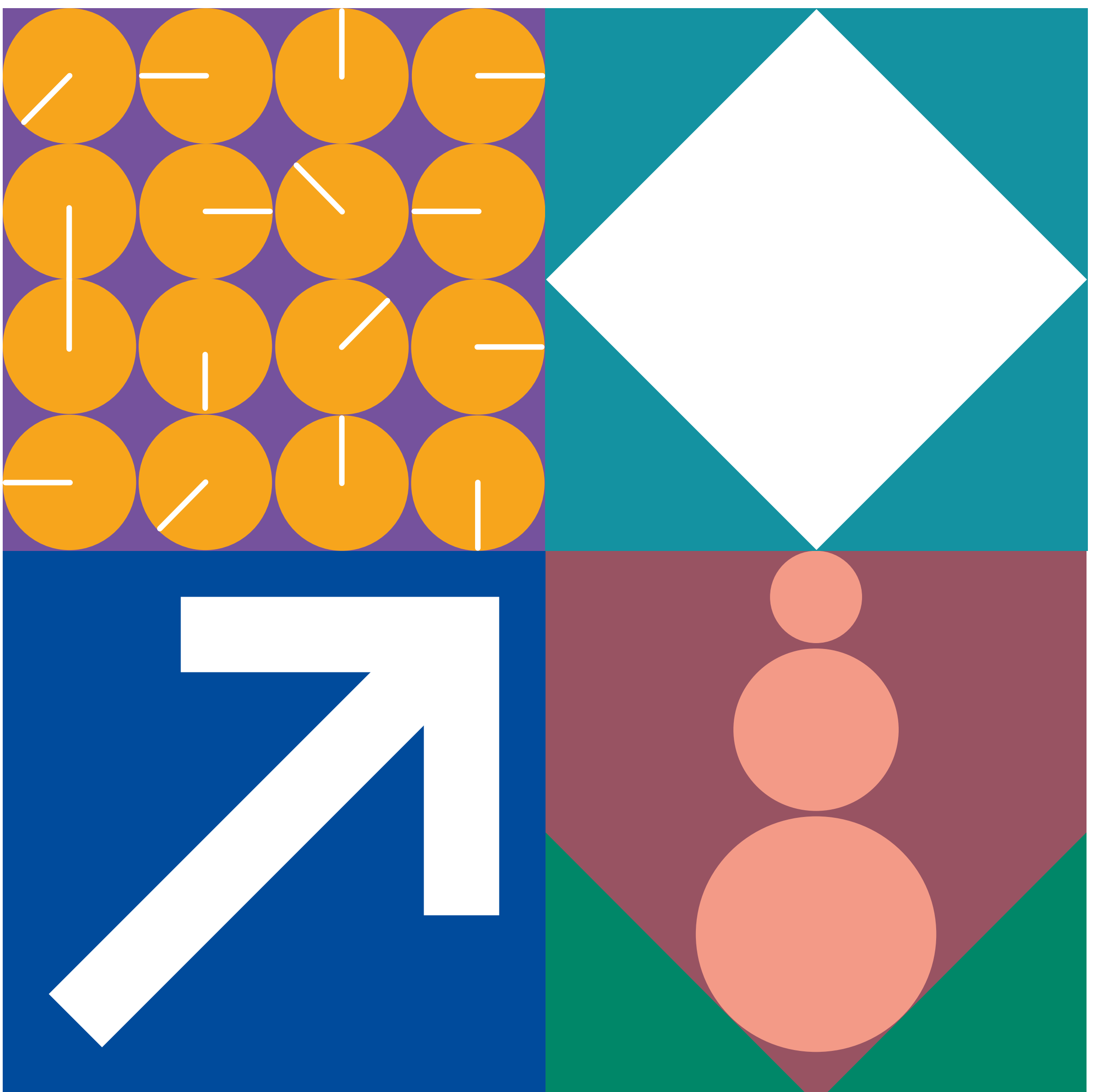


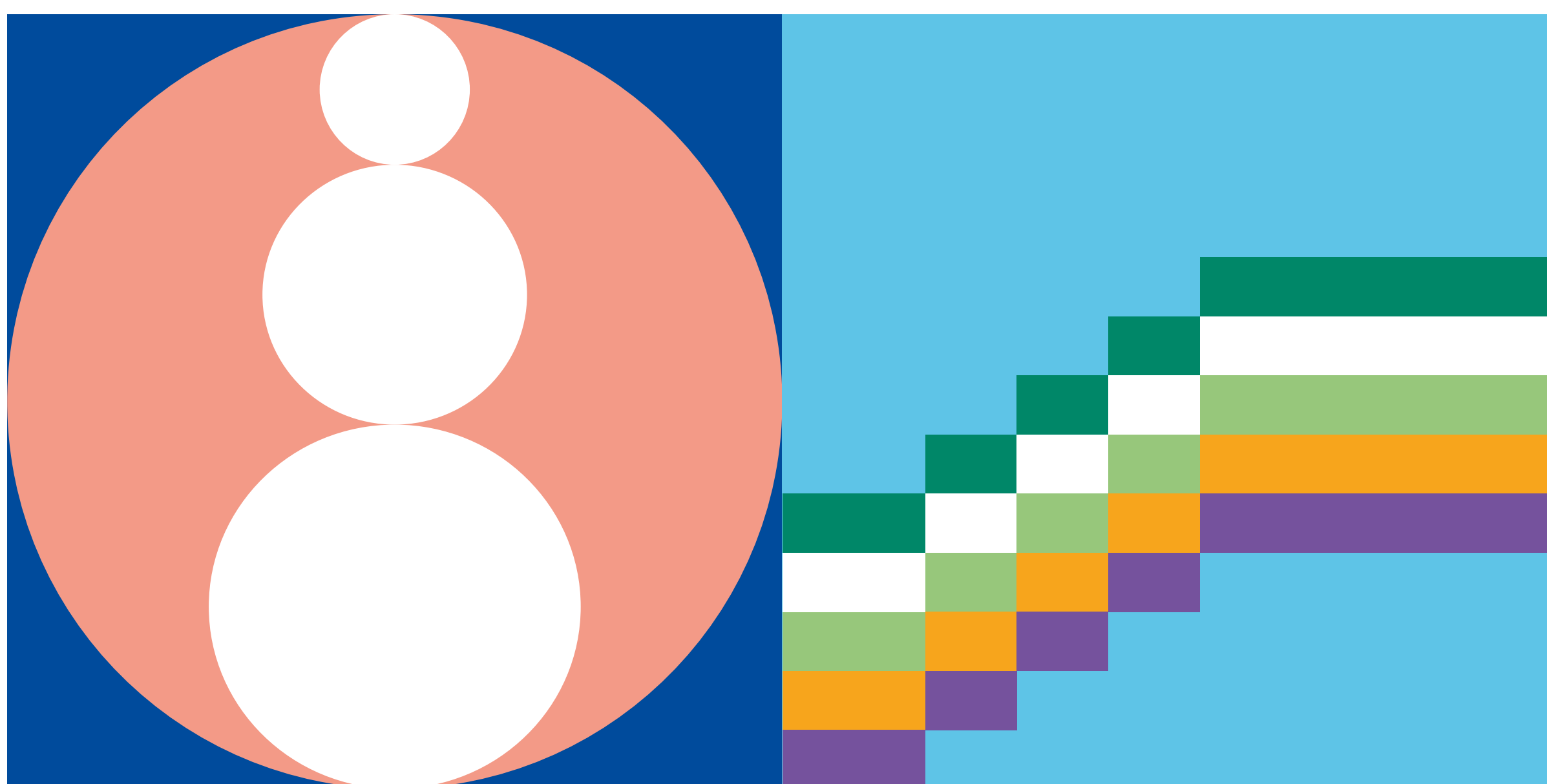
2021

The Zetta Panorama

Building Brazil's financial future



Zetta



2021 was a year of many achievements for Zetta. First – it was the year the association was founded. The purpose of the association is to give maximum voice to the companies that are reinventing Brazil's digital financial services sector, and creating a competitive environment that is significantly expanding inclusion, with wide-ranging innovation, fostering ever-increasing client satisfaction.

This publication aims to give some detail on the economic and social impacts generated by the member companies of Zetta in 2021.

Its production has been made possible only by the active participation of the more than 20 member companies of Zetta, including: Acesso, Bex, Bitso, Caju, Conpay, Cora, Creditas, Dock, Donus, Fitbank, Hash, Inter, iugu, Mercado Bitcoin, Mercado Pago, Modalmais, Movable, Nubank, Recarga Pay, Transfero, Z1, Zoop and VR Investimentos.

We hope you enjoy reading this story of innovation, success, progress – and satisfaction for the consumer.

The impact of digital financial services for the Brazilian population

Brazil's financial services market has recently become significantly more dynamic, with the entry of a large number of fintechs – financial technology companies offering high levels of innovation to make services easier, cheaper and more accessible for the final consumer – with a significant positive impact for the whole population.

The Zetta study [*New entrants in Brazilian Fintech: A revolution in competition, and inclusion*](#) showed clearly, with detailed numbers, that Brazilians are increasingly not being required to pay charges for financial services, and now have wider access to financial products. In a comparison between nationwide studies of 2008–09 and 2017–18, the probability of a Brazilian having access to a credit card increased from 43% to 51%. Fintechs are also being recognized for expansion of Brazilians' access to banking, and strengthening of consumers' connections to financial services in general. A Brazilian Central Bank study reports that, in 2021, 85% of the Brazilian population held some kind of account with a financial institution. [*A study by Zetta*](#), in partnership with *Instituto Locomotiva*, estimated that:

(i) 37% of these 85% have an account with a digital bank – and

(ii) 81% of the population see digital banks as advantageous, due to their low charges, their simple methods for approval of credit, and their help with control of personal finances.

Consumers also report that, after starting their link with these digital institutions, they have saved time, solved bureaucratic problems faster, and received faster and more efficient service.

Probability of a Brazilian having access to a credit card

2017-2018

51%



2008-2009

43%

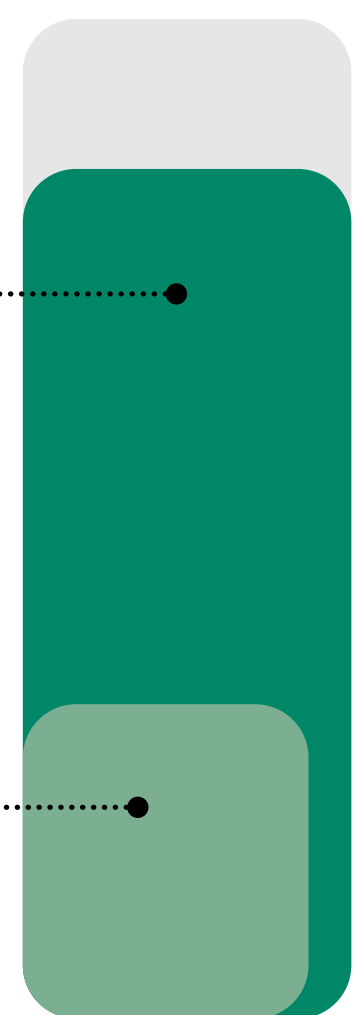
% of Brazilian population with an account at a financial institution

85%

Account with a financial institution

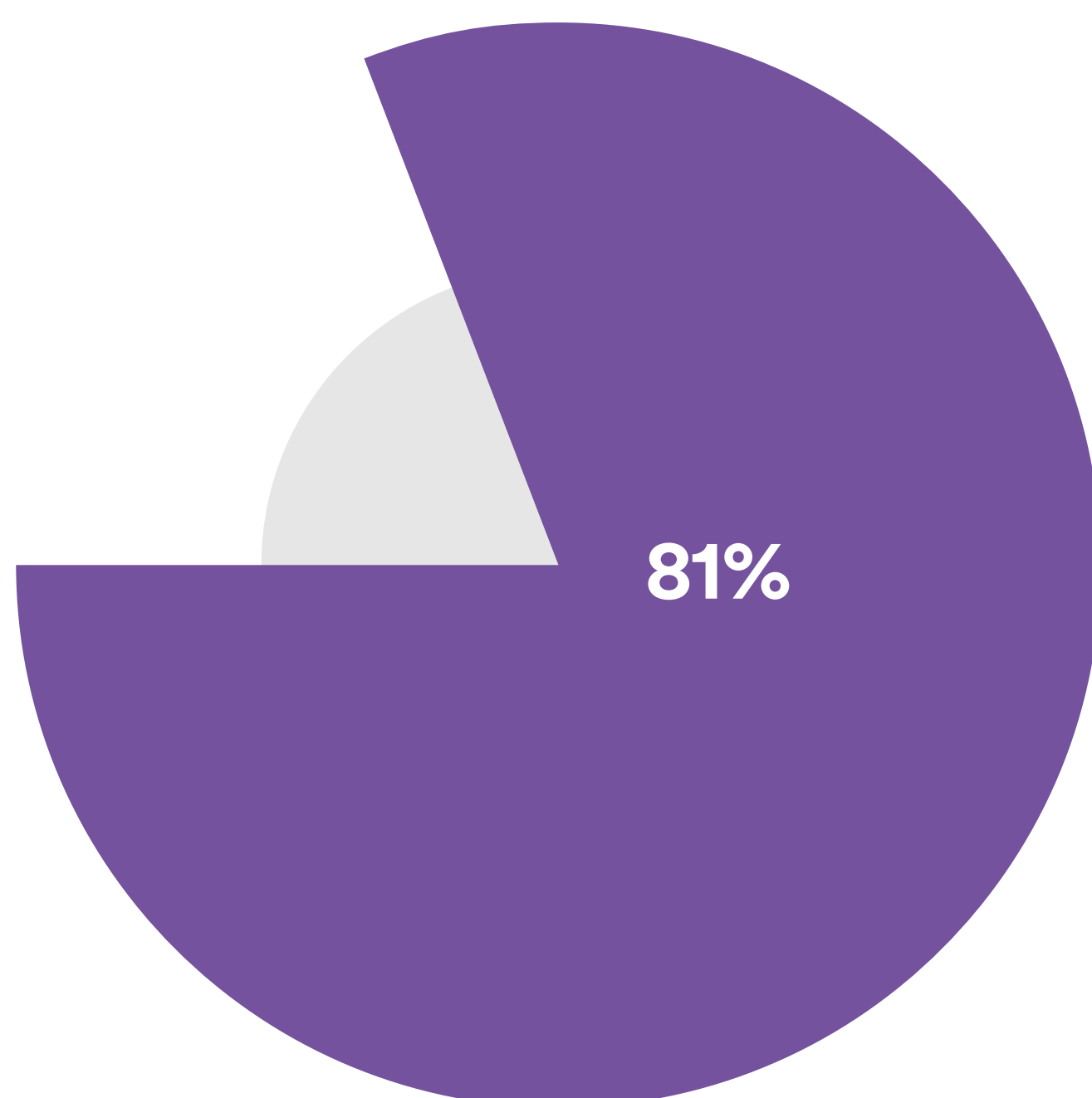
37%

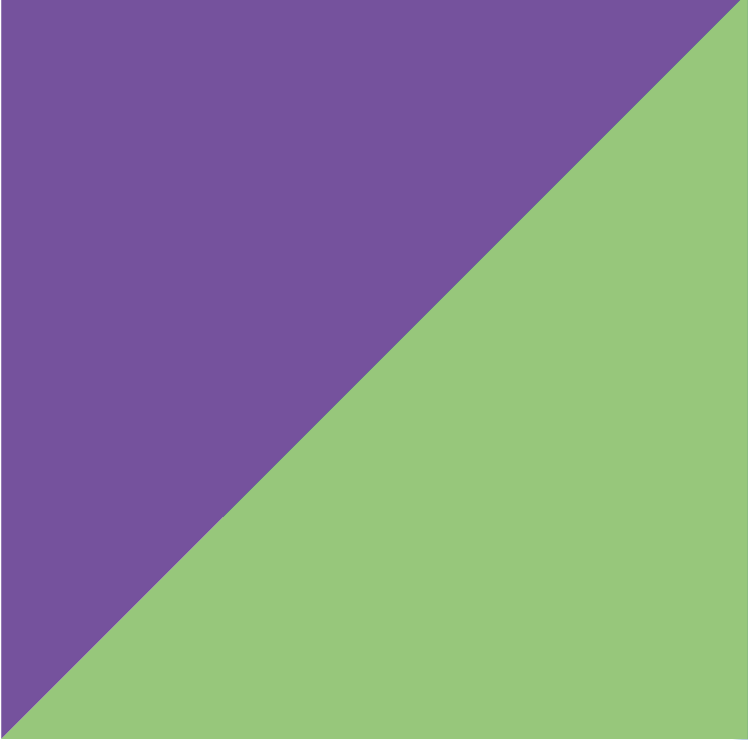
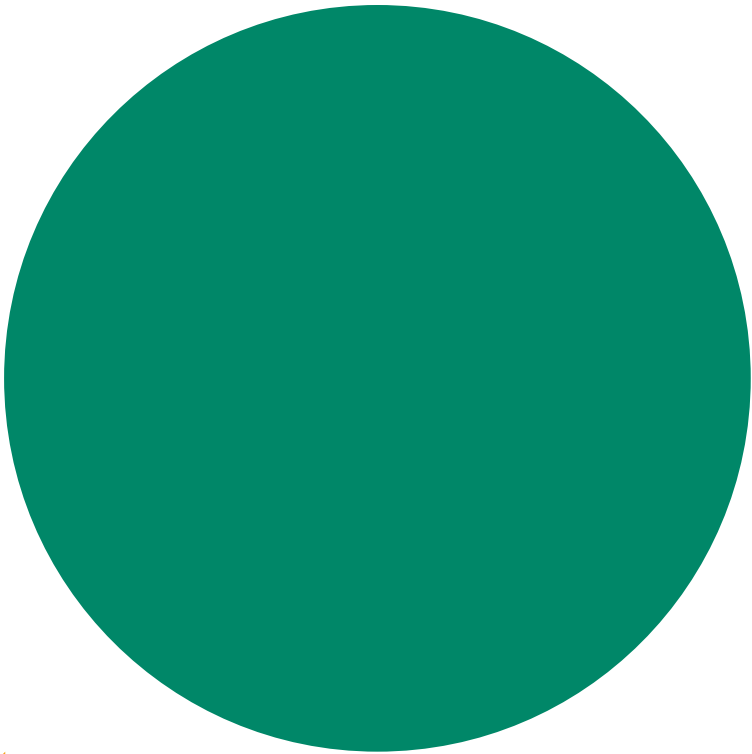
Account with a digital bank



In this process, fintechs have strengthened an innovative business model in the Brazilian market that provides rapid service, centered on clients' needs – attracting not only new consumers but also investors. What all these institutions see ahead is significant growth. A 2019 [study by the Bank for International Settlements](#) (BIS – the 'central bank of central banks'), already ranked Brazil the largest market in Latin America in investment in fintechs, volume of the alternative financings they provide, and number of transactions.

**% who
find digital
banks more
advantageous**







Our history

The idea of creating an association like Zetta arose because at the time there was no non-profit organization in a position to promote digital financial services in a way that was centered on the interests of clients.

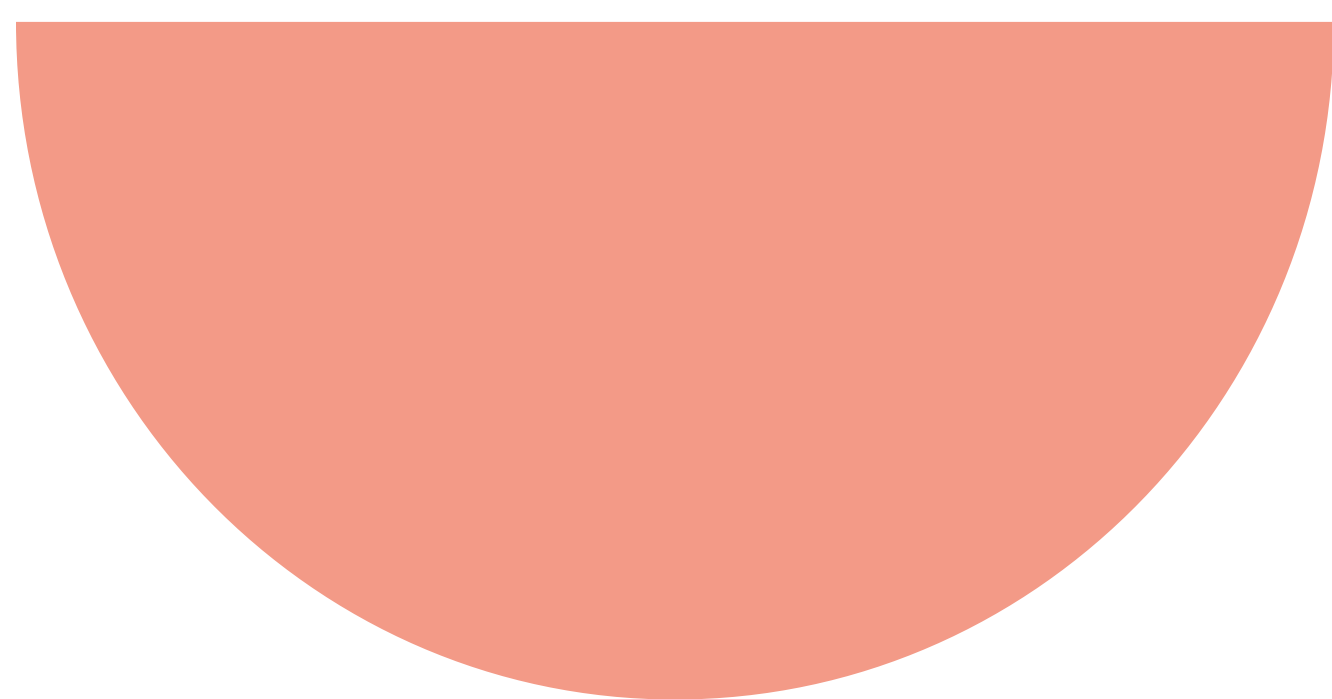
In the International System of Units (SI), ‘Zetta’, originating from Greek, means 10 raised to the power of 21 ($10^{21} = 1,000,000,000,000,000,000,000$) – a symbolic expression of the exponential growth that we want for our ecosystem. In less than one year of activity, Zetta has achieved rapid and important communication and cooperation with regulators and formulators of public policies. Based on the events we have organized, the studies we have published, and data and research studies in partnership with leading institutions, Zetta has quickly established itself as a leading voice in the regulatory agenda of the sector in Brazil.

For the future, we expect Zetta to build a positive legacy for the technology sector, which is revolutionizing Brazil’s financial and payments systems.

François-Xavier de Rezende Martins
Vice-President, Zetta

Bruno Magrani
CEO, Zetta

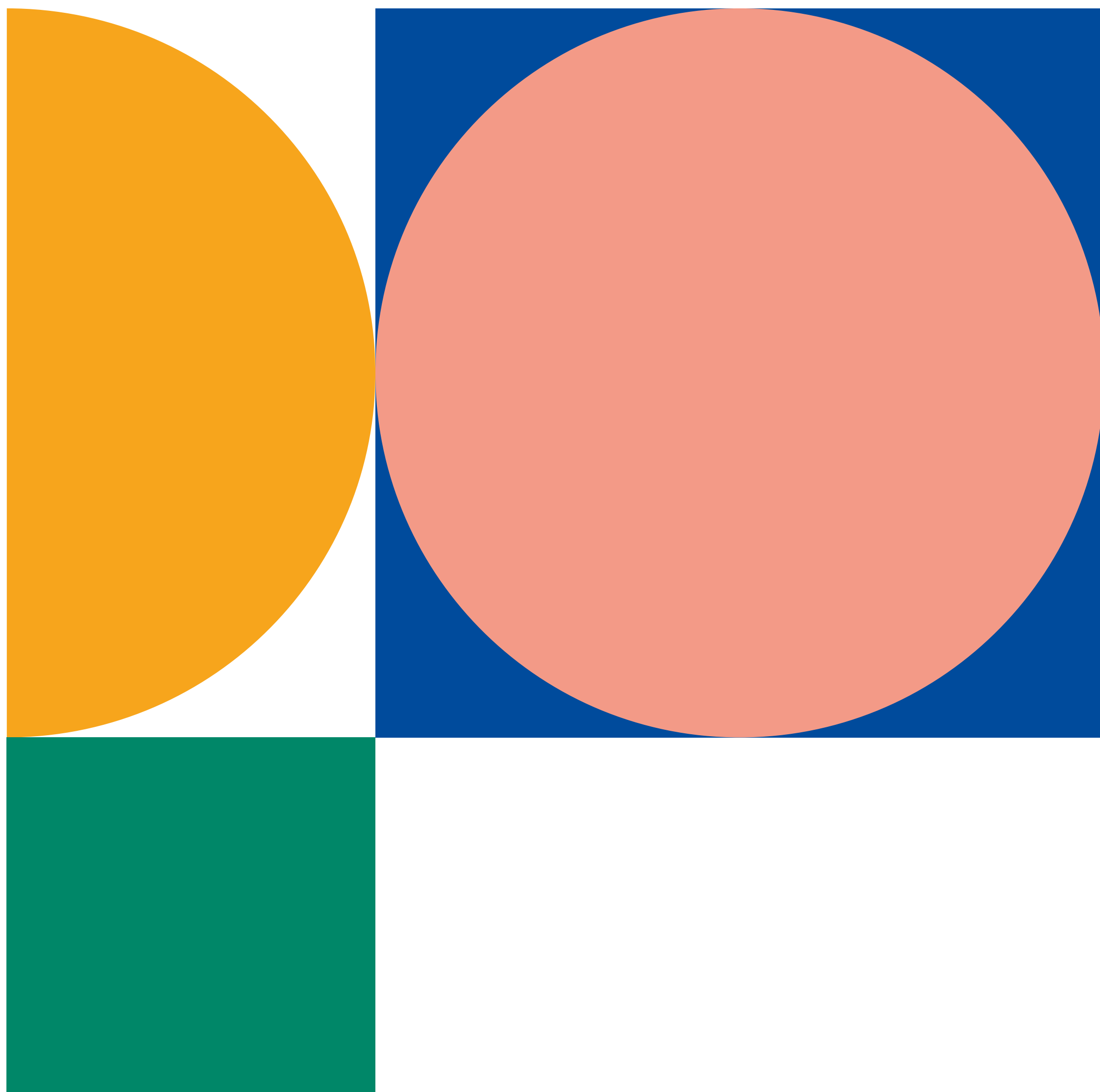
About Zetta



Zetta is a non-profit association, founded in March 2021, by *Nubank* and *Mercado Pago*. Our aim is to foster a competitive economic environment that results in greater financial inclusion, innovation, and satisfaction for clients.

To achieve this we work with regulators, members of Congress and other players involved in the process of formulation, implementation and assessment of public policies.





Mission

Our mission is to promote competitiveness, innovation and inclusion in the financial sector, through proposals for regulation and public policy, and through research studies.

Our 3 aims



Competitiveness

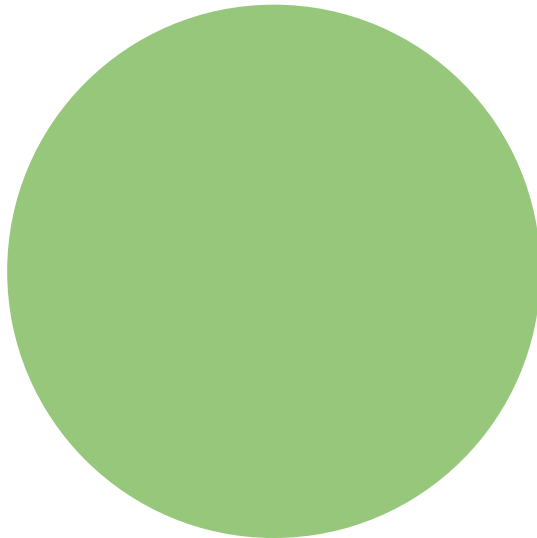
We argue for a dynamic and competitive economic environment, not only to make sure that the doors are always open for new entrants, but also to enable existing technology companies operating with digital financial services to take their disruptive potential forward, and expand it.

Innovation

We believe that technology needs to be welcomed, and regulated in a sustainable manner, to make better and cheaper services and products available to consumers.

Financial Inclusion

We believe that the new technologies should be used to give people increased access and opportunities, especially in the financial and digital markets.



What does it mean to be part of Zetta?



Mônica Leite

Cora

“Choosing Zetta as an association has been a great success. Although it is new, Zetta has already made its mark, and genuinely seeks to represent the interests of its members – who, like Cora, all have innovation and financial inclusion in their DNA. The members – very diverse, in all aspects – have an effective voice in the association’s agenda and positioning; and their interaction with significant stakeholders in the financial and payments markets has grown exponentially. Cora seeks to simplify life for entrepreneurs, and we know this can be achieved easily with isonomic regulation, and a legislative and regulatory ecosystem that recognizes the importance of fintechs in Brazil’s economic development.”



Luísa Machado

Hash

“Zetta is a forum that makes it possible to discuss a range of subjects and areas, in depth and with technical quality.

This environment, enabling respectful and constructive exchanges of ideas, is essential for production of the studies that have such significant effects for the market and for makers of public policy.

This is one reason why being a member of Zetta means having a voice in the market’s most important discussions – and provides a way to act for improvement of the environment in Brazilian business and innovation.”

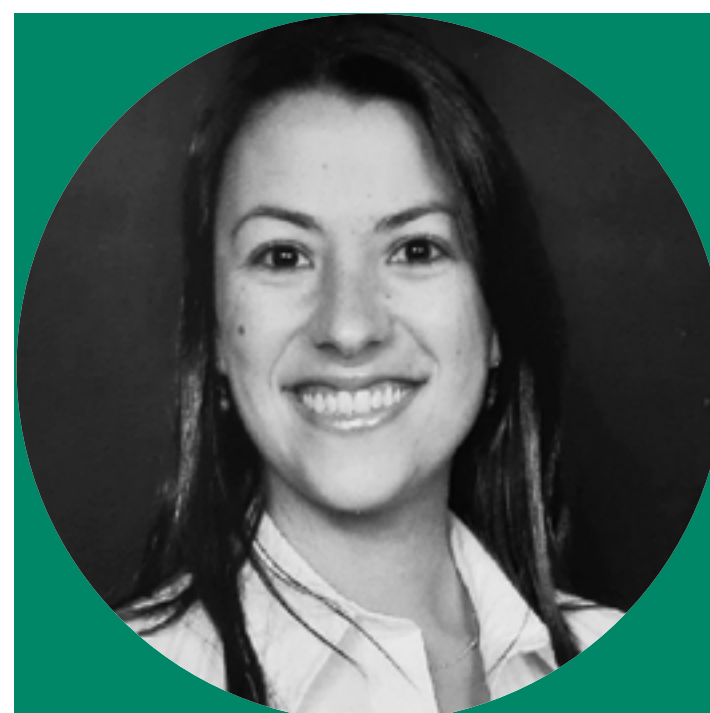
What does it mean to be part of Zetta?



Julien Dutra
Mercado Bitcoin

“For Mercado Bitcoin, being part of Zetta is fundamental, in that we join forces in creating an increasingly important and healthy context for development of technological financial services – especially since Zetta brings together the principal players in this market.

Being part of Zetta has added value to our company not only through the partnerships and positive results that arise from associations on this scale, but also through the exchanges, dialogs and reciprocal learning that are essential in consolidating markets, and also in shaping how companies operate in relation to society.”



Loise Nascimento
Movile

























“For Movile, which makes strategic long-term investments in the technology market, being a member of Zetta has been fundamental in promoting an inclusive and competitive environment in the Brazilian market.

The association with Zetta enables Movile to anticipate trends, and improve people’s day-to-day lives, building a fairer society, constantly seeking innovation in both major issues and the smallest details.

In the future, in partnership with Zetta, we want increasingly to help accelerate the progress of technology companies in the Brazilian financial market!”

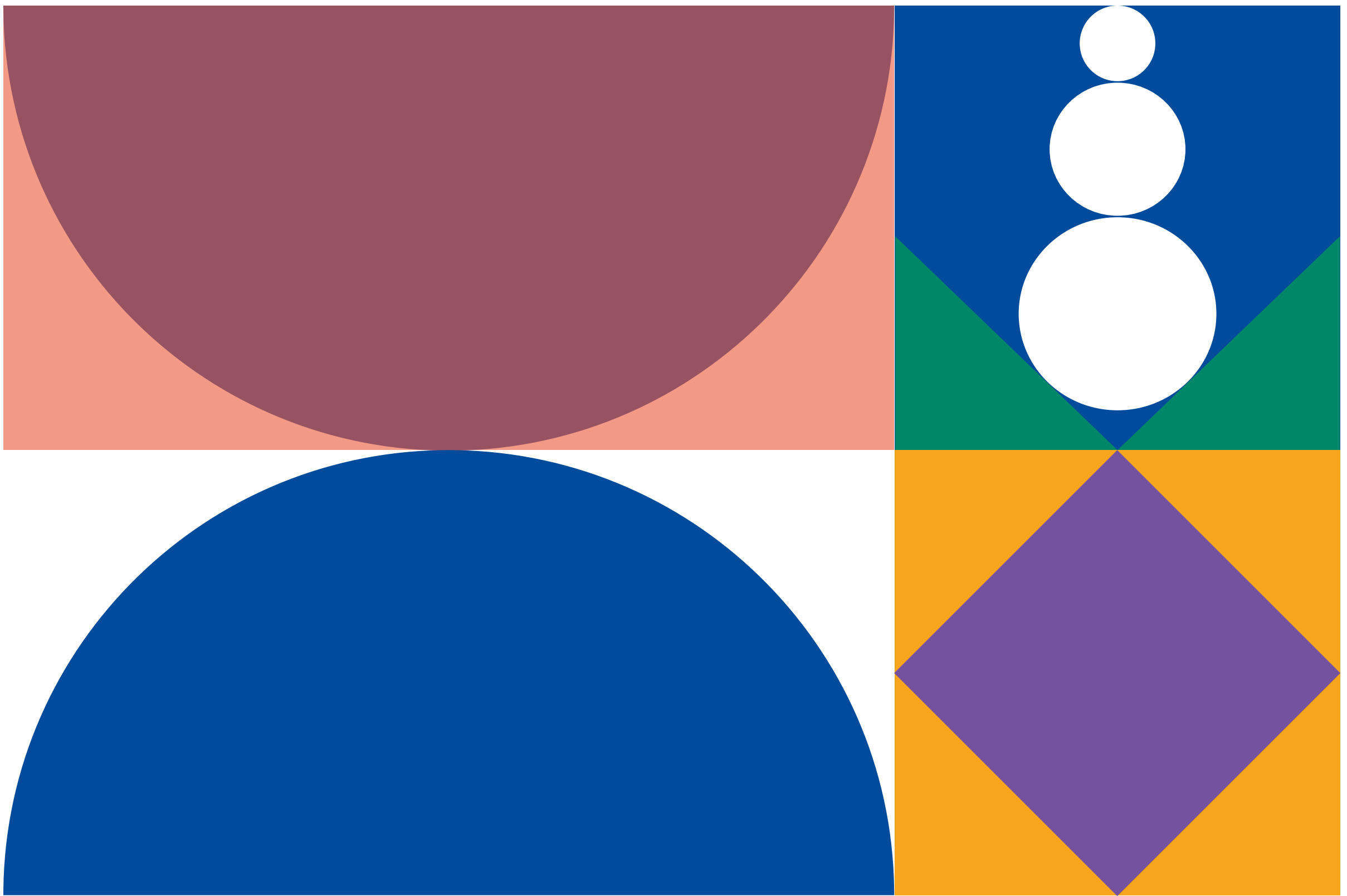
Who are Zetta?

A growing number of Brazilian fintechs:

The impact of Zetta – in numbers

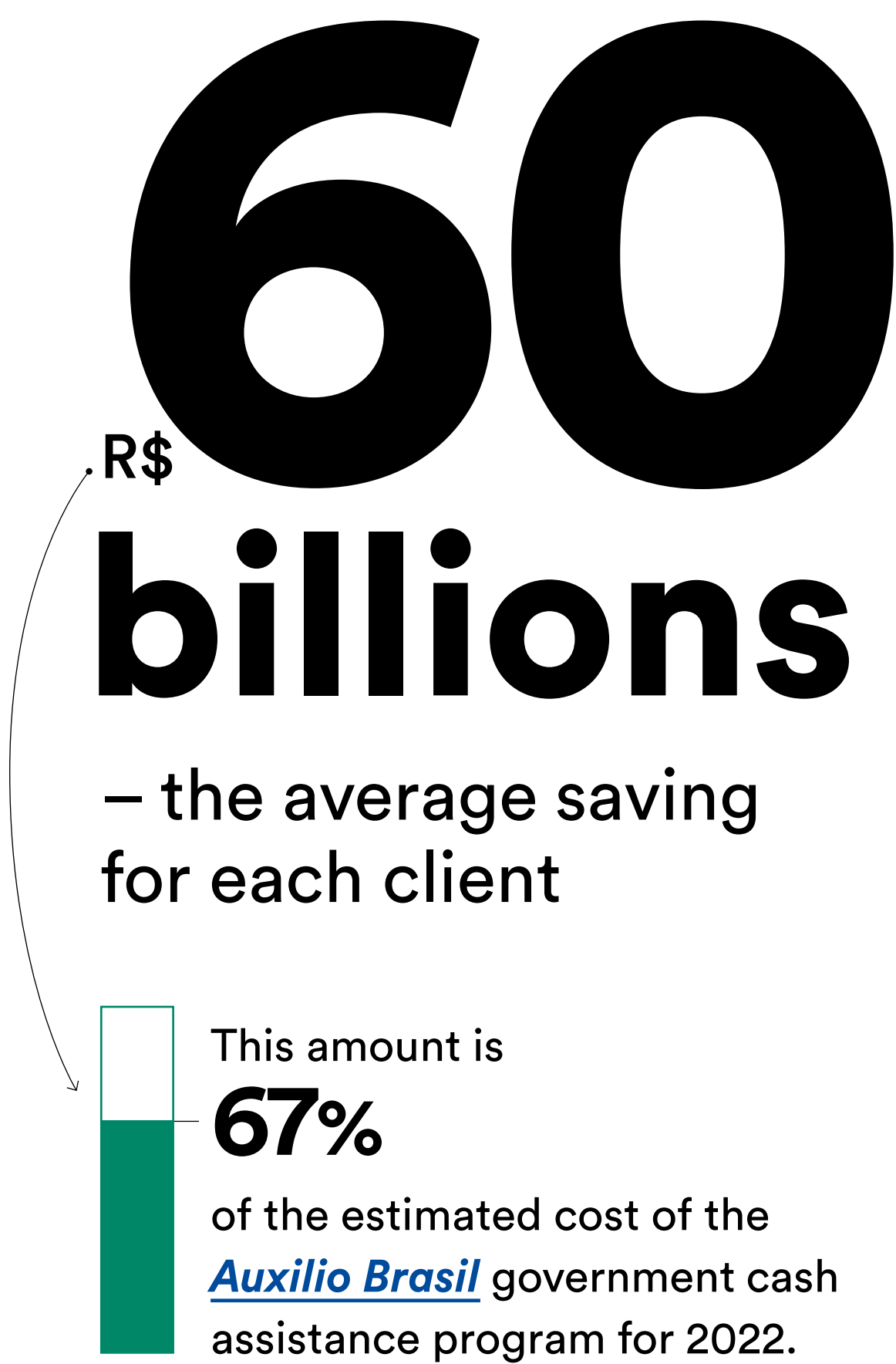
Below is a summary of the economic and social impacts that have been generated by the companies who are members of Zetta. We used data only for the companies that were members of Zetta up to February 2022 – so the information here gives the situation for the year 2021.



Zetta and savings for the consumer

Zetta works to promote more inclusive financial services, centered on clients’ needs. This means working continually for consumers to pay fair prices, for quality experiences. In this section we have calculated the savings generated for clients who use the services of our member companies.

The Brazilian Central Bank periodically publishes the average rates charged by banks to Brazilian consumers. These figures give us the following estimates:



It is estimated that the clients of member companies of Zetta pay as little as

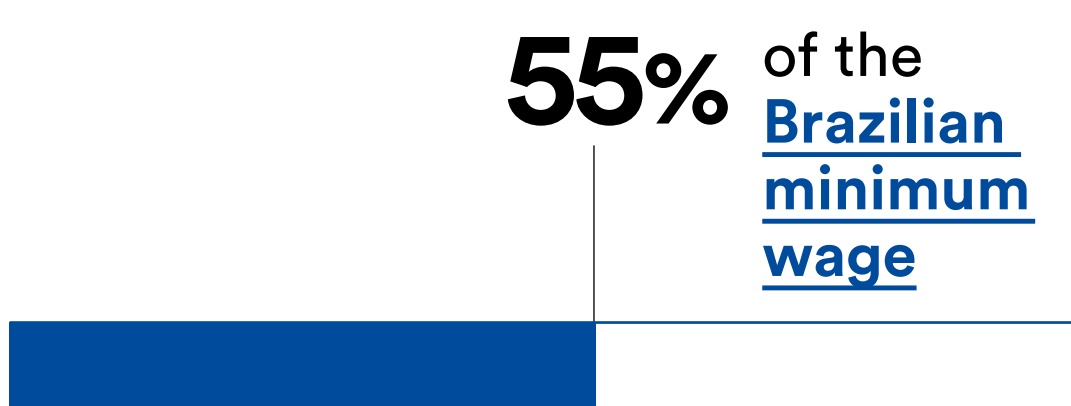
one-ninth of the bank charges

they would be charged by other financial institutions



R\$ 671.32

the average saving for each client from using the services of Zetta members in 2021. This amount is equivalent to:

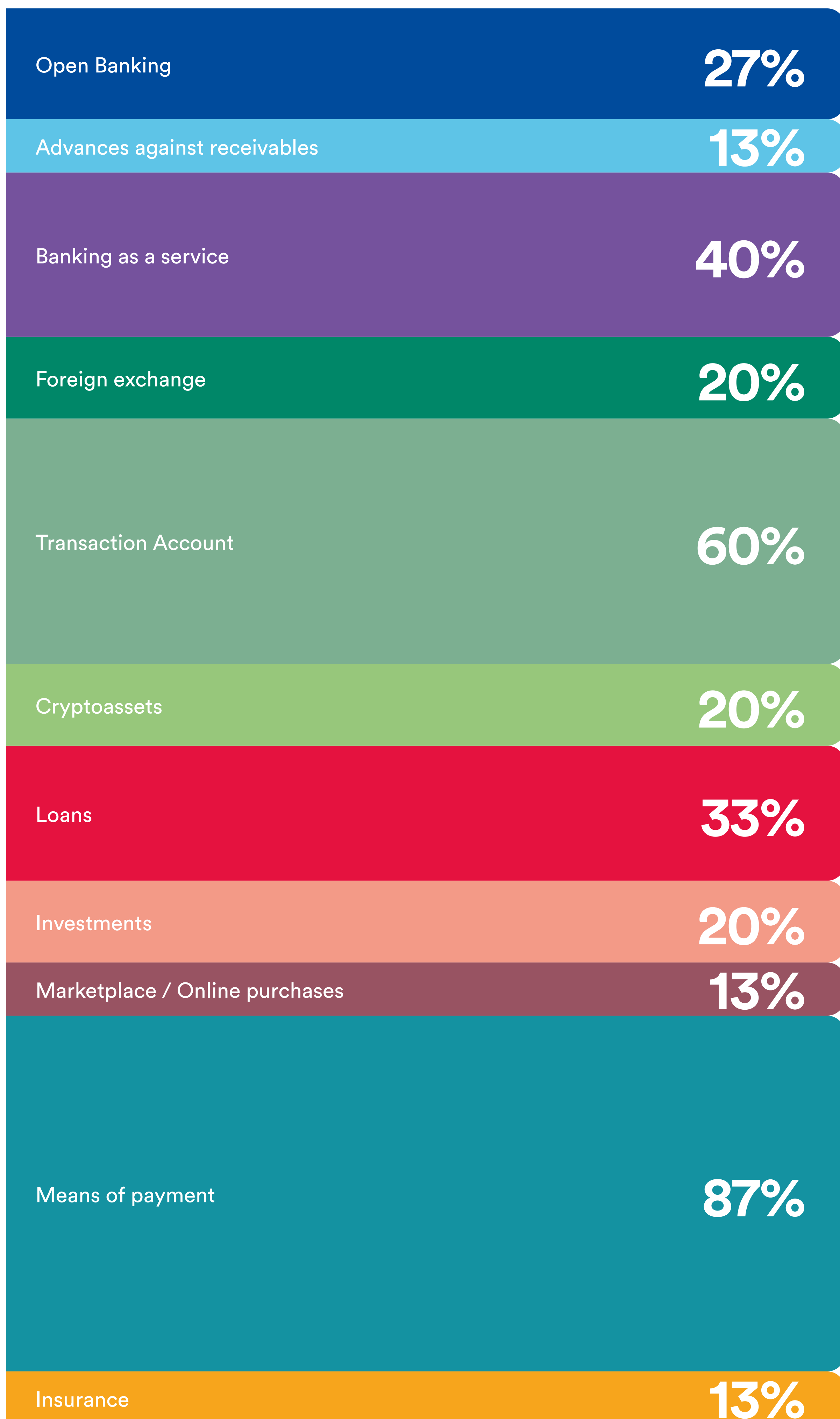


more than 100% of the average value of the “basic food basket” calculated for Brazil’s main state capital cities in 2022.

Lines of business ¹

Percentage of all financial companies

¹ (The sum of the percentages is not 100%, since some companies operate in more than one line of business.)



Licensed activities

Percentage of all companies



Time in existence

Percentage of all companies

60%

Up to 10 years

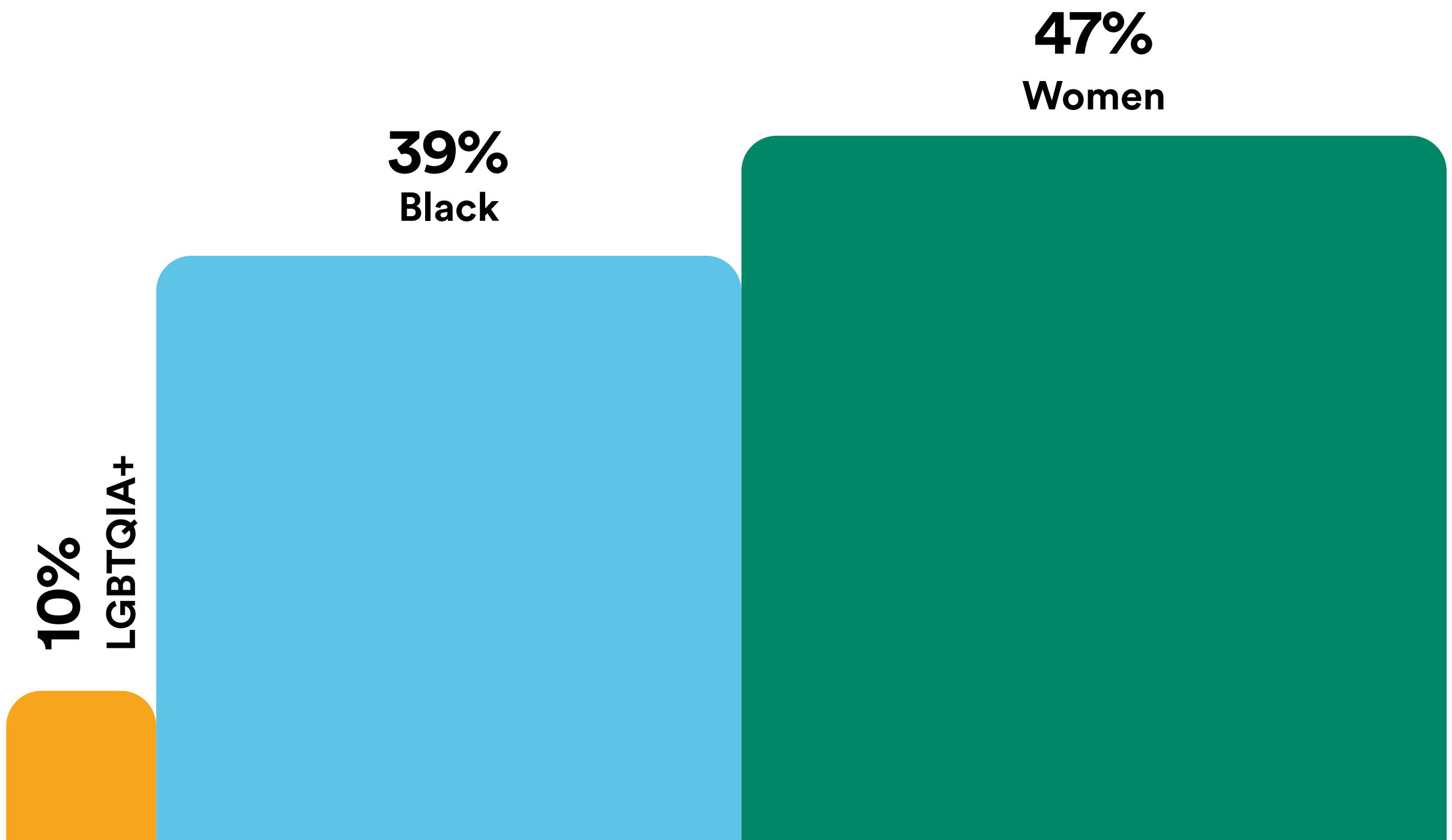
40%

11 years or more

Teams and people²

In 2021, the following percentages of the staff and teams of the member companies of Zetta self-declared the following identity characteristics:

² (Figures are approximations, since a person may be in one or more of the groups.)



Leadership positions

+50%

of staff in leadership positions in Zetta member companies self-declared as one or more of the groups LGBTQIA+, black, women, or disabled

Clients

In 2021, the members of Zetta had more than

92,028,442

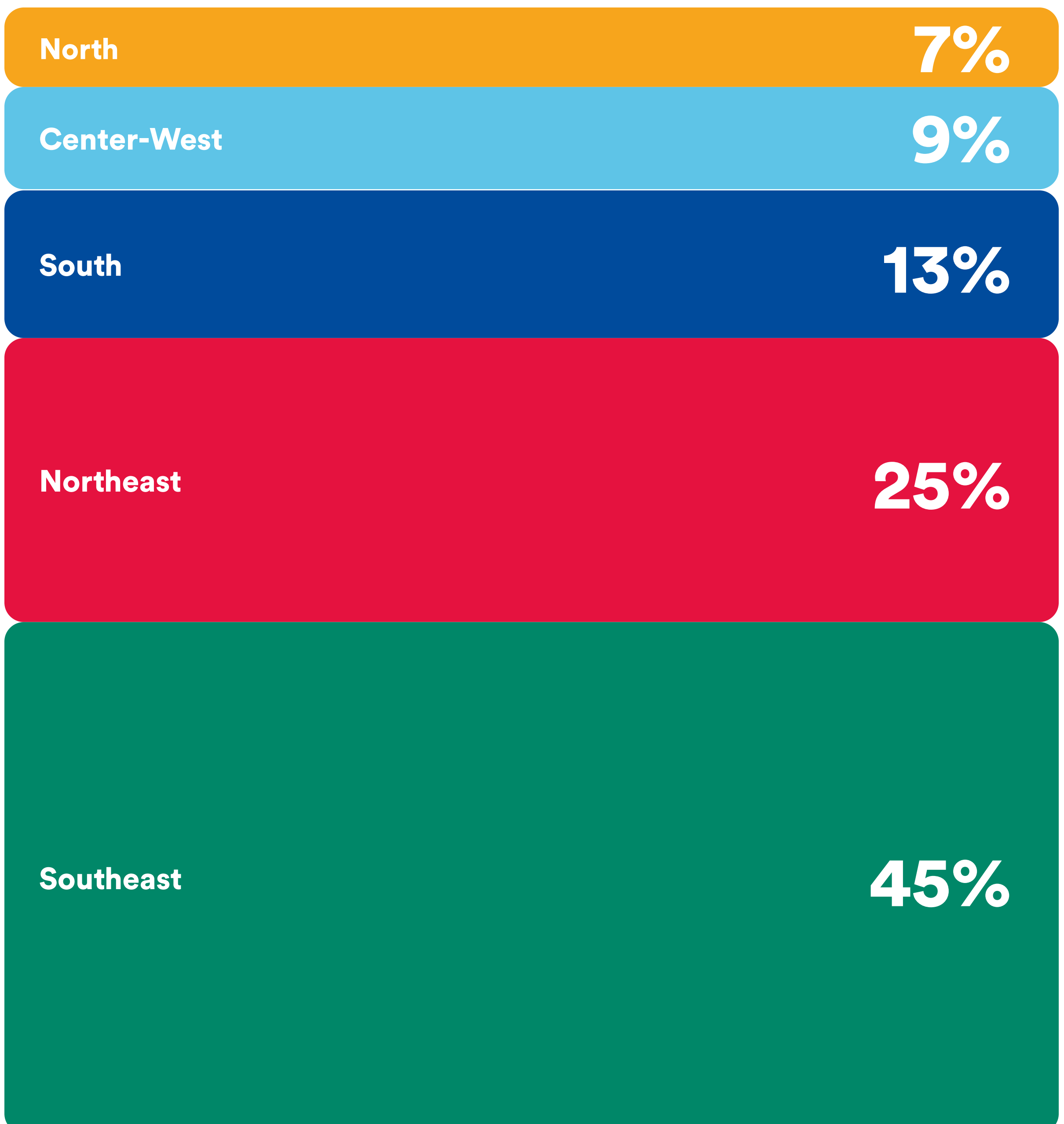
registered active clients who were individuals or legal entities

registered active clients
registered as Individual
Micro-entrepreneurs (MEI –
Microempreendedor Individual)

5,770,239

Presence in Brazil

Clients of Zetta members, by region of Brazil, %



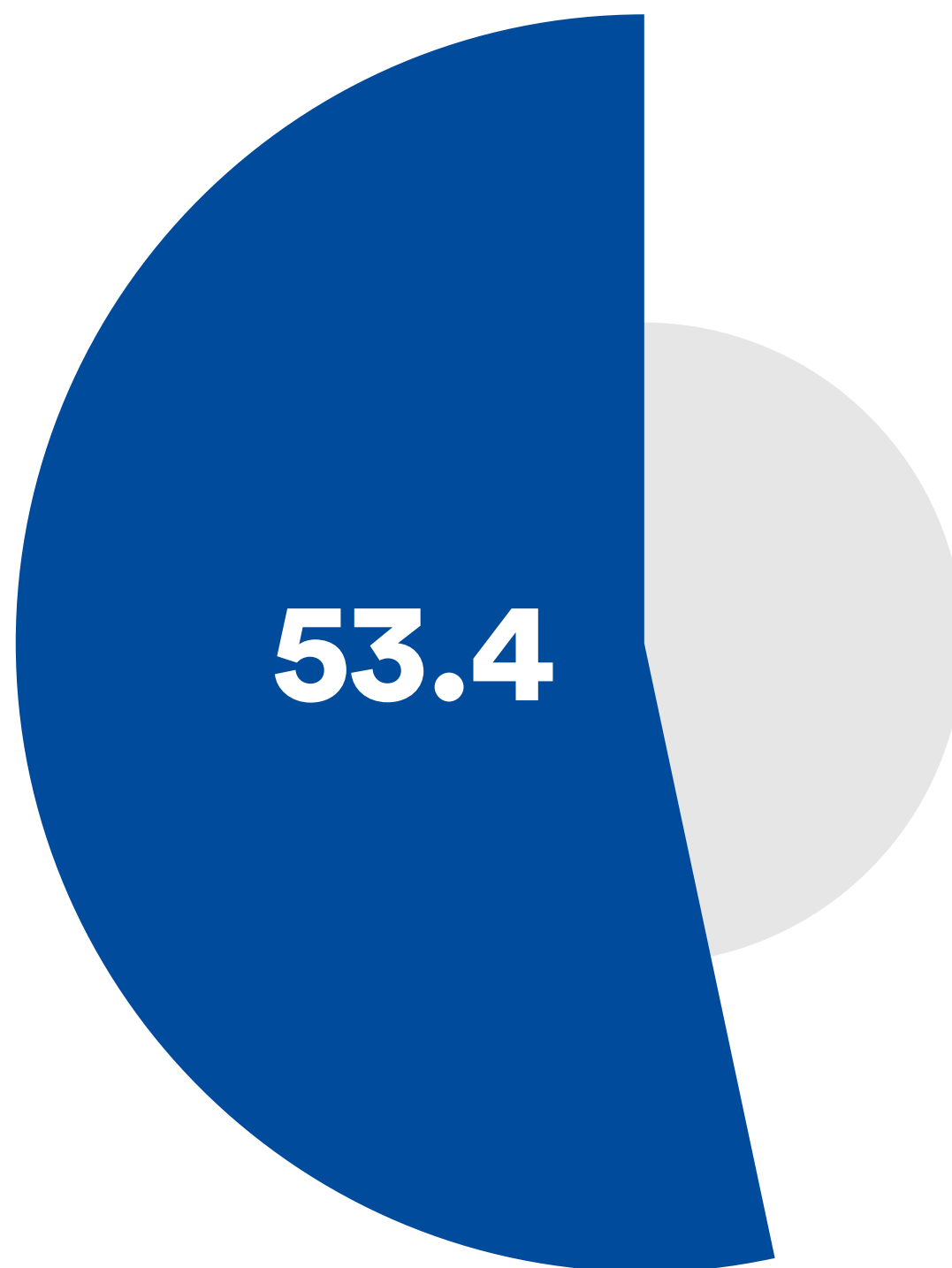
Client satisfaction

Average client satisfaction scores of Zetta member companies

NPS (Net Promoter Score)

Maximum score: 100

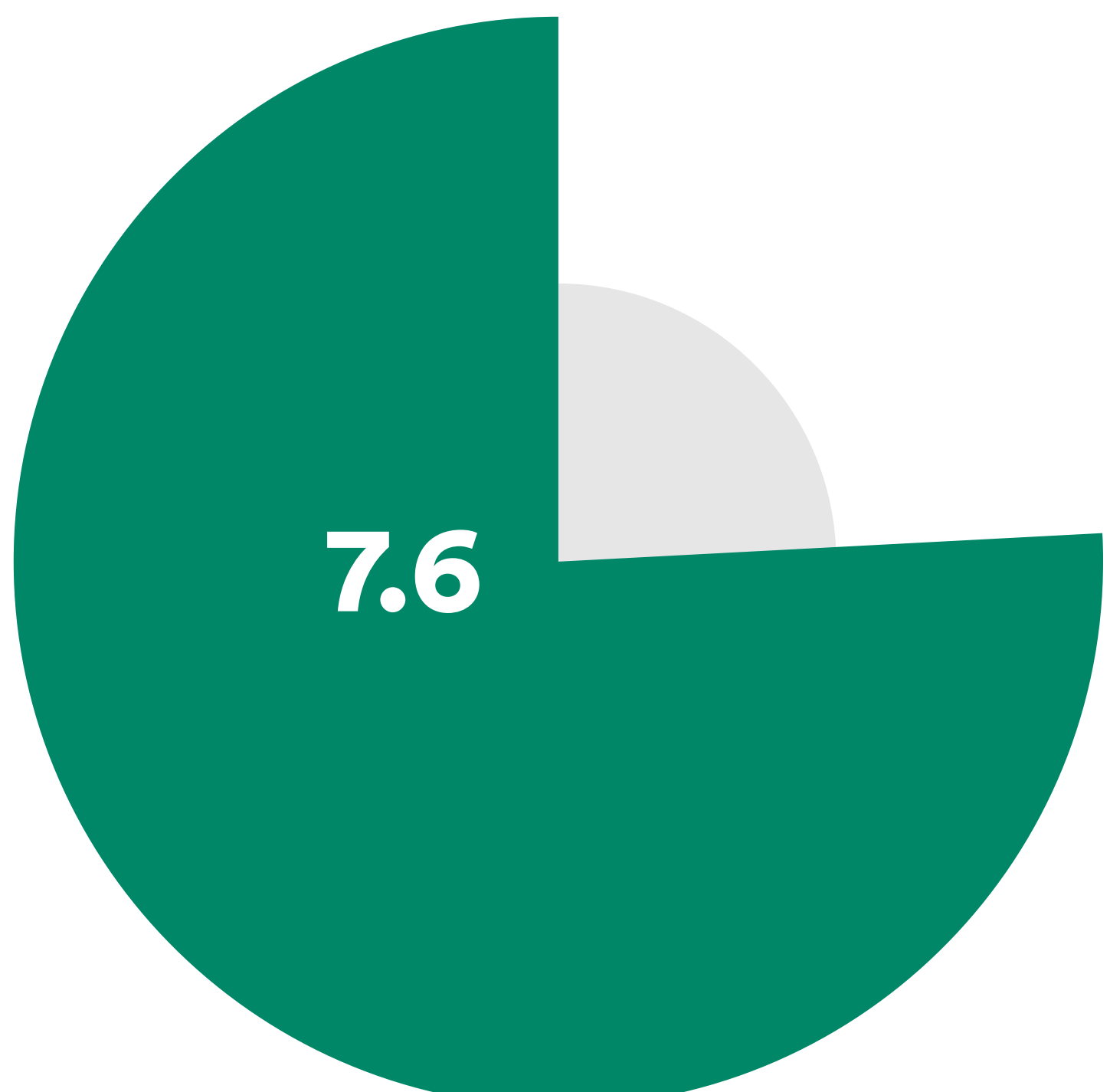
NPS is a method used to evaluate the degree of loyalty of a company’s clients. According to the SoluCX Banking NPS Benchmarking Report, the average NPS score of banks and financial institutions in 2021 was 36.0 – so the figures show that the average score of Zetta member companies was above the market average.



Reclame AQUI (web complaints site)

Maximum score: 10

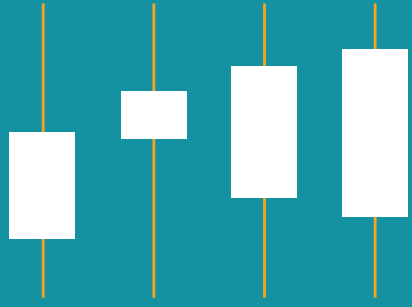
The online complaints site Reclame Aqui publishes clients’ scores evaluating the reputations of companies and organizations, on a scale from zero to 10 – the higher the number, the better the assessment. Scores above 7 are considered Good or Very good. The average score of Zetta companies is in in this range.



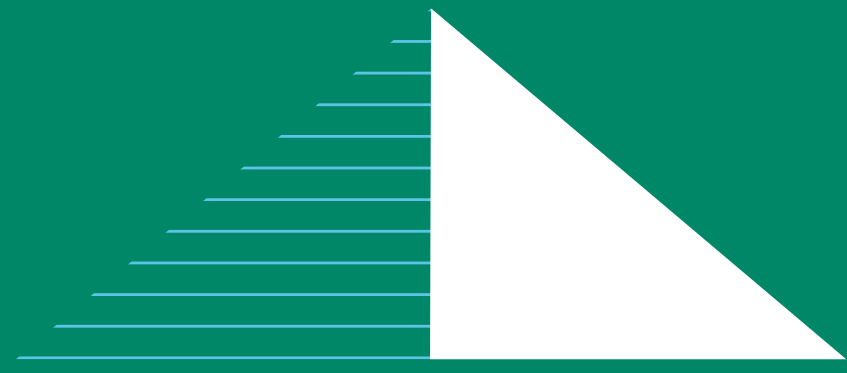
Information security

Safety First!

This page shows the range of strategic practices used by Zetta members for their clients' security:



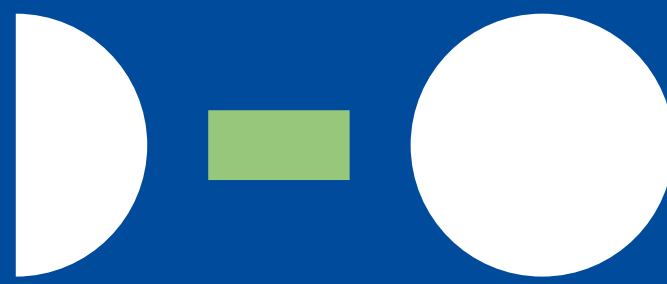
Use of machine learning (automated data analysis) to identify and block identity fraud operators at the stage of opening of online accounts.



Document validation tools and use of fraud prevention and security software.



Monitoring of risk portfolios using money laundering prevention software.



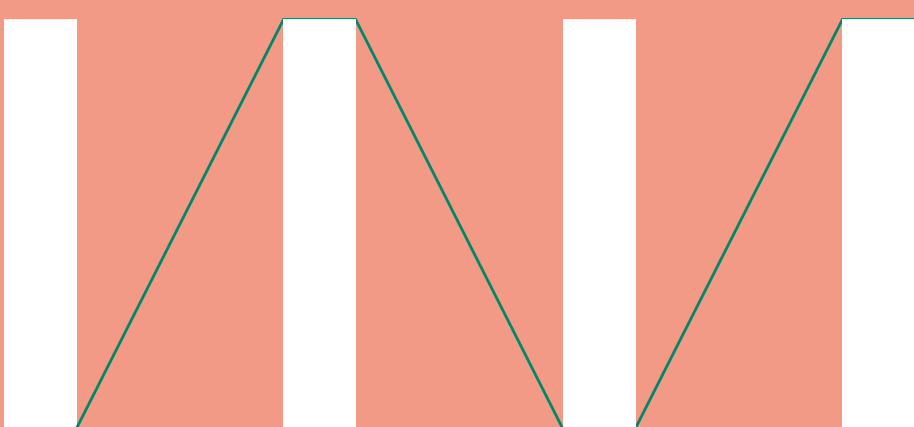
Fraud prediction mechanisms that send warnings to anticipate criminal attacks.



'Pentests' – periodic directed and non-directed tests simulating hacker attacks, to detect vulnerabilities in systems.



Education campaigns to increase clients' and the public's awareness of information security.



External audits of the organization's security practices.

Innovation³

Investment in new technologies:
companies' priorities – %

³ Aggregate percentages exceed 100% because a company may invest in more than one area.

83%

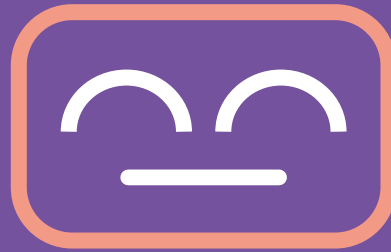
Machine learning



Use of machine learning to identify opportunities for improvement in processes, lending approvals, discovery of fraud, and more efficient flows for client service.

58%

AI



Use of artificial intelligence for analysis of fraud.

50%

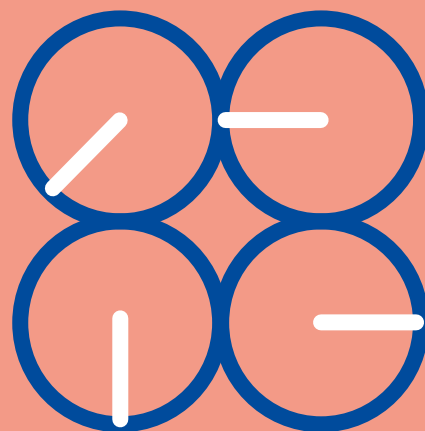
Know Your Client (KYC) tools



Implementation of a KYC supplier to validate document templates, looking for differences, based on artificial intelligence.

50%

Big Data



More use of 'big data' to identify clients with risk profile.

50%

Biometrics, facial recognition

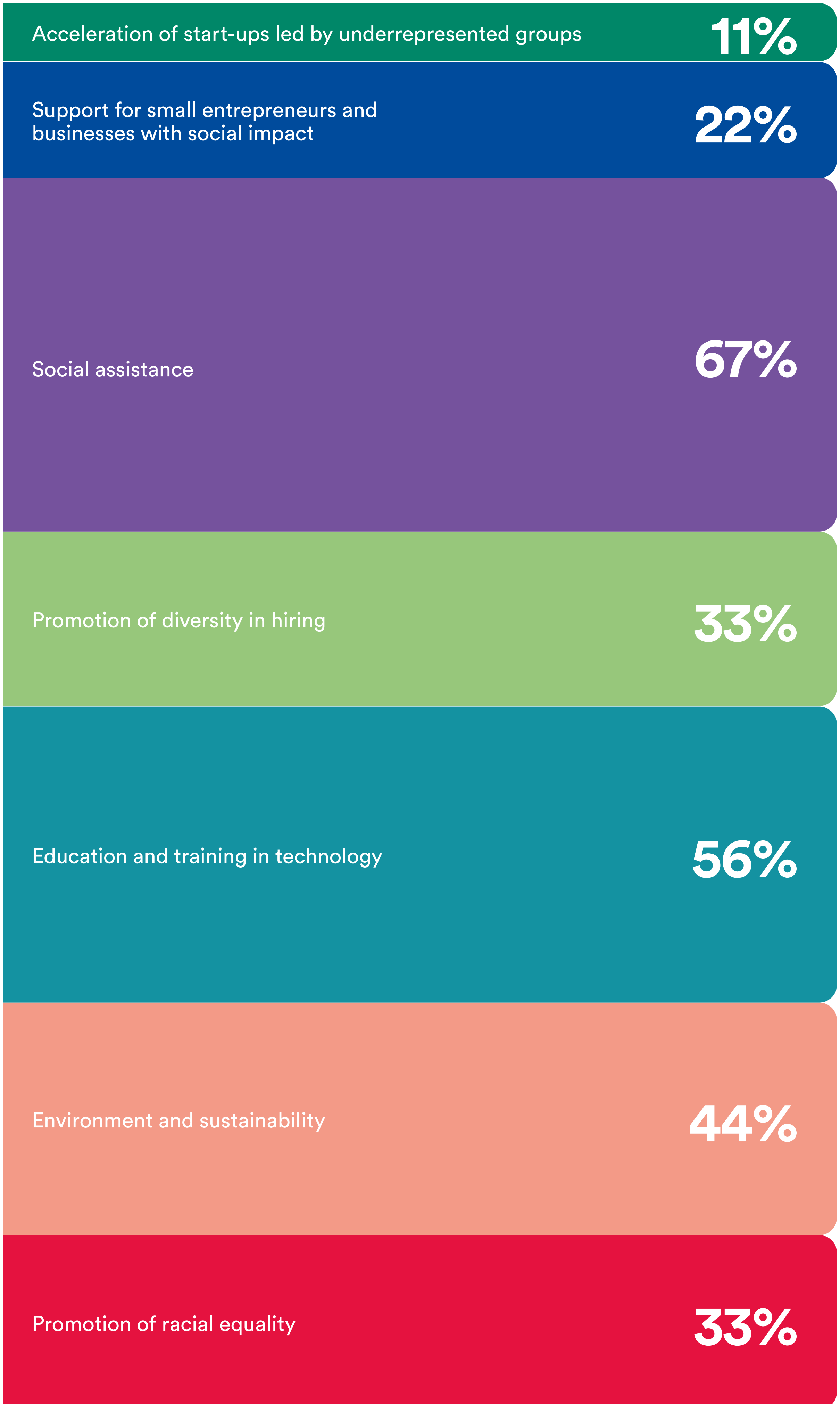


Automation of user authentication processes.

Society⁴ - Commitment to social causes

Companies' social investments, by type of social project – %

⁴ Aggregate percentages exceed 100% because a company may invest in more than one area.



Zetta Studies made in 2021

In 2021 Zetta published exclusive studies with data and analyses, providing important results for future thinking about Brazilian financial services.



In March 2021 Zetta published [*The role of technology in economic recovery*](#) (*O papel da tecnologia na recuperação econômica*), on the importance of innovation in Brazil in dealing with the difficulties imposed by the first year of Covid-19.



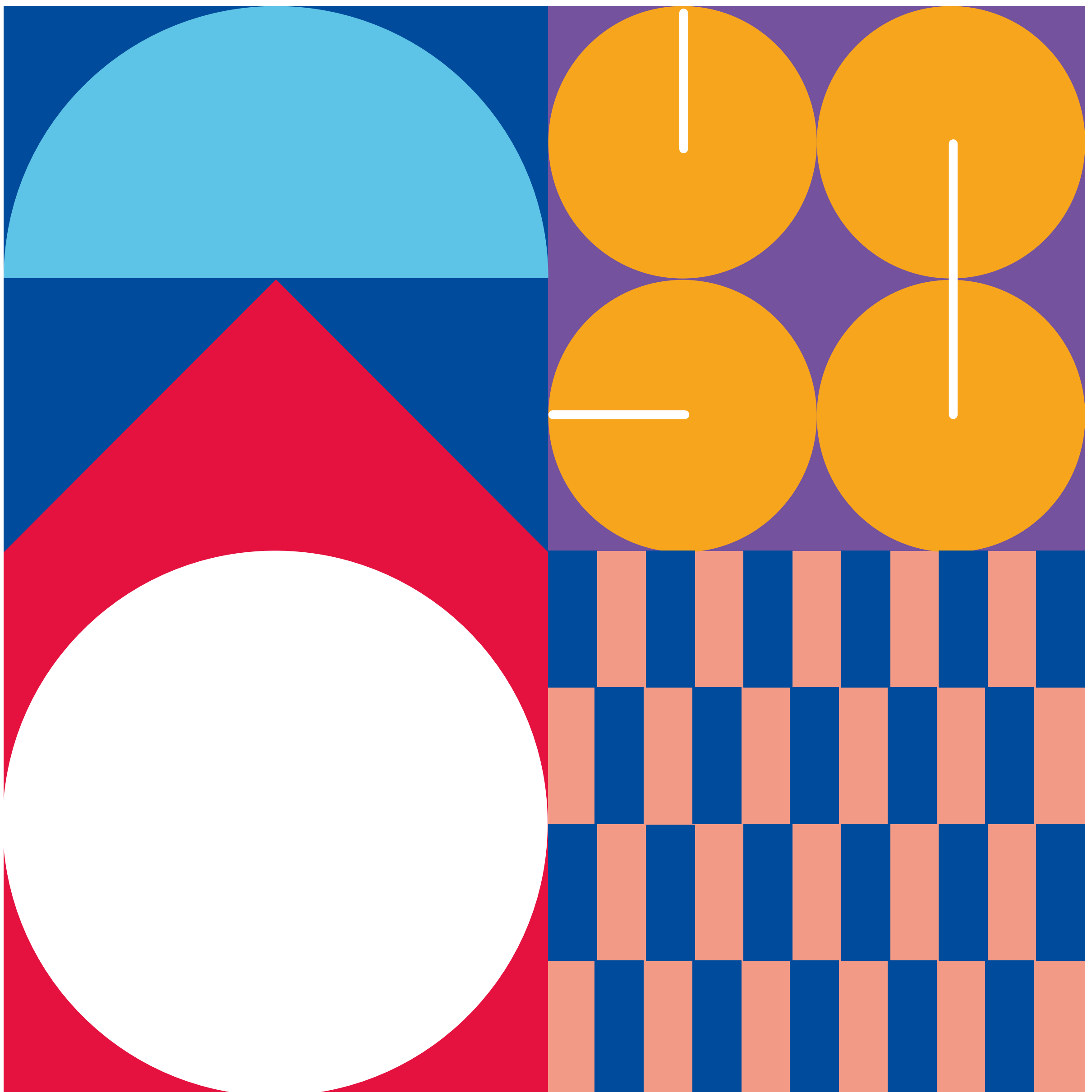
In September, Zetta published the study [*How Pix has transformed Brazilian payments*](#) (*A transformação do Pix para os pagamentos brasileiros*), in partnership with Datafolha, the data and polling arm of the Folha de São Paulo newspaper. Two important leaders took part in the [*launch event*](#):

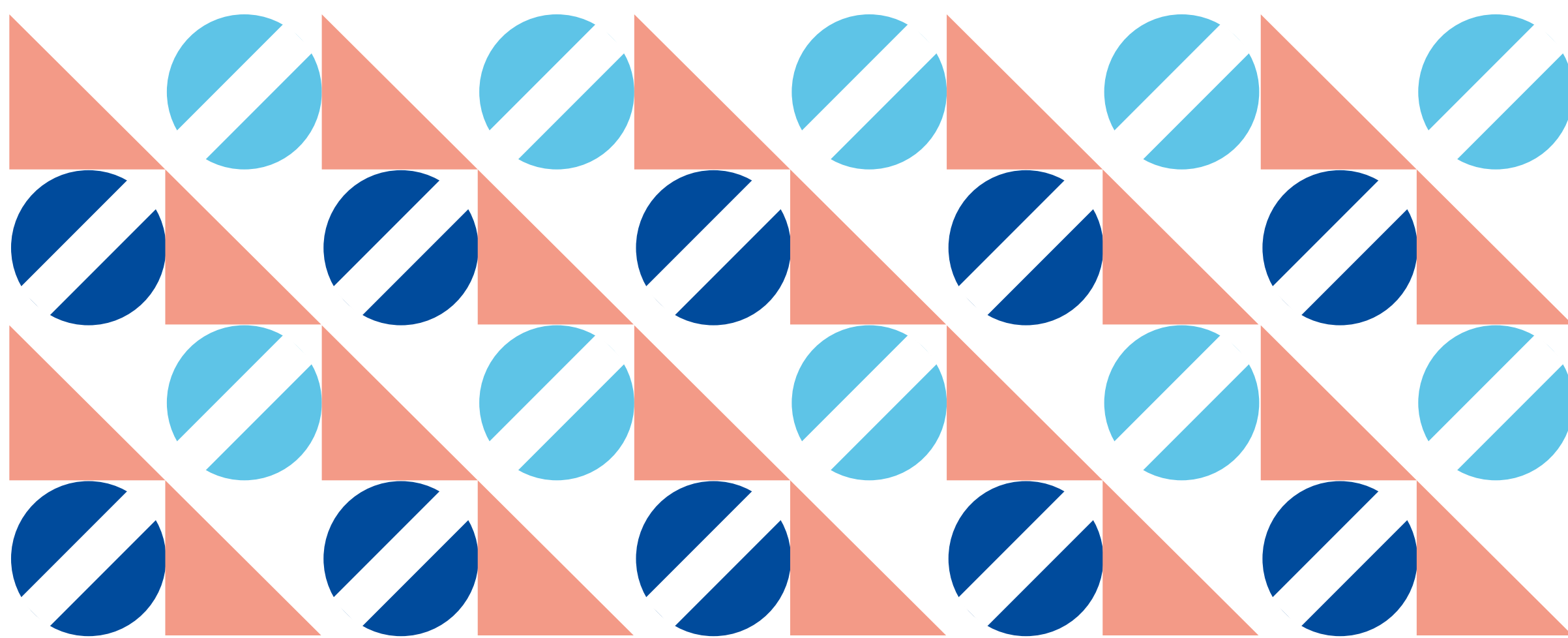
→ Ângelo Duarte, Head of the Competition and Market Structure Department of the Brazilian Central Bank, and

→ Júlia Fonseca, Assistant Professor of Finance at the University of Illinois, Urbana-Champaign.

Our areas of activity in 2021

In 2021 Zetta acted in significant agendas for creation of a more competitive, innovative and inclusive environment, continuing this work in 2022.

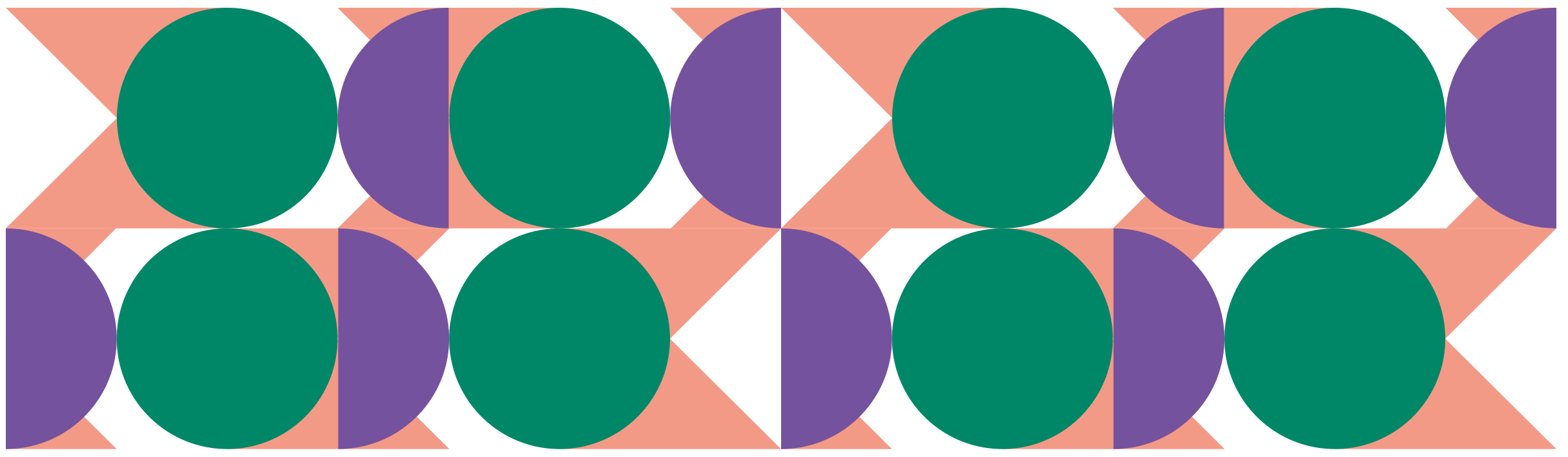




Pix

(Brazil's new instant payment system)

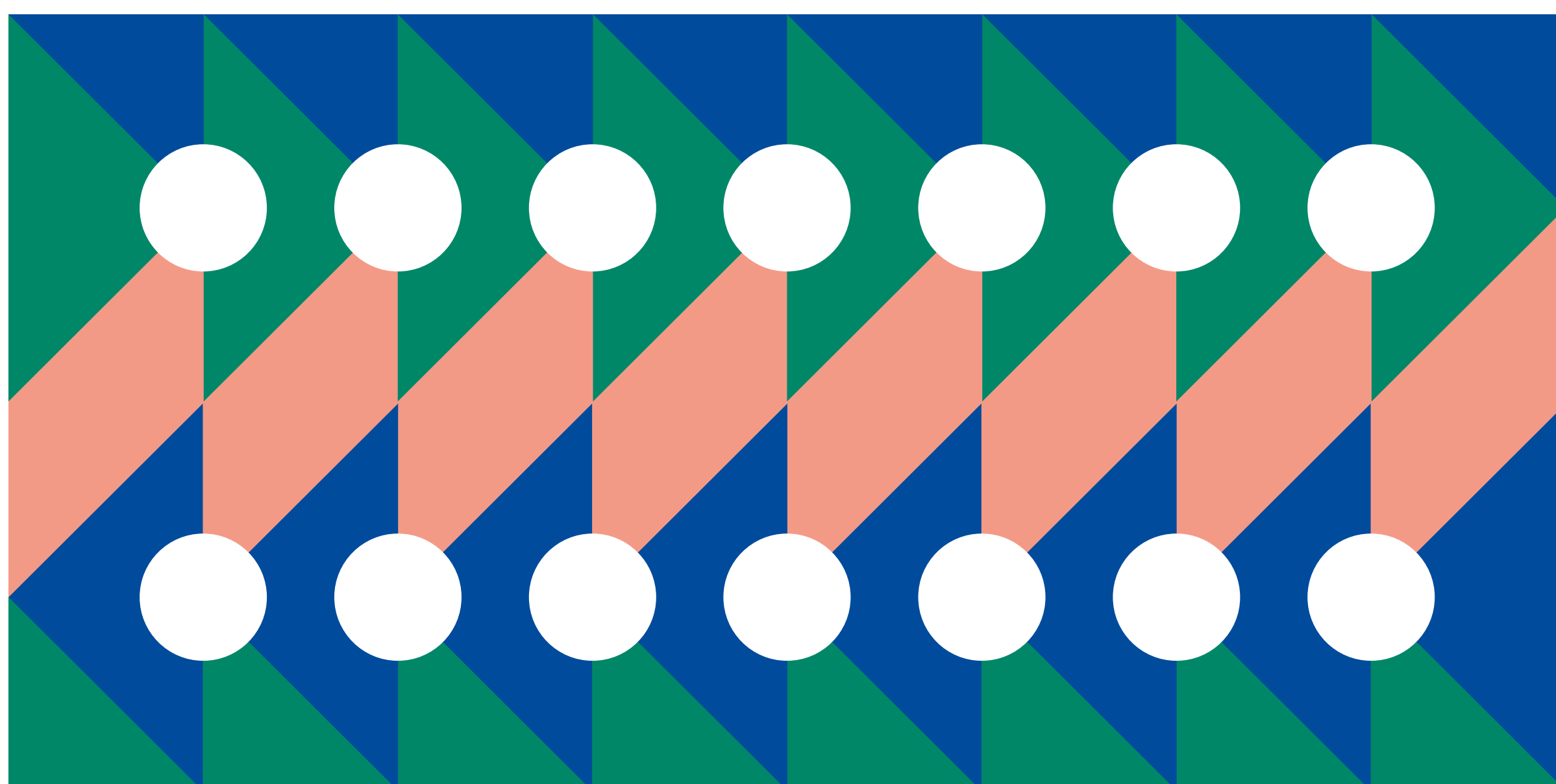
In recent years Brazil's regulatory system has embraced numerous financial products and services that have fostered major advances for the Brazilian digital economy. Brazilian consumers have been equally receptive, rapidly adopting and popularizing these technologies. The most impressive example is the *Pix* system of free-of-charge instantaneous payment – overwhelmingly accepted by Brazilian consumers in its first year. In less than five months of operation it had a higher number of transactions than the aggregate number of *boletos* (bank deposit slips, with barcode), TEDs (same-day electronic transfers, for a fee); their next-day, slightly cheaper predecessor, the DOC system; and all payments by check. While *Pix* has been an outstanding initial success, we believe there is still potential in its technology, for accelerating and modernizing many other financial services.



Open banking

Open Banking is an initiative to empower Brazilian citizens by enabling them to control their financial data and share it between various institutions, to obtain better services and benefits. After the launch of the first features of Open Banking – account details, lending and payment data – we expect the next steps to be to enable Open Finance also for insurance, foreign exchange, investments and other solutions, creating an even more complete ecosystem, further facilitating people’s management of their financial lives. We believe that by creating incentives to competition and financial inclusion, Open Banking will likely have a very positive effect on Brazil’s financial system and make it possible for new business models to emerge. Zetta sees the following possible avenues for the future of Open Finance in Brazil:

- (i) An evolving pro-competition agenda, building on the present dynamism to create new solutions for users and the system.
- (ii) Creation of a definitive governance structure to include the various sectors of the industry, with equal-basis contribution by participating institutions, of all scales and segments.
- (iii) A costing structure model that does not discourage smaller institutions from participation, or access to the data of the ecosystem.



Portability – in all its forms

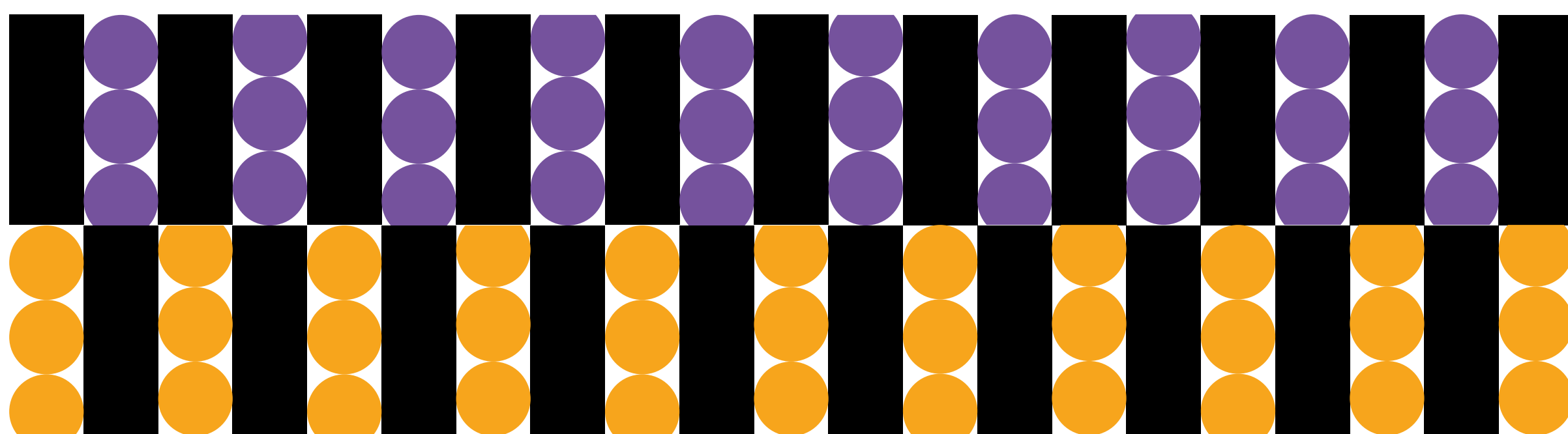
The ability to transfer payments of salaries and bank debts between institutions will give users greater autonomy in managing their finances, and is also a powerful move for constant stimulation of competition – reducing costs for the consumer at the point of use. We believe, though, that portability flows still need to become more agile, transparent and uncomplicated – avoiding obstacles that discourage clients from asking for portability.

Zetta believes that integrating technologies such as Pix and Open Banking with transfers of salaries and bank debts can create gains in efficiency, and also improved capacity to audit flows – since both technologies are supervised by the Central Bank. We believe that together, measures of this type will prevent abusive practices in the portability market.



Financial inclusion

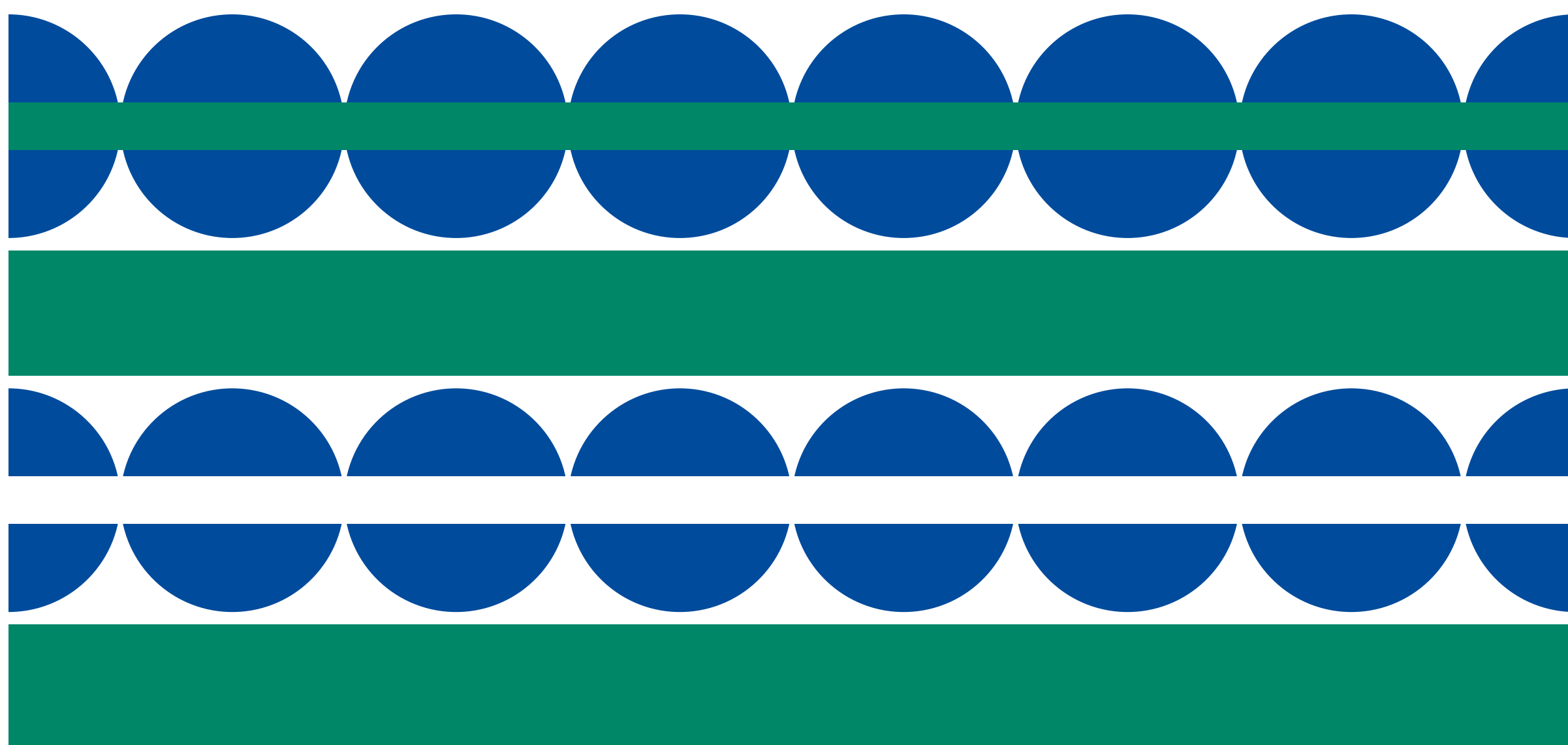
The great contribution of Brazil's fintechs is their role in financial inclusion. The new players in this market, which had historically been dominated by the long-established major banks, have had and continue to have a fundamental role in bringing many more people into use of the banking system. Today, 84% of [Brazil's adult population have a relationship with some financial or payment institution.](#) [Central Bank figures](#) report that approximately 134 million people participated in the Brazilian financial system at the end of 2013 – and that this number had risen to 181 million by June 2021. [A study by Zetta](#) in partnership with *Instituto Locomotiva* estimated that 67 million people (37%) had an account with a digital bank. Since increasing use of banks by Brazilians is important, it is clear why Zetta positions financial inclusion as one of its main areas of focus.



Artificial intelligence

Fintechs use a range of digital-transformation technologies, including specialized software, mobile apps, cloud services, dedicated data analysis methods and artificial intelligence. These technologies have made possible major innovations in the way financial services are offered in Brazil, with scale and efficiency gains. Adopting state-of-the-art technologies also creates significant challenges in important areas, such as information security and personal data protection.

Zetta positions itself as a forum for orientation and exchange of best practices between its member companies, so that all our clients can fully and safely enjoy the advantages of these innovations. Zetta also works to add quality to the public debate on regulation of new technologies – including artificial intelligence – making important contributions to enhancement of rules and regulations, always seeking a balance between, on the one hand, protection of rights and fundamental freedoms (non-negotiable), and on the other hand the need to ensure innovation with economic and social development.



Cryptoassets

Debate on regulations in Brazil is currently centering on transactions in cryptoassets. Trading in cryptoassets has become popularized, and in 2021 Brazilian legislators and regulators felt the need to treat the subject in more depth.

Zetta's view is that regulatory efforts on cryptoassets should make use of the full potential of the technology. We thus seek to contribute to creation of a normative ecosystem that can sustainably regulate crypto transactions, while serving all anti-money-laundering requirements, bringing even more transparency and safety to these transactions.

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We thank the member companies that contributed to creation of Zetta's first Impact Report, by sending us the data and statements that have made this publication possible.