

# The Soaring Fintech Industry in Brazil

Zeyu Li

Department of Economics, College of Liberal arts and Science, University of Illinois at Urbana-Champaign

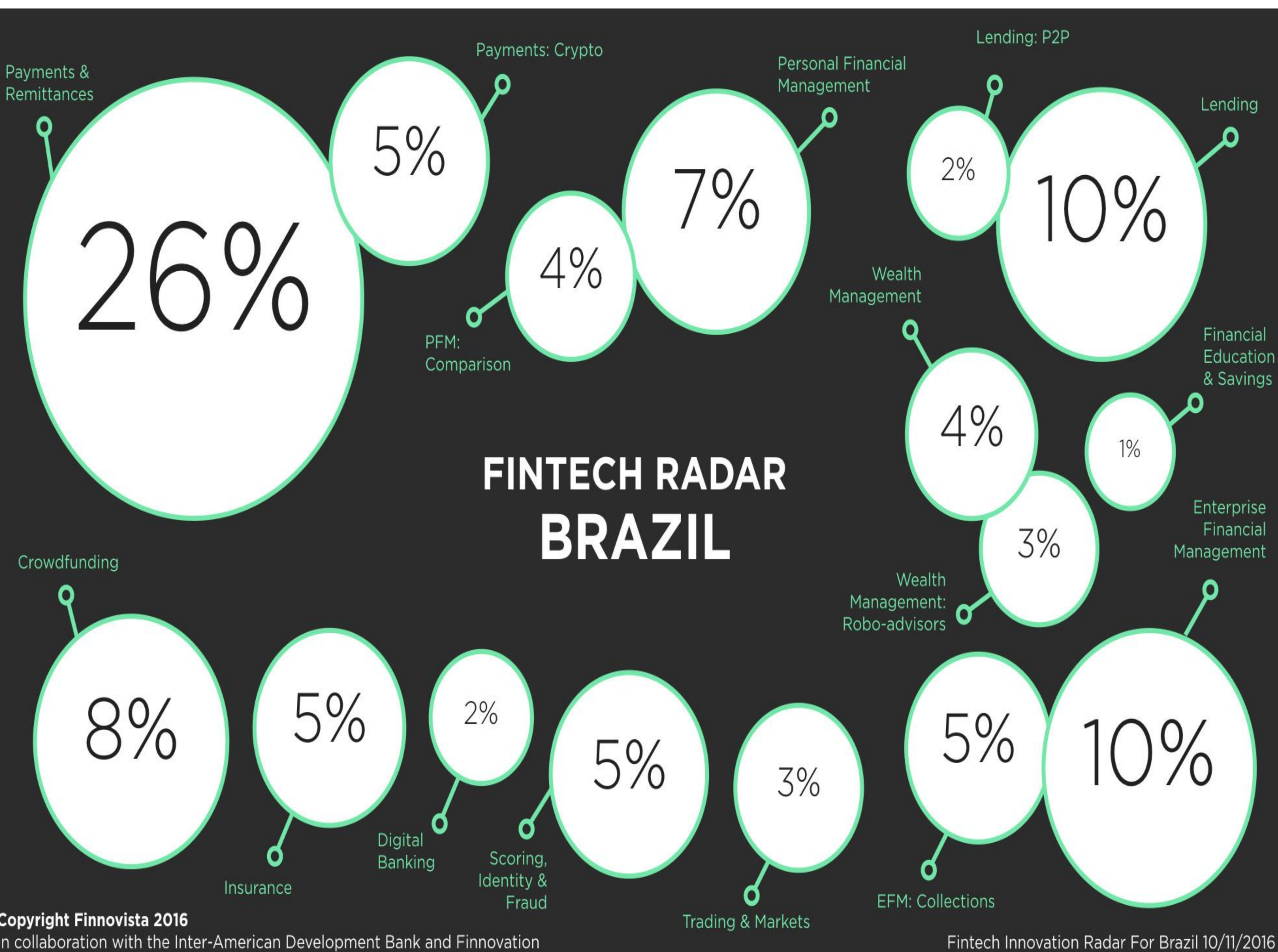
## INTRODUCTION

Brazil is the world's fifth-largest population with the ninth biggest economy in the world. Brazilian economy is heavily relied on its financial industries. In 2017, Financial industry contributes 35% of Brazilian GDP. It is also the center of derivatives and equity trading for South America, over 80% trades happened in Brazil. Since 2015, Brazil had experienced a large economy crisis which Brazilian GDP had fallen 3.8% in 2015 and 3.6% in 2016. It was the first time since 1931 that Brazilian GDP had fallen in two consecutive years.

On the other hand, there is a thriving trend for Fintech business in Brazil even during the recession. Investment in Brazilian Fintech amounted to 161 million US dollars in 2016 which has 85% growth compared to 2015.

Among the Brazilian fintech companies, 26% operate in payments, the leading sector in the ecosystem. Finance management and alternative lending come second and third, with 15% and 12% of the Fintech start-ups.

Here is a graph about Brazilian Fintech industry distribution



## The Nubank

Nubank is a technology-driven financial services startup. The company is building some of the highest-performing engineering, decision sciences and design teams in the world to redefine the standard in financial services in Brazil. Its company value is about one billion US dollars and have a total funding of 527.6 million US dollars.

Nubank mainly focused on Credit market and use zero-entry fee, low interest rate and convenient user experience to attract clients. According to the data, Nubank's clients are mainly young people from 20 to 30 years old among middle and high classes. The total amount of clients is about 2 million people which is pretty large number for a company just started in 2013.

During our trip in Brazil, we are fortunately able to visit Nubank's headquarter in Sao Paulo and listen to the lecture given by Vitor Oliver, one of the founder of Nubank and Finance Squad Tech Lead.



Rest at Nubank's Headquarter

## CONCLUSIONS

Generally speaking, Brazilian fintech industry has a good future for investment but also high risk considering the recovering Brazilian economy. Based on the currently recovering economy, Brazil has a pretty good future as a Fintech industry market. There are many potential customers for new fintech companies. On the other hand, there is possibility for another recession in Brazil based on their current poor political stability,

