



# **BANCO CENTRAL DO BRASIL**

**Brasília, 21 de novembro de 2022.**

**Discurso do Diretor de Organização do Sistema Financeiro e  
Resolução do Banco Central, Renato Dias de Brito**

**Workshop “Deep Dive Into Pix”, organizado pelo Departamento  
de Competição e de Estrutura do Mercado Financeiro (DECEM)  
e Departamento de Assuntos Internacionais (DERIN)**

Good morning, everyone.

It is a great pleasure to welcome you to this event to share our experience in developing Pix, a project that makes us so proud.

Let me start by introducing myself. My name is Renato Gomes, and I am the Deputy Governor responsible for the area that, among other things, takes care of Pix' regulatory aspects as well as of management and development of new features.

Pix was developed from scratch by a small but incredibly efficient team at the Central Bank. This team deserves all the credit and the applause from the so many Brazilians that benefited from this innovation.

The debate on instant payments at the Central Bank of Brazil began ten years ago. It became clear early on that an instant payment solution would be very much welcomed by Brazilian consumers. Brazilians love technology and the adoption and availability of smartphones is high. Moreover, the payment options available for Brazilians as recent as a bit more than 2 years ago were definitely behind the technological frontier. So, there was room for greater efficiency in the Brazilian payment system.

Yet, the private sector had not developed a tool for instant payments. It is understandable that private actors did not enjoy the proper incentives to do so, as payment revenues would be jeopardized in exchange for a possible, but uncertain, market expansion. Moreover, developing from scratch an instant payment solution requires complex coordination and standard-setting activities. The need for an open architecture, fully interoperable, coupled with unbiased governance, are features that may fail to naturally flourish under private provision.

For these reasons, the Central Bank of Brazil understood that instant payments should be part of a broad public policy agenda and its underlying infrastructure considered a public good. Accordingly, the development of Pix aimed at addressing market failures and complementing the existing payment means.

From the start, we posited that Pix should be open, accessible, simple, and safe.

We would like to share with you today the strategy we designed to connect these four characteristics.

To overcome the challenge of a simple payment journey, we established a single logo that stated in small letters, besides the Pix image, "Powered by Banco Central". Concomitantly, we prepared a user experience manual to standardize the offering of Pix by different institutions. Every institution must follow these rules when offering Pix. The idea here was to make sure that consumers understand there exists a public infrastructure behind the instant payment service offered by banks, and that all banks connect to the very same system when offering instant payments. That any bank can join, all under equal conditions, renders Pix an open scheme. We believe that, by virtue of being open and standardized across

institutions, Pix is conducive to more intense competition between payment service providers.

By design, no one would need to download apps or register on new websites to use Pix. Consumers could use the apps of their own banks, which were already known and trusted. In other words, Pix was born integrated in the daily lives of people and companies.

In addition, being offered as a service by Payment Service Providers within their own applications, Pix inherited the application's security systems, which had already been extensively tested. This helps making Pix a safe payment method.

In addition to instantaneity, Pix has other attractive features. It provides a comprehensive, cost-free, and non-bureaucratic payment mechanism for both payers and payees; it does not demand machines, software, or new applications. It is enough to have a cell phone or internet banking. This helps making Pix accessible.

Once the supply strategy was defined, the next step was to think about distribution. As a regulator of the financial system, the Central Bank determined that the largest institutions in terms of the number of transactional accounts must offer Pix. With the largest institutions offering Pix, the other institutions followed suit, so as not to lose customers. As a result, from day one, virtually every Brazilian could make or receive a Pix.

The other supporting pillar of Pix is its infrastructure. The goal was to have it accessible, neutral on competitive grounds, and low-cost. To make sure these objectives were attained, the Central Bank built it in-house. We adopted a cost-recovery approach, charging only BRL 0.01 for every ten Pix transactions to the “receiving” institution (about USD 0.01 for every 50 transactions).

At the same time, as the scheme owner, the Central Bank determined to PSPs that transactions between individuals would be free of charge. When they involved firms, consumers would still have it for free, but firms could be charged by the payment provider. This fee structure made sure that consumers would quickly be “on board”, rendering Pix a must-adopt for firms. This strategy solves the coordination (or chicken-and-egg) problem inherent to industries that exhibit network effects.

Two other factors help understanding Pix' success. The first was that in 2012 we built a legal framework creating a new type of authorized institution with a lighter prudential requirement, proportional to the risk. It was the origin of the payment (as opposed to financial) institutions in Brazil. The former cannot grant loans but can offer prepaid and credit cards.

These institutions became popular in Brazil, notably by offering free-of-charge accounts and user-friendly technology. All services are offered through smartphones, with no need to visit physical branches. The expansion of these institutions put competitive pressure on incumbents, who soon responded with

similar offerings. Accordingly, when Pix was launched, the use of cell phones for financial transactions was already widespread.

The second factor is that we launched Pix in November 2020. We were in the middle of the Pandemic, and the digitization imposed by social distancing policies had changed the habits of many Brazilians, who incorporated the advantages of mobile technology into their daily lives. Social media played a prominent role in this period, either as a mean of communication or as a marketplace. Instantaneity became an intrinsic feature of this process, as a gratifying experience doing business is essential in the digital world.

During this Pandemic, more than 93% of Brazilian municipalities had 4G coverage. In addition, around 90% of people in the income classes D and E; and 58% of those in class C used the internet exclusively via smartphones. In addition, the Brazilian government paid the emergency aid through digital accounts provided by a public bank. Approximately 14 million unbanked people were inserted into the Brazilian financial system through this program, with 10 million only in the period from May to July 2020 alone, the peak of the expansion of emergency aid.

The launch of Pix during this period was the missing piece for accelerating this digitization process.

Brazilians incorporated Pix quickly. Less than a year later, in August 2021, more than half of the Brazilian population had made at least one Pix. Last month, October 2022, more than 138 million users were registered in Pix - about 64% of the Brazilian population. These users performed more than 2.5 billion transactions in one month. A year ago, in October 2021, there were 1.1 billion monthly transactions. We more than doubled the use of Pix during this period!

A significant percentage of Pix usage is among individuals, but its usage in business is also noteworthy. In particular, micro-entrepreneurs and self-employed workers have widely adopted this means of payment. According to data from Sebrae (Brazilian Micro and Small Business Support Service), Pix became the main mean of payment for 51% of self-employed workers and 28% of micro and small entrepreneurs. A recent survey also reveals that Pix has become the primary means of payment on Facebook, Instagram, and Twitter Platforms.<sup>1</sup>

Although Pix is only two years old, these are significant numbers!

Many other possibilities for developing products and services based on Pix are being explored. The next frontier right now is using Pix through payment initiators connected to the Central Bank's Open Finance initiative.

We are also in the process of developing Pix Automatico, which will enable consumers to automatize recurrent payments. Importantly, consumers can use this service from any PSP participating on Pix, and not only from the banks (typically the large ones) who have a bilateral agreement with the payee firm. This

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<sup>1</sup> <https://olhardigital.com.br/2021/07/28/pro/pix-e-o-principal-meio-de-pagamento-nas-redes-sociais-diz-levantamento/>

feature will level the playing field across large and small banks, intensifying competition in the banking sector.

In addition, we are closely following the development of Buy Now, Pay Later services based on Pix.

More broadly, we see Pix as part of a large eco-system that will bring together instant payments, our Open Finance initiative and our CBDC initiative. In the future, we hope, consumers will seamlessly get quotes for financial services through Open Banking, make instant payments through Pix and enjoy the programmability and composability features of the Real Digital. Technology will eliminate informational asymmetries and bring down competitive barriers.

It is precisely the practical aspects of this adventure that we want to share with you today. We have here today around 30 institutions, including central banks, financial regulators and international organizations. It is an honor and a privilege to share our technical knowledge and experience with such a qualified audience.

We see the collaboration with other countries as a great opportunity to promote public policy on instant payments around the world. This collaboration also opens the door to the development of instant cross-border payments. Connecting domestic instant payment systems is certainly one possible avenue to this end. It remains however a lot of work to be done in harmonizing regulation, technology and operations across different payment systems.

We intend to share technology, of course. But we also want to share our vision of how instant payments can be applied to mitigate frictions, complement the existing payment frameworks, and achieve financial inclusion. In doing so, we will be working to promote efficient, secure, and inclusive financial and payment systems, which is our mandate.

I want to take this opportunity to thank one more time the Pix team and all of you who give us the privilege of your company and your expertise. I hope this collaboration is a first step towards a future of efficient and cheap cross-border payments.

Have a great day and I hand the floor over to Angelo, who is the head of the area responsible for managing Pix.

Thank you very much.