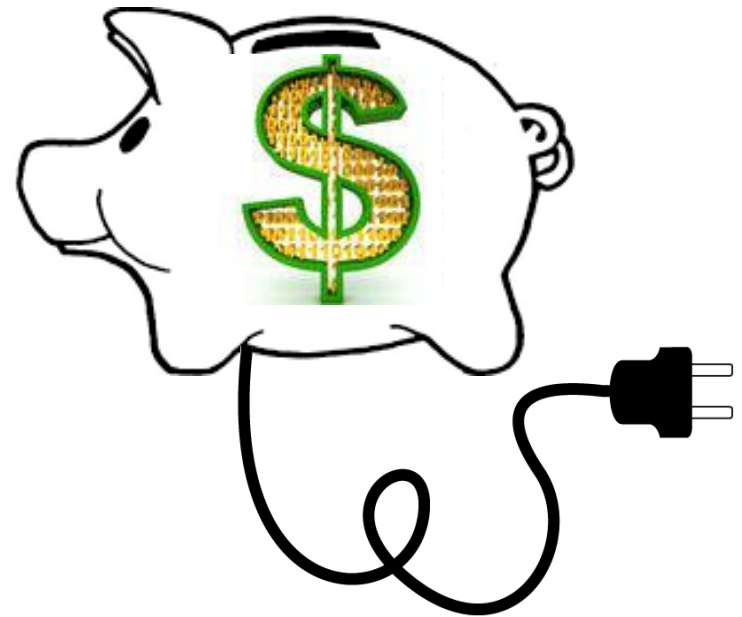
Source: CPMI (2015). Digital Currencies.

E-money

- Funds stored in a device or an electronic system that allow end users to perform payment transactions.

Law 12,865/2013

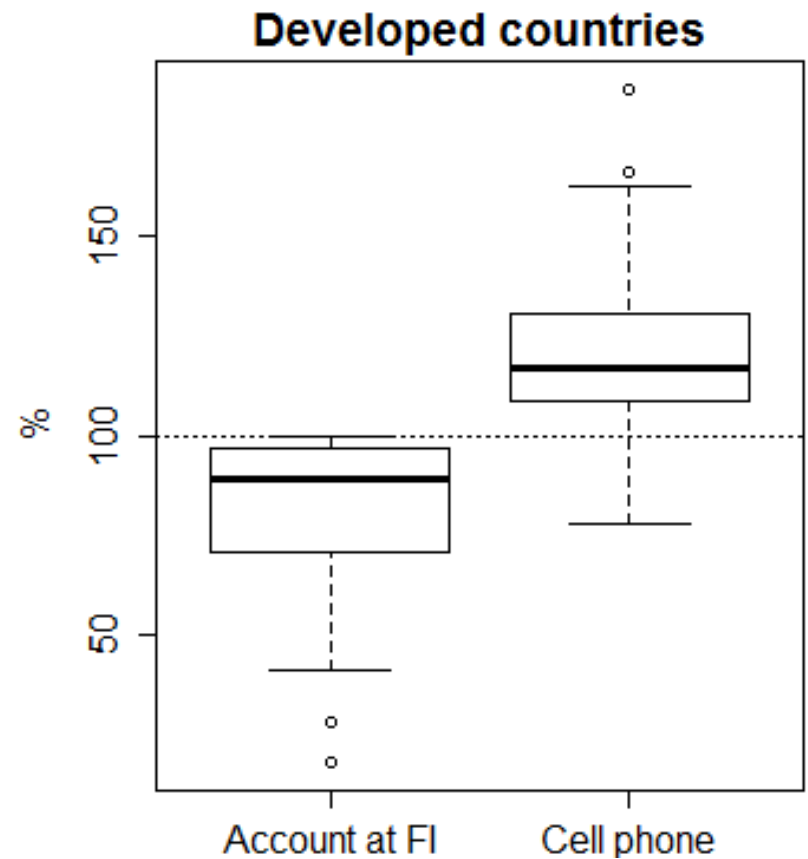
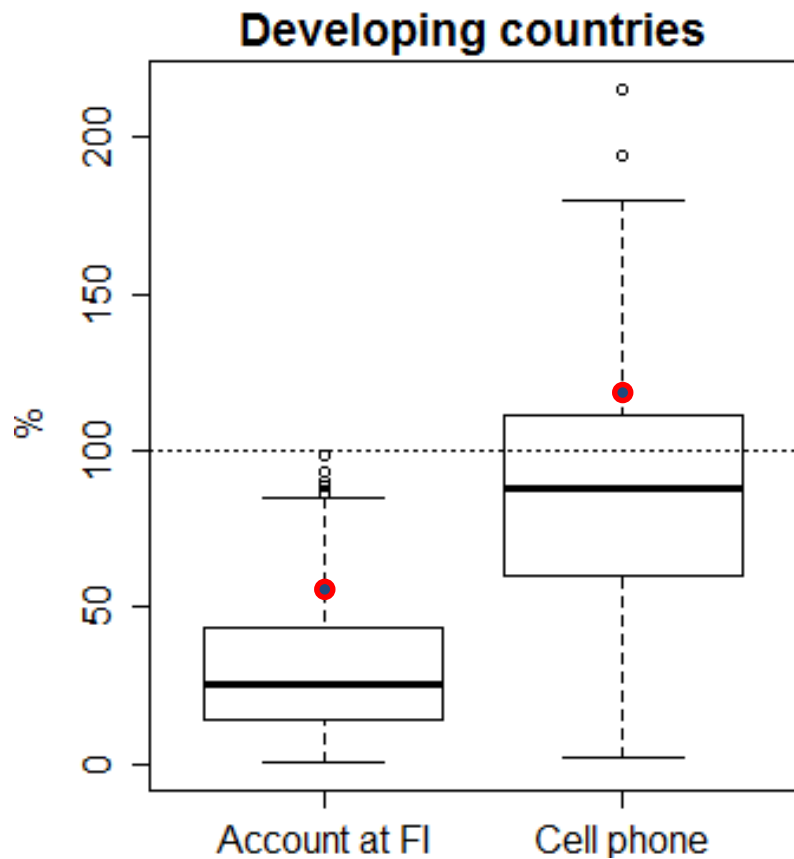
- Creation of the prepaid payment account



Payment accounts vs. traditional bank accounts

- ❖ Funds held in payment accounts constitute separate assets - Law 12,865/2013
- ❖ Funds must be allocated in:
 - central bank money; or
 - federal bonds
- ❖ Interoperability
 - among traditional and novel solutions
 - among novel solutions

Riding on telecom



m-Payment

Law 12,865, art. 8. - The Central Bank of Brazil, the National Monetary Council, the Ministry of Communications and the National Telecommunications Agency shall encourage, within the framework of their competence, the financial inclusion, by means of the participation of the telecommunications sector in the provision of payment services and may, based on periodic evaluations, adopt measures to encourage the development of payment schemes using access terminals to telecommunications services owned by the user.

BRAZILIAN PAYMENTS SYSTEM OVERSIGHT REPORT

Policies on FI:

- Payment services as a means of financial inclusion
- Expansion of mobile payment services

“Fórum arranjos e instituições de pagamento” (Payment schemes / Payment Institutions Forum)

Forum:

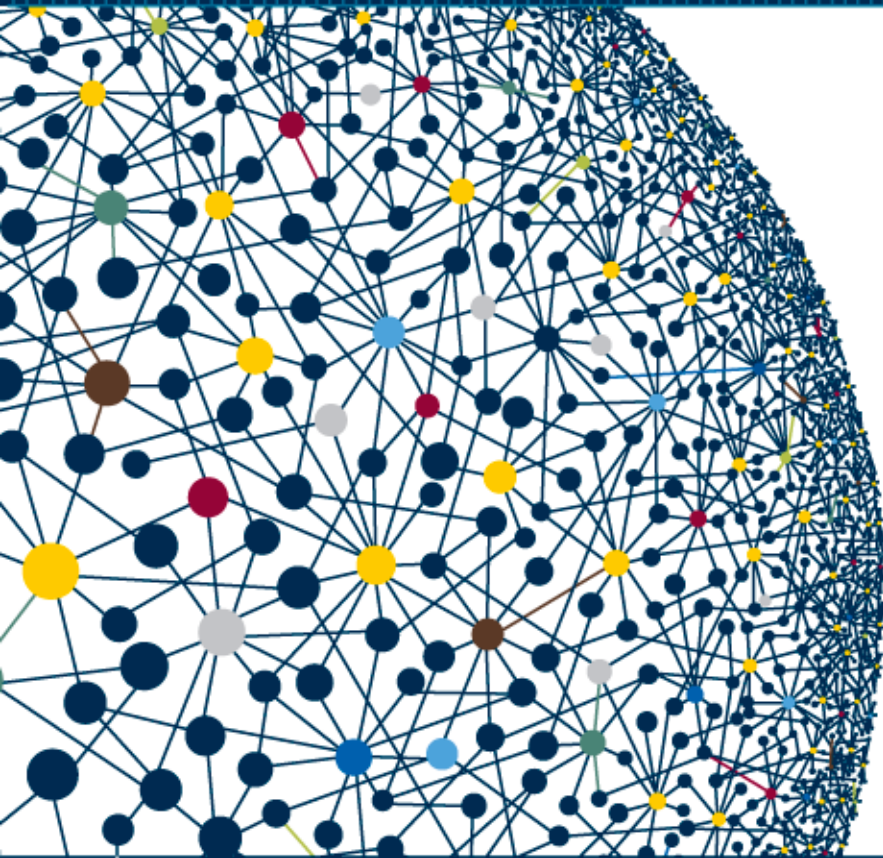
- BCB as catalyst
 - moral suasion vs regulation
- Involvement/commitment of stakeholders in finding solutions

Challenges

- ❖ Payment schemes interoperability
 - WG-IO
- ❖ Convenience in the use of electronic payment instruments
 - high value retail payments
- ❖ ATM Interoperability
- ❖ Faster payments

QUESTIONS





Thank you!

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26/05/2016