

# THE EVOLUTION OF THE BRAZILIAN DIGITAL PAYMENT METHODS MARKET

AUTORES

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# INTRODUCTION

## Overview

Monetary policies that resulted in inflation control and by expanding the credit granted to families

The growth in the use of cards

The declining use of bank checks

Important regulatory **measures** were taken

The growth of e-commerce

The development of platforms that **enabled** remote payment

Payment gateways emerged as a solution



# INTRODUCTION

Objective  
and  
Research problem.

It is to understand the evolution of digital payment methods in Brazil

What are the motivations that influence individuals in choosing the payment methods for online purchases?



# THE BRAZILIAN ECONOMY IN THE LAST DECADES

## 2.1 Inflation stabilization and credit expansion in Brazil

The adoption of the Real Plan (1990s)

Policies that **encouraged** an increase in the concession of credit through the National Financial System (SFN)

The Brazilian GDP jumped from R\$277 **(two hundred)** bi to R\$1.7tri between 2000 and 2020

% of adults who had access to some credit product was 44%, in 2017

## 2.2 Bankarization of the population and Brazilian Microfinances

Opening simplified accounts (bankarization of the lower classes of the population);

The **stimulus** of credit supply based on the amounts collected in demand deposits;

The formation of credit cooperatives of free association.

The bankarization of the lower classes was a **fundamental** factor in the popularization of the electronic payment methods in Brazil.



# THE EVOLUTION OF THE PAYMENT METHODS MARKET IN BRAZIL

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The BCB's interventions have been important to **inhibit** market entry barriers, as well as cartel **practices** and **anti-competitive** structures

The electronic payment methods market **differentiates** itself between two structures: the 4-party system (open scheme), and the 3-party system, (r closed scheme)

The 4-party system is more complex and brings more security

The card industry generates positive impacts on the Brazilian economy because it **encourages** the formalization of businesses, **reducing** the occurrence of tax evasion, resulting in higher tax collection

The payment in cash in purchases made in person, the card is currently the main payment method used in purchases made in online environment, via e-commerce



# THE DIGITAL AGE: E-COMMERCE IN BRAZIL

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4 main types of business are observed, namely: B2B, C2B, B2C and C2C

B2C - e-commerce has **shown** significant results: consumers grew from 18.9 million in 2014 to 41 million in 2020

Challenges of popularization of e-commerce:

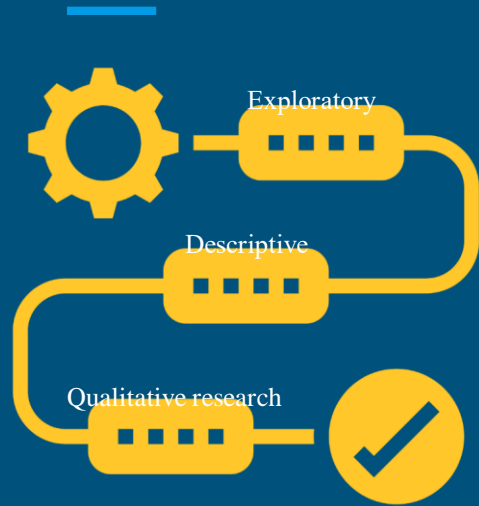
- development of platforms that enable remote payment;
- **Encryption** of the data to bring more security to the consumer.

Payment gateways emerge as a solution to the challenges associated with the non-face-to-face processing of financial transactions

- complete billing and payment solutions and,
- anti-fraud **service**
- increase the **reliability** and security of users' data



# METHODOLOGY



122 respondents  
from São Paulo

Cate gory	<u>Specific Goal</u>	Related Questions
1	Understand the motivations that lead to the rejection of use of cards	Do you have credit card? If you do not have a credit card, what is the reason?
2	Understand the frequency of online shopping	According to how often you shop online, choose the best alternative  According to your internet consumption profile, choose the alternative that best describes you  When shopping online, do you prefer to pay via smartphone or computer?
3	Understand the motivations that lead to the adoption and rejection of the use of bank slip bank slip in online purchases	When shopping online, do you prefer to pay via bank slip?  When shopping online via bank slip, check one or more alternatives that describe you.
4	Understand the motivations that lead to the adoption and rejection of the use of cards in online shopping	When shopping online, do you prefer to pay using credit card?  When shopping online using credit card, check one or more alternatives that describe you

# PRESENTATION OF RESULTS AND DISCUSSION

## Category 1 - Reasons leading to the rejection of use of credit card

- 9.8% reported not having a credit card:
  - "I have no income and/or I'm unemployed" (33.3%);
  - "I don't like it. I prefer to keep my finances in debit" (25.0%);
  - "I don't like it. The annuity costs are not worth it" (25.0%);
  - "My bank did not approve my access to it" (8.3%) and;
  - "I don't like it. Card debt becomes a snowball" (8.3%).

## Category 2 - motivations that lead to the frequency of online shopping.

- 91% of the respondents declared they have some frequency of purchases on the Internet
  - 55% state "I can no longer imagine my life without e-commerce,"
  - 29% stated that they prefer to buy online for reasons of speed, convenience, and price





# PRESENTATION OF RESULTS AND DISCUSSION

## Category 3 - motivations that lead to the adoption and rejection of the use of bank slip in online shopping

- the credit card - 89%
- the bank slip - 8% of the transactions.
- Other payment methods : digital wallet and bank transfer,

### the main motivations of the adoption of credit card

- 42% - "I don't like to pay via bank slip because the payment is not recognized immediately"
- 45% - "I don't like to pay via bank slip because I find it cumbersome".

### the main motivations of the adoption of bank slip

- 22% - "I organize myself better using bank slip ";
- 22% - "I like to pay by bank slip because almost all sites accept this payment method"; 5
- 06% - "I like to pay by bank slip only if it's via Internet Banking";
- 44% - "I believe that bank slips are totally safe".



# PRESENTATION OF RESULTS AND DISCUSSION

## Category 4 - motivations that lead to the adoption and rejection of using a credit card in online purchases

- 85% - "I like to pay by credit card because I can pay in installments"
- 67% - "I like to pay by credit card because the approval of the payment is immediate"
- 60% - "cards are super adaptable because I can use them in physical stores and on the Internet"
- 38% - "I like the credit card because almost all the sites accept this modality"
- 31% - "by using my credit card, I earn points, so I prefer to pay via card"
- 22% - "I organize myself better using a credit card"
- 18% - "I believe that cards are totally safe"

Respondents could indicate 1 or more aspects



# FINAL CONSIDERATIONS

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The credit card has important elements that **guarantee** to it more value **perceived** by the consumer

- The viability of paying in installments,
- The **instantaneous** clearing of the financial transaction
- The flexibility

## The bank slip

- Not requiring proof of income and financial **guarantees** from the consumer
- Shopkeepers may offer discounts when paying by bank slip

The motivations that **generate rejection** to the use of credit cards

- No significant numbers were identified - the non-adoption of credit cards is due to the individual's financial difficulty, not because of objections to the payment method.

