India-Brazil FinTech Webinar

FinTech in Brazil and India: Weathering the COVID-19 Pandemic
16th June 2020, 9h00 (BRT), 17h30 (IST)

Report

June - 2020
India-Brazil FinTech Webinar

“FinTech in Brazil and India: Weathering the COVID-19 Pandemic”
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**Agenda:** To discuss the role of the FinTech sector in post-pandemic economic recovery efforts, and FinTech innovations that have emerged in Brazil and India in the context of the pandemic.

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**Key Outcomes and Observations**

- Huge potential for FinTech sector in India and Brazil
- Demand of loans/credit has grown up in the post COVID scenario

**India:**

- Like demonetization in 2016, the COVID-19 crisis has given a further boost to the need of digitization to payments, especially for SMEs which are facing a liquidity crunch
- In the post COVID world, FinTech companies will be operating in two different ways:
  i. Offering solutions in tier 1 and tier 2 cities to become more profitable
  ii. Coming up with new solutions to capture the next 300-500 million users
- FinTechs are majorly concentrated in digital payments and now digital lending and even within these domains, penetration is more in B2B than B2C
- The share of online transactions in India is increasing

**Brazil:**

- With the recent nationwide rollout of payments through WhatsApp by Facebook in Brazil and the announcement of Instant Payment System - PIX- by the Central Bank will enable payment transfers to be made instantly 24X7 in the country
- COVID has accelerated the trend of clients paying more focus on digital banking than accessing the physical bank branches for their transactions

**Next Step(s):**

- Focused webinars on themes: Open Banking, Neobanks, FinTechs in B2C, Agrifintech, E-payments, Role of NBFCs and FinTechs in credit health of India and Brazil
Discussion Highlights:

Presenters

1. Ms. Suniti Nanda, FinTech Officer - Government of Maharashtra
   - FinTech sector in India has matured at a very fast pace in the last 5 years - India has 2000+ FinTech startups currently and 4 among them - PayTM, PolicyBazaar, Billdesk and PineDesk - are unicorns.
   - One important leverage that India and Brazil have in the FinTech sector’s growth is the active smartphone penetration in the population.
   - In India, the strong growth in the FinTech sector has been made possible through government’s conducive policies and digital infrastructure initiatives like Aadhar, Unified Payments Interface (UPI), Reserve bank of India’s own cohort of Regulatory Sandbox for FinTechs, etc.
   - With the COVID-19 outbreak, savings FinTechs will bear the brunt, insurance FinTechs will see their products' demand going up and lending FinTechs would be facing the biggest risks.

2. Ms. Ingrid Barth, Director, Brazilian Association of FinTechs (ABFinTechs)
   - As of May 2020, ABFinTechs has 374 members with 8 Working Groups, with a total of 116 participants
   - In order to mitigate the impacts of COVID-19 on the FinTech ecosystem in Brazil, ABFinTechs gathered the draft proposals and suggestions from its members and forward them to the Central Bank of Brazil and Caixa Econômica Federal, e.g. getting payment FinTechs involved in the disbursement of Corona Vouchers to unbanked population in the country.
   - ABFinTechs was part of the Working Group created in March 2020 to discuss the conduct of Open Banking in Brazil which got authorization from National Monetary Council and Central Bank in May 2020 and will now be implemented In 4 stages starting from November 30, 2020. This will enable the sharing of clients' data among the entities in a secured environment.
   - With the recent nationwide rollout of payments through WhatsApp by Facebook in Brazil and the announcement of Instant Payment System - PIX- by the Central Bank will enable payment transfers to be made instantly 24X7 in the country.

Panellists

1. Mr. Guilherme Mota, Country Head India, Salaryfits (Brazil)
   - Both India and Brazil face similar bureaucratic hurdles and economic challenges due to COVID-19. But in India, there are many initiatives, both by private and public sector, to help the growth of startups, e.g. NASSCOM’s 10.000 Startups Initiative, Indian Government's creation of StartUp India entity, tax benefits, etc, which is a little further than in Brazil.
   - For Indian FinTechs looking to explore the Brazilian markets, understanding the financial inclusion needs of Brazil and bringing experience and best practices from other countries would prove beneficial.
2. Mr. Sudhir Sehgal, Country Head, Enterprise Business, PayU (India)
   - Like demonetization in 2016, the COVID-19 crisis has given a further boost to the need of digitization to payments, especially for SMEs which are facing a liquidity crunch.
   - Making the right choices in Indian FinTechs' acquisitions has helped PayU consolidate its position in India. Simultaneously, through an entity called PayU hub, the company helps Indian merchants in expanding their reach in the international markets where PayU is present.

3. Mr. Gustavo Torres, Chief Innovation & Experience Officer & Partner, C6 Bank (Brazil)
   - C6 Bank has achieved 2 million users till June 15, 2020. This fast growth has been made possible because the Brazilian market is now more matured and accustomed to using digital banking.
   - C6 Bank had never projected itself as a new FinTech dealing with a specific domain in financial services, rather as a fullfledged bank providing only digital services - like credit cards, global accounts, etc - from the very beginning.
   - FinTechs should not aim to kill the "bank" because at the end of the day, every FinTech will want to widen its offerings and become a bank. The regulatory system in Brazil is opening a lot of new opportunities for FinTechs through open banking regulations, PIX, etc.

4. Mr. Arnab Kumar, India Director of Strategy, Naspers FinTech (India)
   - In the post COVID world, FinTech companies will be operating in two different ways - offering solutions in tier 1 and tier 2 cities to become more profitable and come up with new solutions to capture the next 300-500 million users. "Phygital" will become the new model.
   - In India, FinTechs are majorly concentrated in digital payments and now digital lending and even within these domains, penetration is more in B2B than B2C.
   - Making KYC interoperable will see the next phase of growth in FinTechs, just like Interoperability provided by UPI gave a big boost to Instant payments. For agricultural payments, FinTechs can think of a direct benefit transfers-based-lending framework for the farmers.

5. Mr. Thiago Alvarez, Founder & CEO, Guiabolso (Brazil)
   - Guiabolso has developed its own account aggregation technology which has set it apart among the personal finance management companies in Brazil. The open banking regulation announced in Brazil will be very beneficial for a platform like Guiabolso, especially in terms of KYC sharing.
   - In terms of regulation, India is more advanced but developments in Brazil like PIX and open banking will give a good idea of the regulatory framework of Brazil to Indian FinTechs looking to enter Brazilian market.
6. Mr. Rahul Kothari, Chief Business Officer, Razorpay (India)
   • RazorPay has grown 4 times in the last 1 year simply because the share of online transactions in the country itself is increasing.
   • COVID-19 impact has been net positive for payments vertical. Post COVID has seen a new bounce back for digital payments, just like the kick received from demonetisation.
   • At RazorPay, even the lending segment has seen a better traction since their lending is based on the cash flow of account receivable position of the merchants, rather than the merchants' balance sheets. Demand of loans itself has grown up in the post COVID scenario.

7. Mr. Guilherme Lago, Vice-President of Finance, Nubank
   • COVID has accelerated the trend of clients paying more focus on digital banking than accessing the physical bank branches for their transactions. COVID provides a great opportunity to FinTech to embrace changes and reinvent themselves. Nubank was also born during what was then the biggest recession Brazil had seen, and now Nubank has become the largest digital bank in the western hemisphere with more than 25 million customers.
   • In spite of similarities like smartphone penetration, bureaucratic hurdles, etc, India and Brazil have different customer bases and needs. Thus, for FinTechs looking to expand in the other country, it is strongly suggested to partner with local players or other foreign players that already have a deep knowledge of the country.
   • Nubank is currently solely focused on the two markets where it is present - Brazil and Mexico and would think of entering any new markets like India only in the future.
Annexure - I

Participants

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Ms. Ingrid Barth, Director, Brazilian Association of FinTechs (ABFinTechs)
Ms. Suniti Nanda, FinTech Officer - Government of Maharashtra

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Mr. Sudhir Sehgal, Country Head, Enterprise Business, PayU (India)
Mr. Gustavo Torres, Chief Innovation & Experience Officer & Partner, C6 Bank (Brazil)
Mr. Arnab Kumar, India Director of Strategy, Naspers FinTech (India)
Mr. Guilherme Lago, Vice-President of Finance, Nubank (Brazil)

Moderators
Ms. Shivangi Jain, Lead, Corporate & Global Partnerships, Startup India
Sec. Pedro Ivo Ferraz da Silva, Head of ST&I, Embassy of Brazil in New Delhi

Invest India Team
Ms. Shruti Chandra, Sr. AVP & BFSI Lead, Invest India
Mr. Atharv Mankotia, Sr. Investment Specialist – BFSI, Invest India
Mr. Sanyam Dugar, Investment Specialist – BFSI, Invest India
Mr. Agrim Aggarwal, Associate – BFSI, Invest India
Mr. Gautam Anand, Marketing Lead, Startup India
Ms. Mehar Ahluwalia, Associate – Brazil Lead, Invest India
Ms. Navya Sharma, Associate – Corporate & Global Partnerships, Startup India

Embassy of Brazil Team
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Ms. Gloria Nathaniel, Press and Information Officer, Embassy of Brazil in New Delhi