REPORT

Open Finance Trends in 2021

Shaping a new ecosystem in Latin America

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About this report

Shedding light on a new ecosystem

This report aims to better understand how the Open Finance ecosystem is evolving in Latin America. With this goal in mind, we take a look at the trends that will impact **the adoption of these new models** in the region during 2021, focusing mainly on Mexico and Brazil, through interviews with industry experts and a survey sent to fintech professionals.

It also covers investment trends in key fintech verticals, the emergence of new players and models like embedded finance and marketplace banking, regulation, partnerships, top deals, and more.

We base our analysis on **three sources of information:**

- **Survey**: in order to gather relevant insights from the industry Belvo carried out a survey that was answered by 150 fintech professionals about their vision of the future of Open Finance in Latin America.
- **Interviews with experts**: secondly, we use information gathered in interviews with a panel of nine experts from both the industry and the regulatory side about the major trends that could impact the financial ecosystem next year, including how covid-19 is boosting the use of digital channels, the regulatory context and the need to educate the public about the value of sharing data.
- **Research**: finally, we complement and substantiate our analysis with industry data.

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Open Finance

Writing the next chapter in Latin America’s financial ecosystem evolution

Opening up new channels to understand people's finances

Historically, data about our financial lives has been stored separately, and siloed, within the walls of traditional institutions. For this reason, until now, our understanding of financial information has been limited almost exclusively to banking services.

But what would happen if we broke down these walls to make financial information accessible through new channels? **What if the real owners of this information were the users** and they could choose when and how to share it with a company? This is precisely what Open Banking is all about: allowing individuals to share their financial information with third parties through application programming interfaces (or APIs).

One of the first examples of Open Banking implementation took place in the UK in 2016, when the country issued a rule that required the **nine biggest banks** in the country to allow licensed startups direct access to their data through standardized APIs. For the first time, millions of customers had the chance to share their banking information with new companies –like fintechs, and neobanks–that started leveraging these new sources of data to provide them with **new solutions tailored to their real needs**.

Since then, a lot has happened.

New digital players are flourishing worldwide, and similar regulations have also been introduced in other regions like Europe, Australia, and the US, creating new ways to share financial data. Now, these models are evolving quickly in Latin America.

From Open Banking to Open Finance

One of the more revolutionary characteristics of this new type of information exchange is that **it can work in many directions**: whether that is users sharing the information they store in their banking accounts with new digital platforms or the other way around. And that it is **not necessarily limited to banking data**. This is known as **Open Finance:** a step beyond Open Banking where financial data –no matter where it comes from–, can be shared with multiple parties to foster the development of new products and services.

This includes financial data from digital players like big tech companies, fintechs, or gig economy platforms, as well as traditional entities like fiscal institutions, payroll service providers, insurance issuers, retailers, or even utility providers like electricity companies.

Wherever bills are being paid, and money is changing hands, there's data that can help **describe people's real financial lives**.

These characteristics make Open Finance **an ideal model for Latin America**, where in some countries up to 50 percent of the population does not have a bank account with a traditional institution. However, users use other channels on a daily basis to carry out the transactions they need.

However, Latin Americans are increasingly using alternative channels on a daily basis to carry out the transactions they need. And this data can help expand their eligibility for new products and services.

"Financial data from alternative sources is fostering the development of new products and services"

More inclusive services and products

Thanks to these new API-based communication channels, data from these alternative sources can also move freely, **when users choose to**, across the different apps and platforms that they use in their daily lives, for shopping, paying bills, receiving money from their families and friends, working, or taking care of other financial transactions.

And by having new ways to access it, new digital players can use it to create new products and services around it and provide users with a better understanding of their financial situation.

Through these same roads, financial information can also be **enriched using data science and machine learning** so that companies can extract its value and turn it into more relevant and tailored services for their customers. Having these new ways of connecting financial institutions thanks to APIs can also enable new services, like making instant bank-to-bank payments and other transactions more easily, inside the apps themselves.

By allowing financial information from a wider range of sources to **easily and securely flow between different apps** and digital solutions that people use in their daily lives to manage their finances, it is possible to create a more inclusive financial system. One where users can access the services they truly need, in a safe way, and with the freedom to choose from a wider range of possibilities. This, in turn, generates greater competition in financial services, fosters more innovation, and results in greater well-being for millions of people.

This secular movement is very much underway and is **very aligned with our mission at Belvo** to power the next generation of financial services in Latin America through a bank and financial data APIs platform.

And to understand what awaits in the near future, we prepared this report to uncover and share some of the key trends to expect within Open Finance this year.

Pablo Viguera, Co-CEO and Co-Founder of Belvo

We build developer-first APIs to securely access and interpret financial data across Latam

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Experts panel

Nine fintech voices in Latin America

Arnoldo Reyes

VISA

Vice President & Head – Digital Partnerships, FinTech & Ventures, Visa-Latin America

Bio: Arnoldo Reyes is a digital financial services leader, advisor, and investor with experience in business development, strategic partnerships, venture, and general management.

At his current role at Visa, he leads various teams focusing on the business development and commercial engagement efforts with Visa bit tech partners across Latin America, as well as on the fintech client segment in the region, which includes developing commercial strategies, business development and partnerships with these companies. Reyes also oversees Visa Ventures in Latin America.

Pablo Cuarón

New Payment Flows Director at Mastercard

Bio: Pablo Cuarón specializes in identifying and developing new business opportunities focused on fintech and financial Inclusion. He has spent the last 10+ years working in the Payments Industry and has experience within management consulting, sales and Business Development. Previously, Pablo worked at Procter &Gamble.

Cuarón has a Bachelor's Degree in Industrial Engineering from Universidad Iberoamericana in Mexico and an MBA from the Haas School of Business, University of California Berkeley.

Tory Jackson

GALILEO

Head of Business Development and Strategy, Latin America at Galileo

Bio: Tory Jackson oversees Galileo's expansion and strategy throughout the region. Jackson partners with local, regional, and international financial service providers to use Galileo's sophisticated API-based platform as an enabling layer of technology to create powerful banking solutions.

With more than 10 years at Galileo, Jackson has served in a number of senior roles, including Country Manager for Mexico, where he partnered with leading fintechs like Klar and Ualá. Before that, he led the development of new geographic markets and served as a UX and product designer.

Manuel Franck

ualá

Chief of Staff at Ualá

Bio: Manuel Franck holds a degree in Economics and International Relations from the University of San Andrés and has experience in the field of strategic consulting as well as in the public sector. He worked for two years at the consulting firm Mckinsey and previously worked as an analyst in a public policy coordination office in the national government of Argentina between 2015 and 2019.

He is currently Chief of Staff at Ualá, an Argentine fintech company with more than two and a half million users in the country to whom they offer digital banking services. In this role, Franck coordinates the company's interaction with investors and is in charge of other strategic duties.

Carlos Terceiro

Mobills

Founder and CEO of Mobills

Bio: Terceiro is an entrepreneur driven by the purpose of transforming the financial life of Brazilians for the better. Graduated in systems analysis and post-graduated in Finance and Investment from PUCRS.

He is the founder of Mobills, the finance application with the largest number of clients in Brazil. The app has over 7 million downloads and is present in 138 countries, always focused on fulfilling its mission of offering customers the means to achieve financial peace of mind.

Ricardo Medina

belvo.

Head of Payments Strategy at Belvo

Bio: Ricardo Medina has worked at Banco de México for almost 25 years, holding various positions focused on the operation and monitoring of local and international financial markets and the development of policies for the evolution of the non-cash payment systems in Mexico. Additionally, he held the position of vice president at the CNBV for almost four years, with a focus on banking supervision.

In 2020 Medina joined Belvo as head of the company's payments strategy. He is responsible for helping Belvo strengthen its relationship with the banking sector and Mexico's main regulatory institutions, as well as for executing the company's strategic plans around the development of digital payment solutions.

Dorian Loyo

CNBV COMISIÓN NACIONAL BANCARIA Y DE VALORES

Expert in Structural and Technological Regulation at the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores or CNBV) of Mexico

Bio: Dorian Loyo is an Economist with extensive experience in regulation projects applicable to various sectors such as Banking, Securities, and Fintech. As well as in the supervision and oversight of technological innovation and risk management.

For seven years she has been part of the National Banking and Securities Commission (CNBV), where she works on institutional projects derived from the financial eform and the Fintech Law, having a greater impact on the development of regulations applicable to financial intermediaries and Financial Technology Institutions.

Larissa Arruy

MATTOS FILHO >

Partner at Mattos Filho

Bio: As a Partner at Mattos Filho, one of the leading law firms in Latin America, Larissa Arruy focuses on areas related to banking, payment methods, capital markets and technology, with emphasis on regulations issued by the Central Bank of Brazil and the Brazilian Securities Commission (CVM).

She counsels financial and payment institutions, fintechs, mar et infrastructure, among other market players from these sectors on a wide range of matters, including regulatory consultancy, electronic platforms and digital businesses and international investment.

Raúl Nava

DAI

Regulatory FinTech Head at DAI

Bio: Raúl Nava is a senior experienced professional, currently helping to shape fintech regulation in order to promote financial inclusion, foster innovation, care for customer interests, and set up fair guidelines for competition in the provision of financial services.

Previously, Nava accumulated more than seven years of experience in the financial sector, having worked in a big financial group and also in a smaller institution. In the latter, he was in charge of launching the retail mobile banking business model for Banco Sabadell, defined as a 100% digital bank with no branches. Ha has also been able to participate in the early stages of successful startups such as Cabify Mexico, Aliada (Now Tandem), and Runa HR, among others.

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The context in Latin America

Fertile soil for fintech innovation

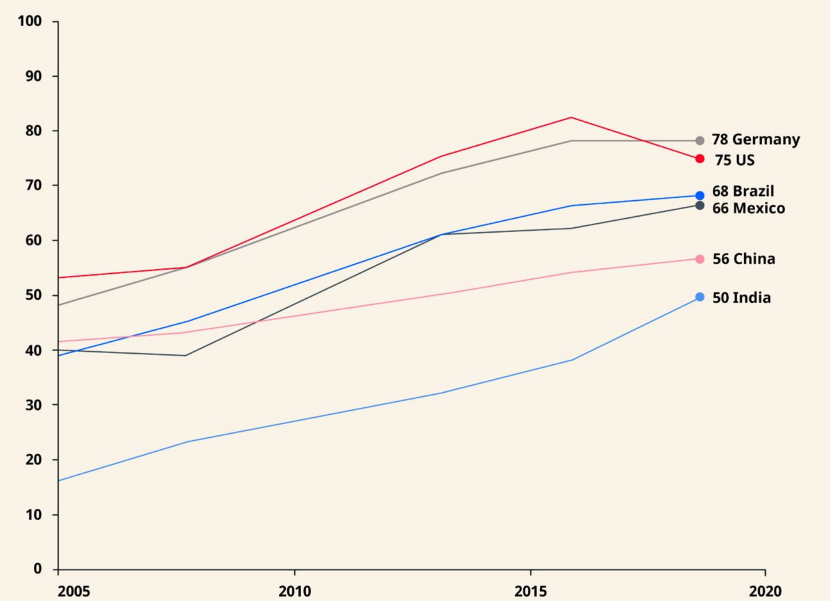
Latin America: a perfect fit for Open Finance

The financial landscape in Latin America has evolved quickly over the past years and, due to its unique nature, offers **fertile soil for the adoption of Open Finance**. On one hand, incumbent players are increasingly moving into the digital space, offering mobile banking solutions and delivering new technology-based products and services. Nevertheless, despite the slow progress, still only 51 percent of adults in the region are bank account owners, according to the latest World Bank Global Findex Report. This figure varies across regions: 70 percent of adults own an account in Brazil, while only 37 percent of adults own one in the case of Mexico.

At the same time, digital technologies adoption is growing extremely fast in the region: internet and mobile internet penetration in Brazil and Mexico are now rising at a higher rate than in India and China. And the role of e-commerce in Latin American's daily lives is also growing fast, accelerating tech penetration in the region.

Mobile Internet Penetration

Number of mobile internet users divided by total population



Source: Atlantico Latin America Digital Transformation Report 2020.

"By digitizing cash wage payments, businesses could expand account ownership to up to 30 million unbanked adults—almost 90 percent of whom have a mobile phone," explains the World Bank.

This leaves a large space to grow for emerging fintech companies, both financial technology providers and consumer-facing firms, which are growing fast in the region and tackling some of the traditionally unsolved issues in the Latin American financial ecosystem, such as lending. According to Crunchbase, there are currently a total of **735 fintech companies** in the region. Together, they have raised a total of $6.5B in 820 funding rounds in the last years.

How fintech funding has increased in Latin America

How much aggregate funding have these organizations raised over time?

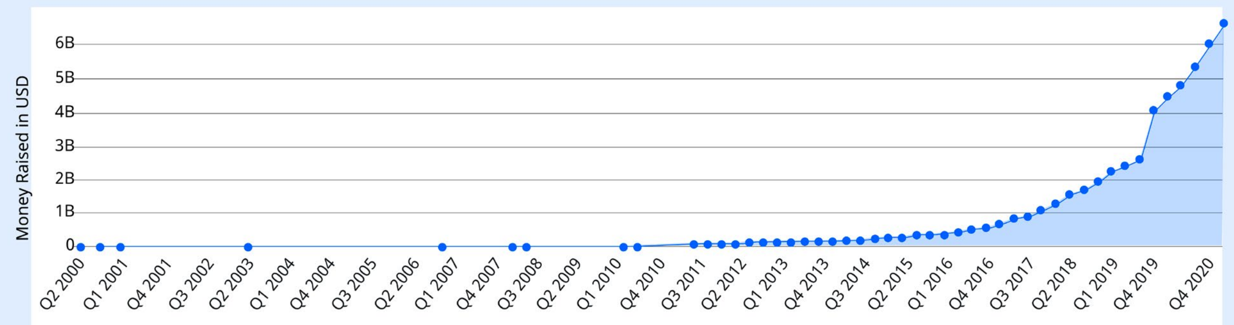
Number of Funding Rounds

822

Total Funding Amount

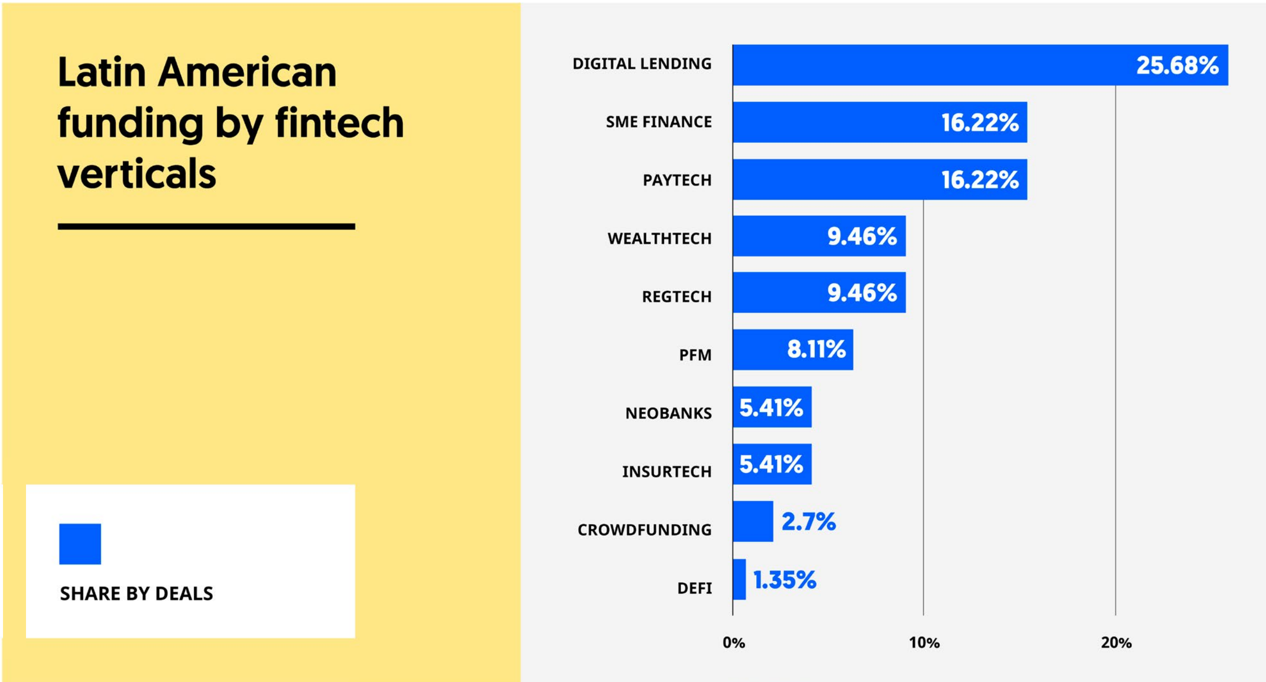
$6.5B

Cumulative Funding Raised Over Time



Source: Crunchbase.

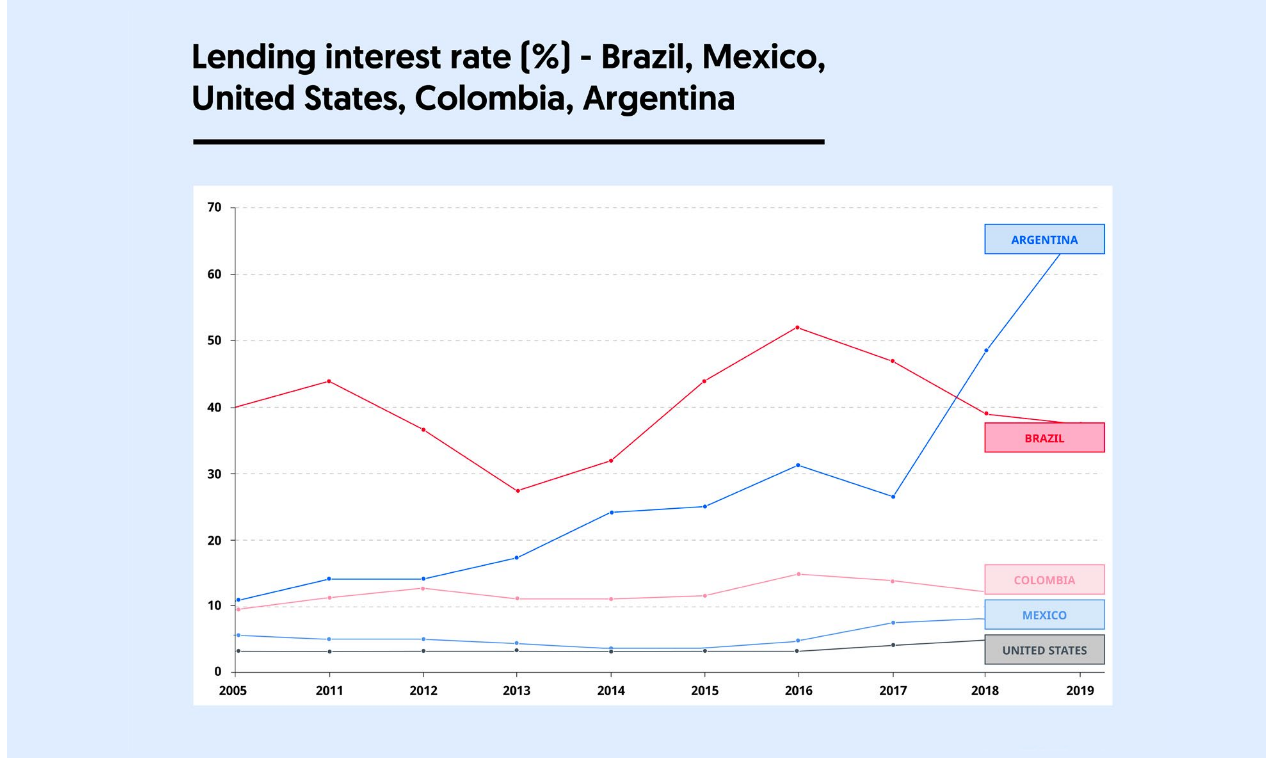
Where fintech funding is going in Latin America



Source: Latam Fintech Hub.

In the last eight years, Latin American fintech funding has grown from less than $50 million to over $2.1 billion, with 2019 being the record year of deals and funding, according to CB Insights. In the first half of 2020 alone, Latin American fintechs raised a total of **$525 million across 74 deals.** Funding in the region is highly concentrated, with Brazil, Mexico, and Colombia accounting for over 98 percent by 2020.

The end of 2020 has also seen a large number of fintech deals happening in the region such as Creditas, a lending Brazilian startup; and Albo, a Mexican neobank. “Looking ahead, massive technological shifts, regulatory tailwinds, and foreign investments in private markets will be key in fueling future fintech growth in Latin America,” explains CB Insights.



Source: World Bank.

The rise of neobanks

Some of these fintechs in the region are tackling the high-interest rates offered by traditional players and the high concentration of the financial sector, **providing customer-friendly lending and banking options**. In Brazil, where four banks concentrate the 80 percent of credit operations, consumers pay an average lending interest rate of 37.5 percent, compared to 8.5 percent in Mexico, and 5.3 in the US.

- Brazil's Nubank, with over 25 million users, recently debuted a debit option that allows customers to withdraw directly from ATMs using the app.
- Argentina’s Ualá provides mobile Global Mastercards with no fees and no bank branches, allowing Argentines to purchase across borders.
- In Mexico, neobank Albo is following the same model which offers consumers a digital account and smart budgeting app alongside a prepaid Mastercard to receive, transfer, and spend their money.

5
The impact of covid-19

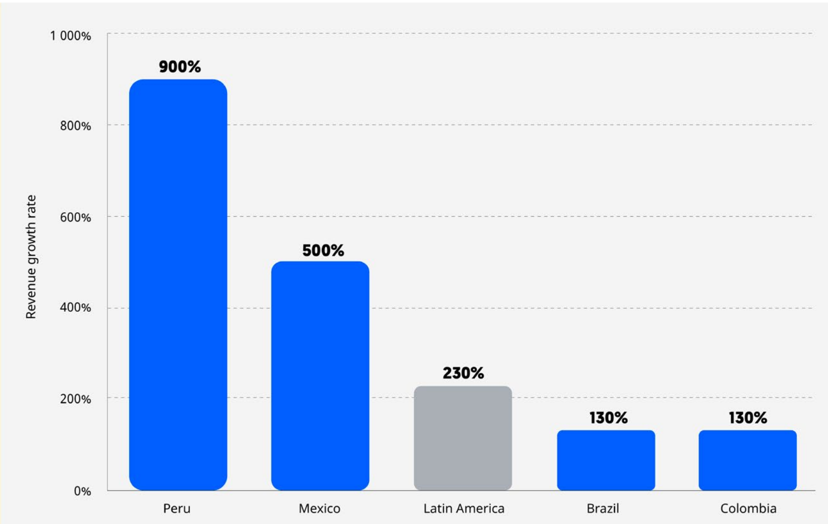
Years of transformation, in months

Covid-19: years of transformation, in months

The impact of covid-19 is **accelerating the speed of digitalization** in Latin America. The need for social distance has pushed millions of users to shop online, order food, pay their bills, or access their banking accounts through their phones for the first time. And some of these habits might be here to stay – according to the experts–, fueled by user's renewed expectations, regulatory changes, and further investment in digital channels.

- Data from Statista shows that e-commerce revenue increased ten times in Peru between March and April 2020 (that is 900 percent). While in Latin America altogether, the growth rate amounted to 230 percent. The changes were linked to the outbreak of covid-19.
- According to a report by venture capital firm Atlantico, Brazilian food delivery company iFood almost doubled its number of couriers in four months during the crisis. And Rappi's total sales in Latin America grew 113 percent between February and July this year.
- A report by Mastercard states that 40 million people in Latin America have been banked for the first time during the five months after the pandemic. In large part, due to government initiatives that required users to have digital accounts to receive subsidies.

Change in e-commerce revenue during the COVID-19 outbreak



Source: Statista

"In months, we have seen the type of changes that **we thought it would take years to achieve**," explains Raúl Nava, Regulatory Fintech Head at DAI. One example that shows the shift to digital is remittances: "They have increased month by month during 2020 despite the financial crisis," explains Nava. The World Bank had predicted in April that remittances transferred to Latin America would plunge in 2020. Instead, they surpassed the amount sent during the same period in 2019, according to official data reported by New York Times.

"Part of this pattern has to do with the fact that they used to be sent in physical form, but as the branches were closed, people turned to digital" adds Nava.

> **"There was a change in habits towards digital that we believe will remain and continue to increase in 2021"**

Raúl Nava (DAI)

Ualá, an Argentinian fintech company offering digital banking solutions, achieved the milestones of two million issued cards during the pandemic. The company has also seen an increase in the number of transactions made by its customers, as well as growth in user acquisition and user activation figures. "These are changes that we expected to see, but that the pandemic has accelerated. It has been a huge catalyst in the digital financial ecosystem," says Manuel Franck, Chief of Staff at Ualá.

Regulation

These changes are also being **accompanied and strengthened by regulatory initiatives** –that started operating either before or during the pandemic–, and have helped support the digitalization of the financial services "with rules that provide certainty to users," says Nava.

- **Pix:** a state-run platform for instant payments issued by the Central Bank of Brazil, was launched in November 2020 and by the 3rd of December had already registered over 100 million Pix keys. According to research carried out by C6 Bank and IBOPEdtm, 60 percent of Brazilians already prefer this system over previously existent instant payments mechanisms and 91 percent of citizens are aware of the existence of PIX and believe it to be a safe method.

- **CoDi**: Bank of Mexico developed and launched this mechanism in 2019 to make digital payments from a smartphone, using a bank account or any financial institution, without commissions. According to data from the Bank of Mexico, as of July 30th, 2020, more than 200 thousand accounts had used CoDi to make at least one payment, and more than 170 thousand accounts had used it to make at least one collection.

Investment

The world of **venture capital funding** is also reflecting this trend of "accelerated changes" in digital habits, according to Ualá's Chief of Staff, Manuel Franck. "There are several examples of funding rounds that took place at the end of 2020 in Latin American fintech companies around **lending and digital banking** that point in the direction that we will probably continue to see during 2021."

Creditas (unicorn)	Money Raised **$255M**	Dec 18, 2020	**Brazil**	Credit
Albo	Money Raised **$45M**	Dec 8, 2020	**Mexico**	Neobank

"Latin America is now a very hot market where many opportunities await. My impression is that this will continue similarly. In some places, over 80 percent of transactions are still made using cash. For fintech companies, this is still our biggest competitor. The **challenge is to expand the playing field**, there's a huge potential there and investors see it," Ualá expert adds.

Even with cash "not disappearing anytime soon in Latin America", Head of Business Development & Partnerships, FinTech & Ventures at Visa, Arnoldo Reyes, believes that areas like **contactless payments will continue to grow in 2021,** as a certain segment of the population will not be that open to deal with cash anymore. "As a result, we're seeing as in some markets contactless transactions are already 50 percent of all card transactions."

These changes will also be fueled by further investment in digital technologies. "In 2021, I believe that **traditional players will continue to invest heavily in digital** as a means to lower costs, but also as a means to provide solutions that people will now undoubtedly ask for." At the same time, according to Reyes, 2021 venture investment in fintech companies in the region will continue to grow, as the pandemic "**has highlighted the need for fintech solutions that are completely digital**".

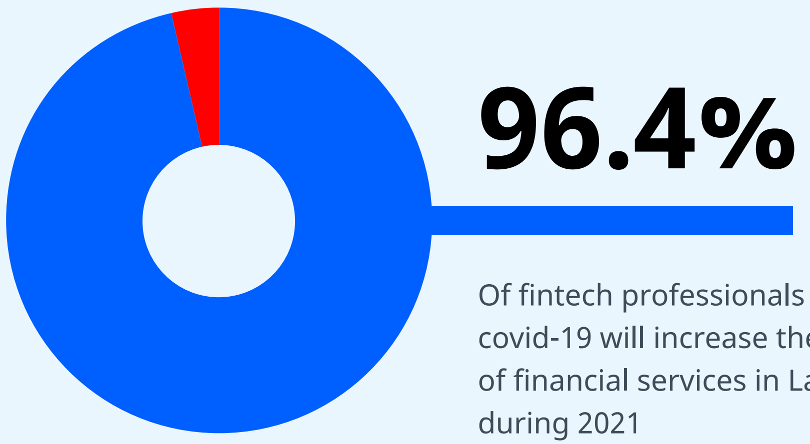
"Some fintech companies in Latin America have grown in the last months of 2020 as much as they expected to grow in the entire year"

Arnoldo Reyes (Visa)

What fintech professionals think

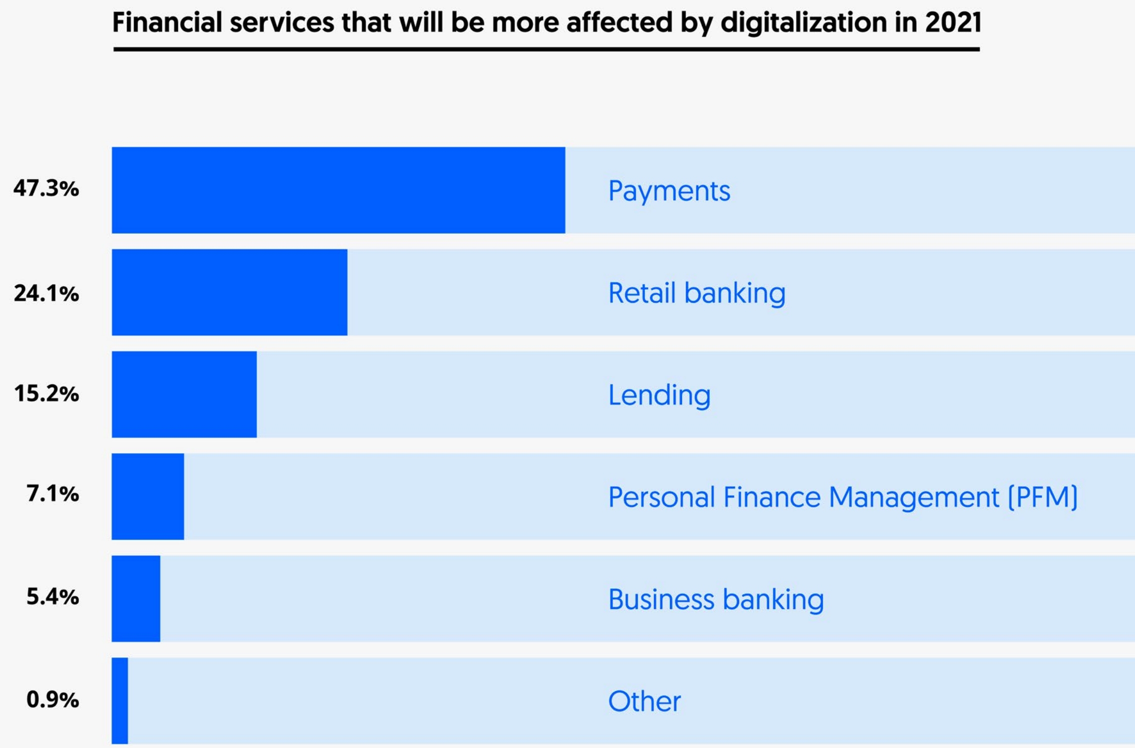
According to our survey, **96.4 percent** of fintech professionals believe that **covid-19 will increase the digitalization of financial services** in Latin America during 2021.

Almost half of them (47.3 percent) think that **payment providers** will be the more affected segment of the industry, followed by retail banking (24.1 percent), lending (15.2 percent), and personal finance management tools (7.1 percent).



96.4%

Of fintech professionals believe that covid-19 will increase the digitalization of financial services in Latin America during 2021



Key takeaway

The pandemic has accelerated the adoption and demand of digital financial services in Latin America, and the changes in behaviour patterns will likely remain. In 2021, there will be an increased demand for fintech solutions and investment will grow in these areas, particularly digital banking and payment solutions.

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Regulatory changes to come in 2021

How regulation will impact Open Finance in 2021

A need for a common ground

For the past years, Latin America has had a **pro-innovation approach to financial regulation**. Although, this progress has not been even throughout the countries in the region. “Countries like Brazil and Mexico are advancing fast and already working on the rules for Open Finance. But others are still behind, and there’s a lack of consistency within Latin America and also when compared to other regions across the globe,” says Ricardo Medina, Head of Payment Strategy at Belvo.

While Mexico and Brazil have opted for a regulatory path similar to that of Europe, places like Argentina and Peru still lack regulations and take a more “wait and see approach,” analyzing the steps taken by other countries. “There are many interesting ideas, but at this level, it **doesn’t necessarily allow the same levels of innovation** and permissiveness in the different countries,” adds Raúl Nava.

🇲🇽 Mexico

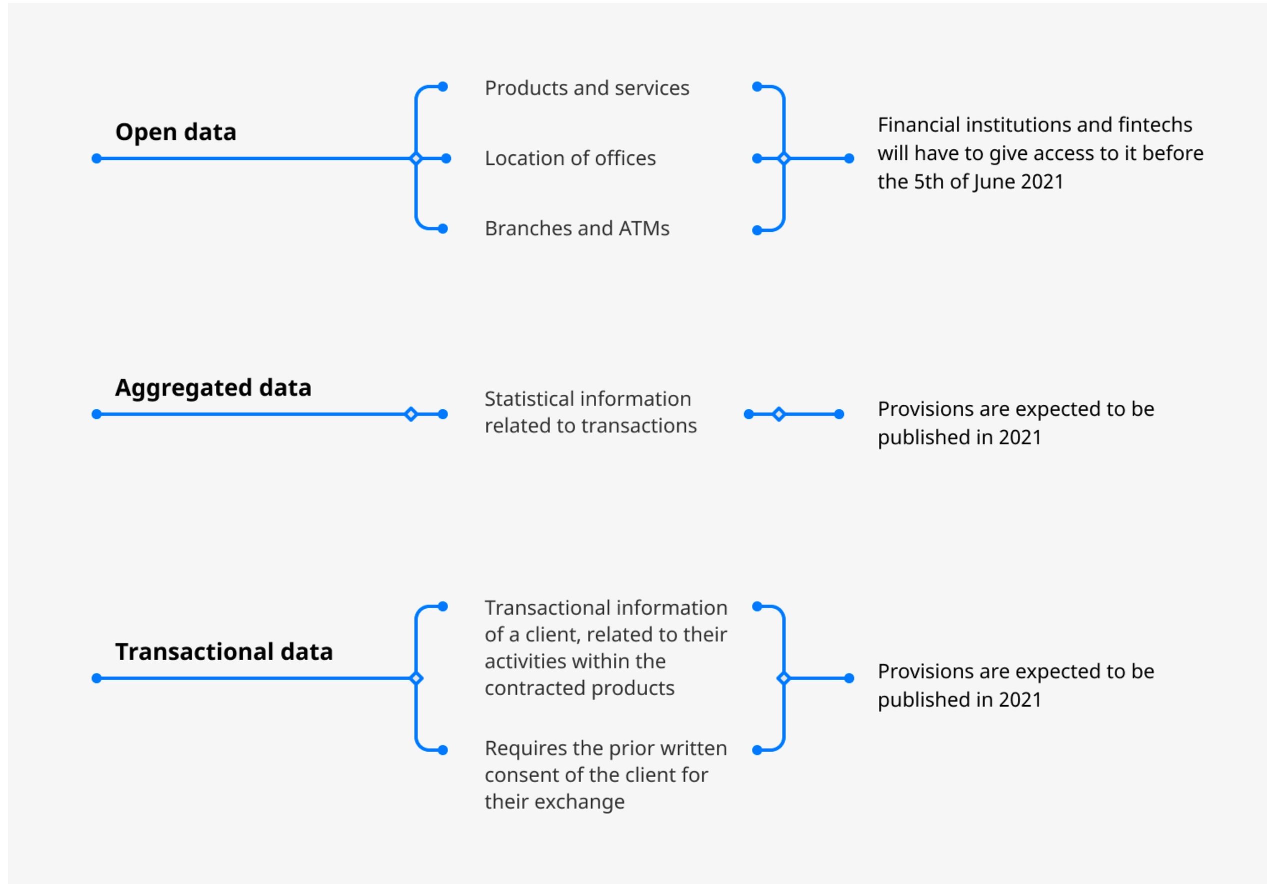
Mexico has been one of the pioneering and most advanced countries in the regulation of Open Finance. In 2018, the country issued its **Fintech Law,** which included a series of specific rules for the implementation of Open Banking. This legal framework also gave fintechs greater regulatory certainty around crowdfunding, payment methods, and cryptocurrencies.

- Unlike in the UK, Mexican rules laws apply to all financial technology institutions, not only banks.
- Rules in Mexico also contemplate the monetization of data-sharing models, unlike other countries.

What happened in 2020

The first set of these Open Finance rules were released by the CNBV (the National Banking and Securities Commission) in **June 2020** and established that all financial institutions and financial technology companies will have to share their data through standardized APIs on a mandatory basis.

During the first phase covered by these rules, this obligation will only apply to **open data**. But rules will progressively cover all types of data:



What will happen in 2021

By the 5th of June 2021, over 2,200 financial entities in Mexico should have already implemented APIs to exchange open data with third parties.

The next step is to expand this obligation to aggregated and transactional data. It is expected that during the first months of 2021, Mexico will publish new provisions related to transactional information from **customers' accounts and credit**. However, it is not yet clear what the deadlines for sharing this data will be on a mandatory basis. Likely, companies will have until the end of 2021 to give third-party providers access to accounts, and it will not be until 2022 that the obligation will extend to credit data.

For now, rules in Mexico don't contemplate payments initiation through APIs. Although, companies will be able to apply for individual authorizations to regulators.

"Companies must go ahead and **start making moves to prepare themselves for this scenario.** And while some players might not be prepared, they can already start partnering with other companies, such as infrastructure providers, which will make it easier to adapt to the new models," Raúl Nava explains.

"In Mexico, we decided to call it Open Finance because all financial entities will have to share data through standardized APIs, not only banks. This will cover over 2,000 financial providers. And we believe that it will only work if we move forward step by step to create a solid base"

Dorian Loyo (CNBV)

🇧🇷 Brazil

Brazil has taken important steps in the last years and has rapidly positioned itself at the forefront of fintech regulation.

Open Banking

In 2019 the Central Bank of Brazil (BCB) published the first fundamental requirements for implementing Open Banking. After a period of open suggestions, in May 2020 the BCB published the definitive rules to allow the sharing of data and services among financial institutions, payment institutions, and other institutions licensed by the BCB.

The BCB has established a four-phases plan for this project. By the end of the implementation process, participants shall be able to share their own data (e.g., products and services offered, fees, branches, etc), information from their clients, upon request, and also to accept payments initiated by a payment initiator services provider.

These rules in Brazil will be implemented gradually

- **Phase I** – up to 2nd February 2021: standardized sharing of information on service channels, traditional financial services and products.
- **Phase II** – up to 15th July 2021: consumers will have the control to share the data
- (registration data, account transactions, card information and credit operations) and share it with the institutions of their preference if, or when they want.
- **Phase III** – up to 30th August 2021: consumers will have access to services such as payments and credit offers not only in the channels of financial institutions.
- **Phase IV** – up to 15th December 2021: extension of the Open Banking concept to include more types of data that can be shared.

One differentiating factor of Brazil's regulation, according to Raúl Nava, is that it has involved the private sector in its conception since the beginning, allowing companies to define the technical requirements for the APIs definition through a committee. "This is really relevant because the more collaborative the efforts are, the more successful they will be," he adds.

"Brazil will be a watershed in Open Finance: **they are moving fast and are not starting from scratch.** I believe that even if they began later than other countries, Brazil will very soon be at the very forefront of financial regulation in Latin America," Nava concludes.

Currently, regulation is focused in banking and payments, but new rules are needed to include products such as investments and insurance.

"Regulators have indicated that they intend to work together to leverage the infrastructure and knowledge built in connection with Open Banking in the development of the basis for data sharing in relation to these other products and services too"

Larissa Arruy (Mattos Filho)

IN CONTROL

You choose how, when and with which participating institution you want to share your data. You can withdraw consent at any time.

SECURITY AND PRIVACY

The sharing of your data can only be completed with your consent. The process will be 100% digital and carried out in a totally secure environment.

SIMPLE AND PRACTICAL

Whenever you want, anytime and anywhere, you can share your data with the chosen institution.

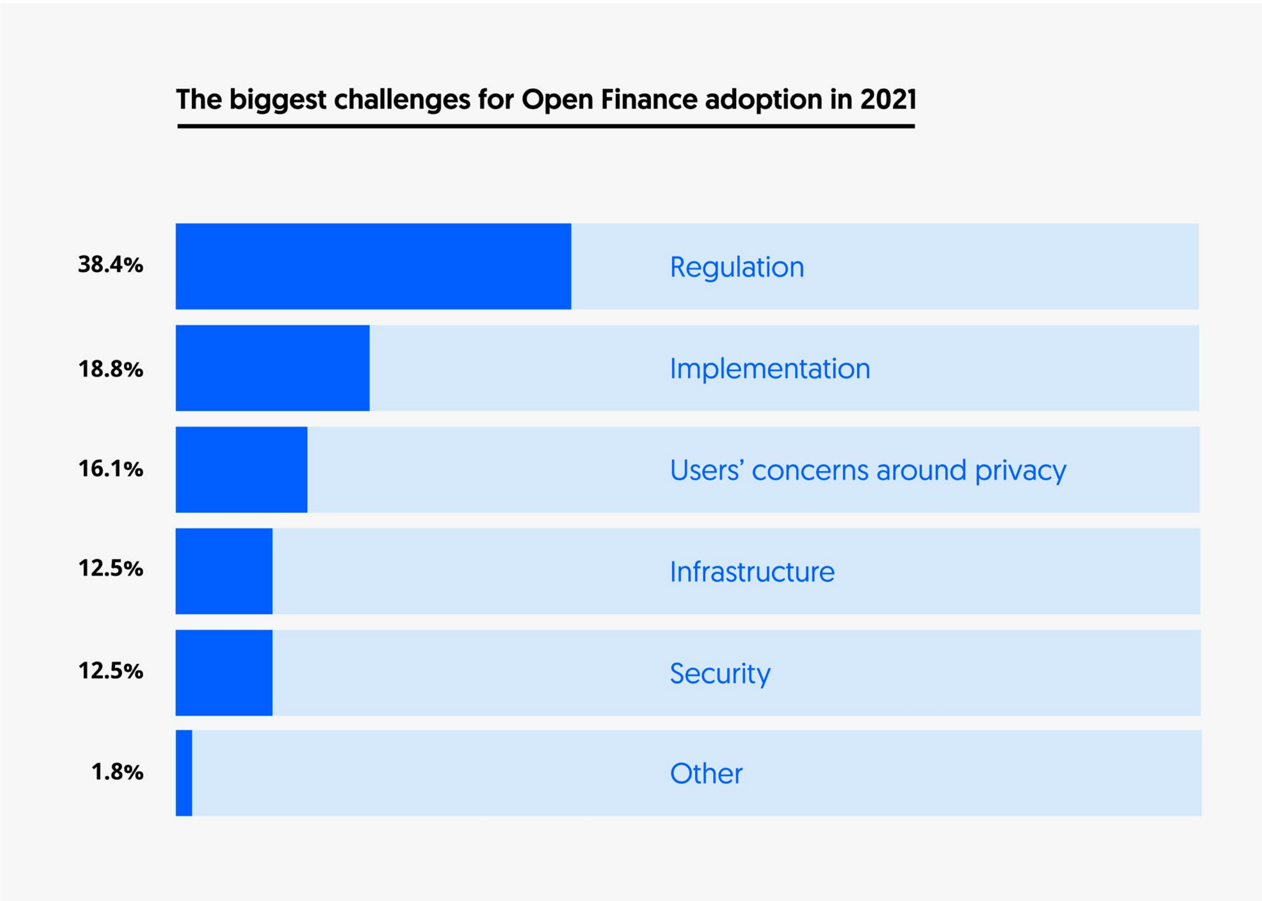
FREE SHARING

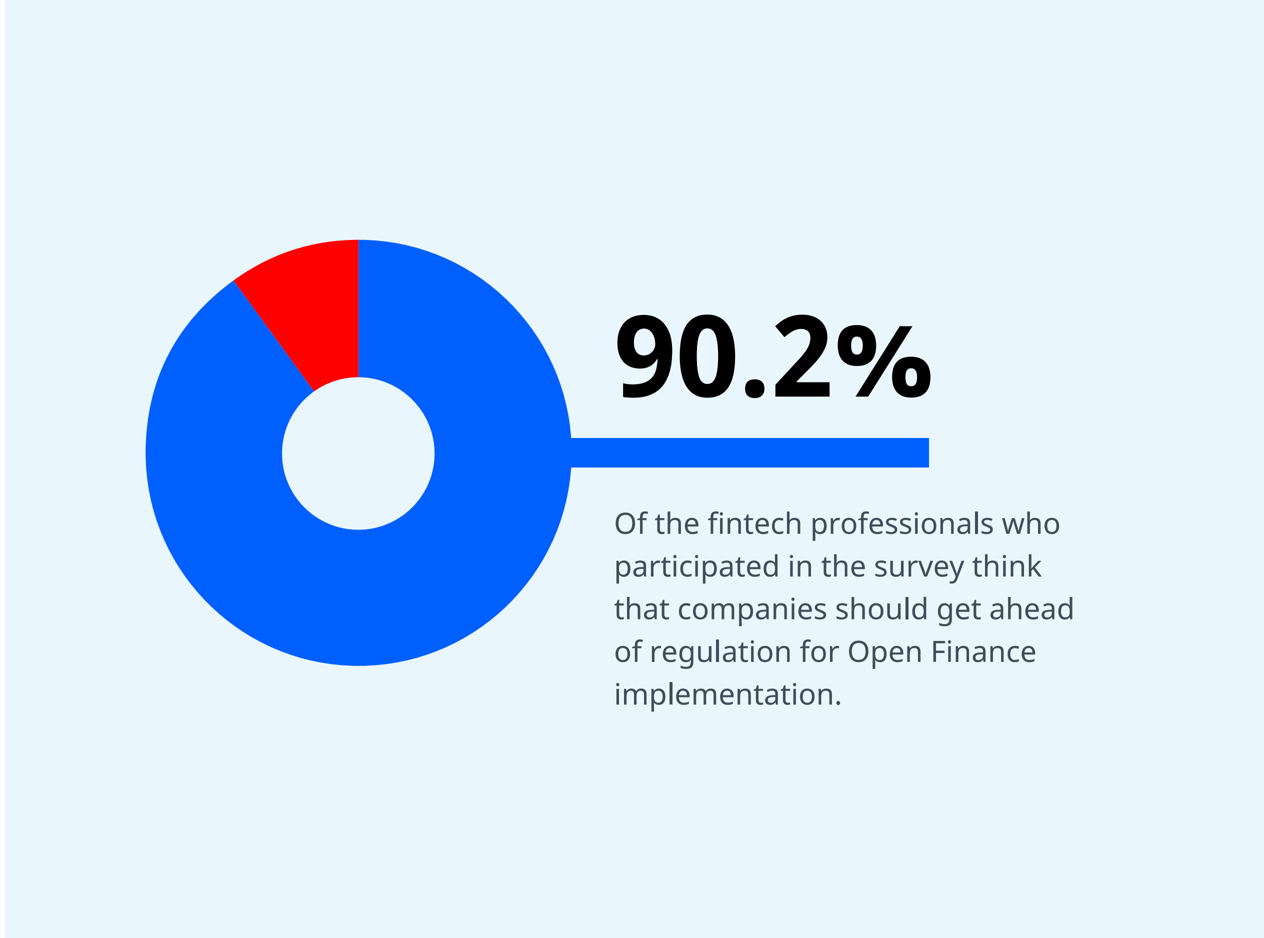
You will be able to give access to your data without any extra cost.

What fintech professionals think

When analyzing the challenges faced by the industry for Open Finance adoption, respondents believe that regulation is still the most important obstacle **(38.4 percent)**, followed by implementation challenges (18.8 percent), users' concerns around privacy (16.1 percent), infrastructures (12.5 percent) and security (12.5 percent).

Nonetheless, a majority (90.2 percent) of the fintech professionals who participated in the survey think that companies should get ahead of regulation for Open Finance implementation.





Key takeaway

Uncertainty around regulation is still a major obstacle for companies wanting to implement Open Finance models. Countries like Mexico and Brazil are moving fast in providing specific rules that will improve this context in 2021. Companies could start preparing for this scenario with the help from infrastructure providers.

7
Trends shaping the adoption of Open Finance in 2021

Six trends shaping the adoption of Open Finance in 2021

7.1 Open Finance adoption will grow in 2021

While the past years have been key to settle the ground for the adoption of Open Banking models, first in Europe, the UK, and the US, and progressively in Latin America, experts believe that 2021 could be the year when the financial industry embarks on the necessary **next chapter of this transformation**: Open Finance.

According to a PwC research report, by 2022, based on the expectations for SME and retail customer adoption, it is forecasted that the total revenue of the selected propositions of Open Finance will reach $9.87bn.

But, what is Open Finance?

Open Finance involves an extension of Open Banking principles to a wider field of financial services and products. It is a new paradigm where data from multiple sources beyond banking can help build innovative and accessible financial services.

- It means that users can share their financial data –**no matter where it comes from**– with third parties through APIs to access new added-value products and services that are tailored to their specific needs.
- It gives users real ownership of their data, and freedom to decide **how and when they want to access** and manage their financial data, whether that's inside their mobile banking app or any other tool they use in their daily lives.

These conditions make Open Finance a perfect fit for Latin America, a region where users' financial lives **don't take place exclusively within the walls of banks**. In part, because part of the population is still underserved by traditional financial institutions: only 51 percent of adults in the region are bank account owners. And, increasingly, because emerging fintech providers are targeting these customers with digital solutions.

The year for Open Finance

As the adoption of digital financial solutions accelerates, 2021 will see a surge in the adoption of Open Finance models. This growth will be driven by **several factors**, according to the experts:

- A more favorable **regulatory environment** across Latin America (particularly in Mexico and Brazil) will achieve important milestones and encourage implementation.
- The visibility of **tangible use cases** could help drive awareness about the benefits of Open Finance among end-users and companies.
- The **maturity of the fintech ecosystem** will lead to an increased demand for Open Finance services.
- Emerging players will increasingly invest in this new ecosystem, **providing the necessary infrastructures** to make it a reality.

It is forecasted that the total revenue of Open Finance will reach $9.87bn by 2022.

New alliances and use cases

Raúl Nava, Regulatory Fintech Head at DAI, a consultancy firm specializing in fintech, believes that in 2021 Open Finance will generate a new type of ecosystem where alliances between different players –such as incumbent institutions, fintech players, and infrastructure providers– will lead to new business models, benefits for the users and sources of revenue. "The year **2021 will be a watershed for these new models**."

Marketplaces where users can access a variety of financial services –such as lending or insurance– and **gig economy platforms embedding financial services** for their workers are some of the tangible examples that experts believe are raising visibility on the immediate benefits of Open Finance. But they are only the tip of the iceberg.

"In 2021 we might start to see it in wealth management and saving services. The kind of products that require an understanding of the users' behavior," says Arnoldo Reyes.

Hand in hand with the fintech ecosystem

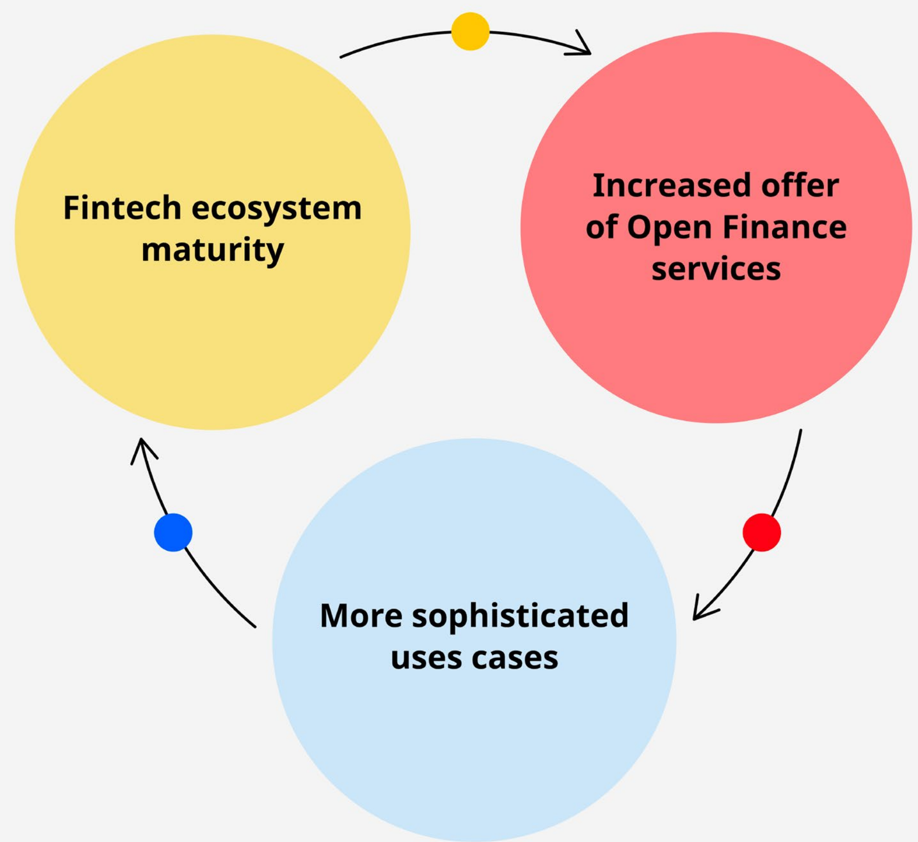
In the view of the Director for New Payment Flows at Mastercard, Pablo Cuarón, while 2020 was the year of fintech in Latin America, 2021 will be the year for Open Finance growth. He believes that its evolution is and will continue to be **directly linked to the level of maturity of the fintech ecosystem**. "The adoption of these models is already taking place, led by new players, mainly challenger banks, that require new ways to access and manage customers' data to build their business models and compete with traditional players. But we are only just starting to see the first examples," he adds.

According to Cuarón, as these players grow and their platforms become more robust, they will start offering more sophisticated products, and the need for new Open Finance services will increase too.

"The current use cases go very much with the stage these players are in: some of them are about to launch their first product or starting to attract consumers. But as they strengthen their product platforms and offer new and more sophisicated services, then they will need to get more creative in understanding and reaching customers"

Pablo Cuarón (Mastercard)

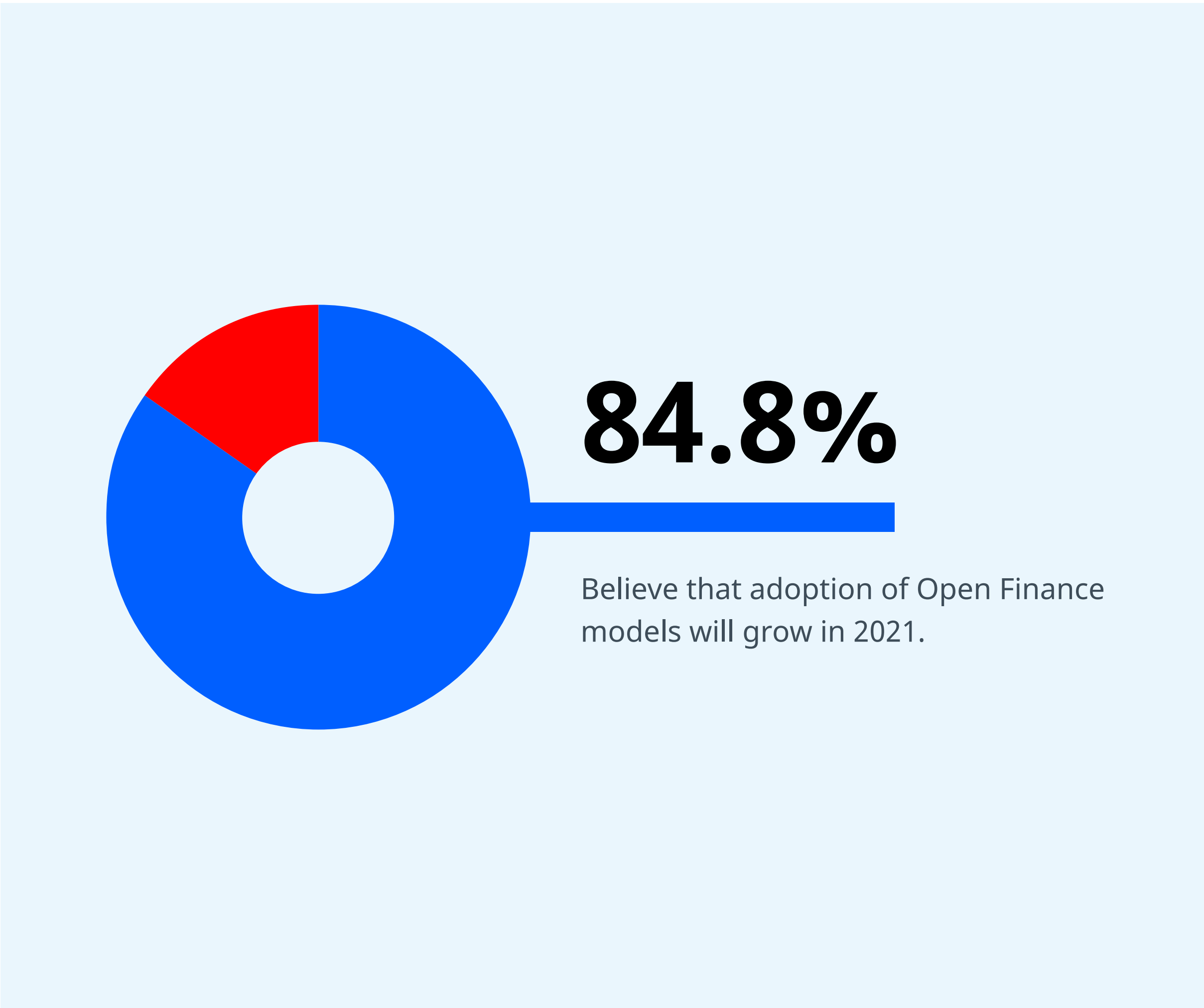
The Open Finance Flywheel

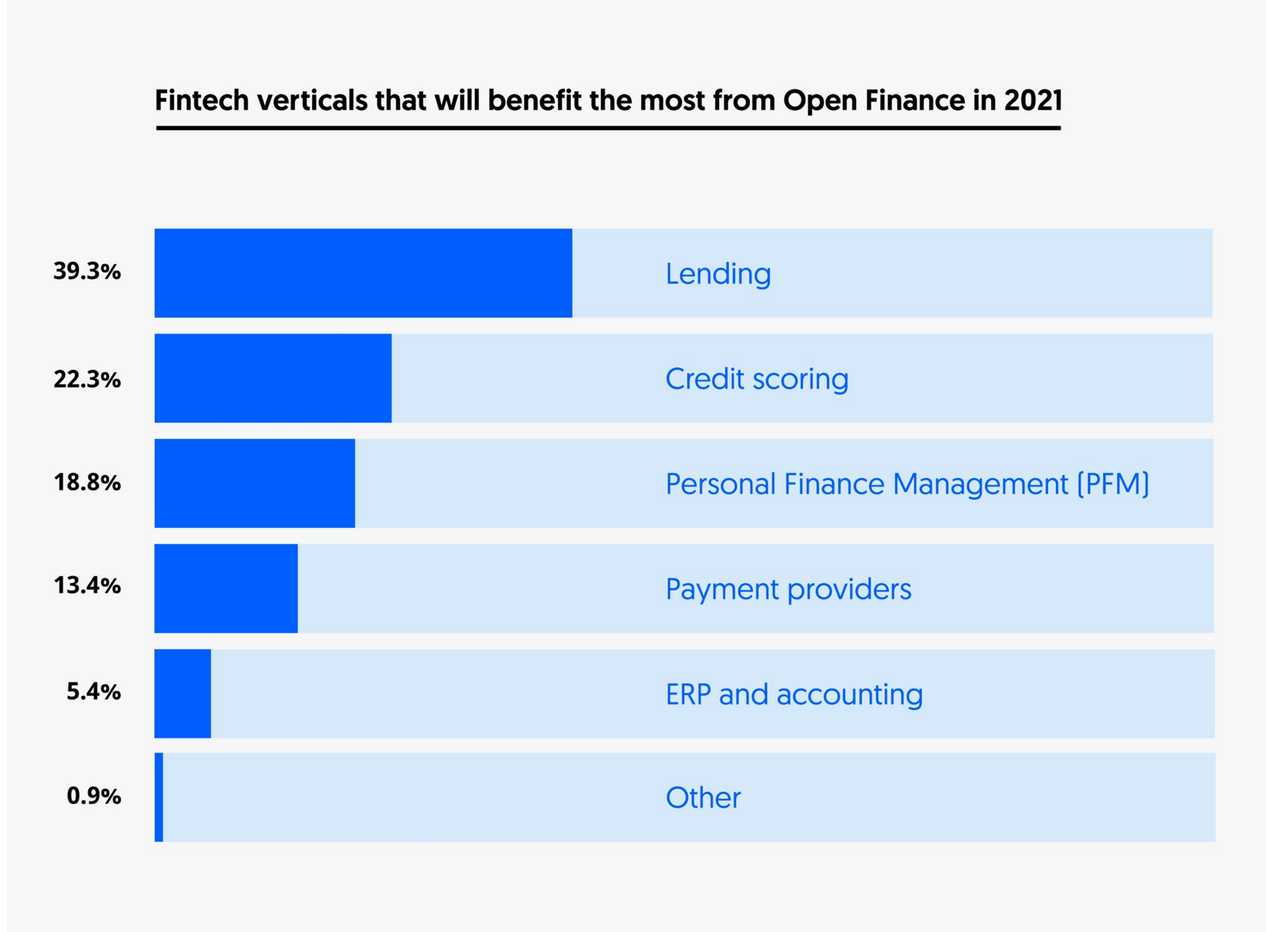


What fintech professionals think

According to Belvo's survey, **84.8 percent** of fintech professionals believe that more companies will embrace Open Finance models during the next 12 months.

When asked what fintech verticals will benefit the most from Open Finance in 2021, most respondents pointed to **lending (39.3 percent)**, followed by credit scoring (22.3 percent), personal finance management tools (18.8 percent), payment providers (13.4 percent), and ERP and accounting solutions (5.4 percent).





Key takeaway

The adoption of Open Finance models will increase in 2021, fueled by new alliances between players in the financial ecosystem, more certainty around regulation, more maturity in the fintech ecosystem, and a clearer view of the benefits of these models through the success of use cases.

7.2 Alternative data sources will provide a more comprehensive view of users' financial lives

Extending the reach of Open Banking to new sources of data beyond banks –as Open Finance aims to do–, can help financial innovators get **a more accurate view of the population's real financial activity** and needs. And thus, develop more relevant and tailored services for them.

Traditionally, the way that potential customers have been evaluated in terms of their eligibility for a financial product in the banking sector has not been fully comprehensive. "Typically, institutions **don't provide the full picture** of the way people are living their financial lives nowadays, because they have not made an effort to bring this data together," says Galileo expert, Tory Jackson.

Around half of the population in Latin America don't have a bank account, yet around 72 percent of the population are internet users and smartphone penetration is around 80 percent. "This means there's a considerable share of individuals that aren't able to prove their eligibility but **may have never missed a payment in their life**," he explains. According to the expert, it's key to make this data available "because it is **relevant to assess those** users and the products that they should be eligible for based on this data," he explains.

An driver of financial inclusion

Open Finance offers the potential to change this by allowing financial information from a wider range of sources to **easily and securely flow between the different** digital solutions that people use in their daily lives. "This will allow companies to reach people who have not yet been banked or people who perhaps only have one financial product, but maybe it is **not necessarily the one that best suits their needs**," adds Dorian Loyo, from the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores or CNBV) in Mexico.

> **"Whether that's someone paying a power bill monthly or phone or water, that's a transaction being made. And that data can be leveraged in many ways to enhance people's financial lives in terms of having access to new services"**

Tory Jackson (Galileo)

"The more we can digitize processes and come together and collaborate, the better experience and the more products are going to be available for the individuals that traditionally have not had access to them," Jackson adds.

New employment models and open data

One source of alternative data that is **becoming increasingly relevant to build financial products** in Latin America is gig economy platforms. In 2019, Uber, 99, iFood and Rappi became, together, the largest private employer in Brazil. And their popularity as a source of income for independent workers has increased with the impact of covid-19: iFood almost doubled its number of couriers after the pandemic.

These platforms represent a **rich and complete source of data** about these workers' income, financial needs and eligibility for financial products. This information could help both fintechs and banks have a wider and more realistic overview of these users' real financial activity and build tailored products for them. "In 2021 we'll continue to see Open Finance helping offer new financial services to these workers based on their data, for example, loans or advance paychecks," says Arnoldo Reyes, from Visa.

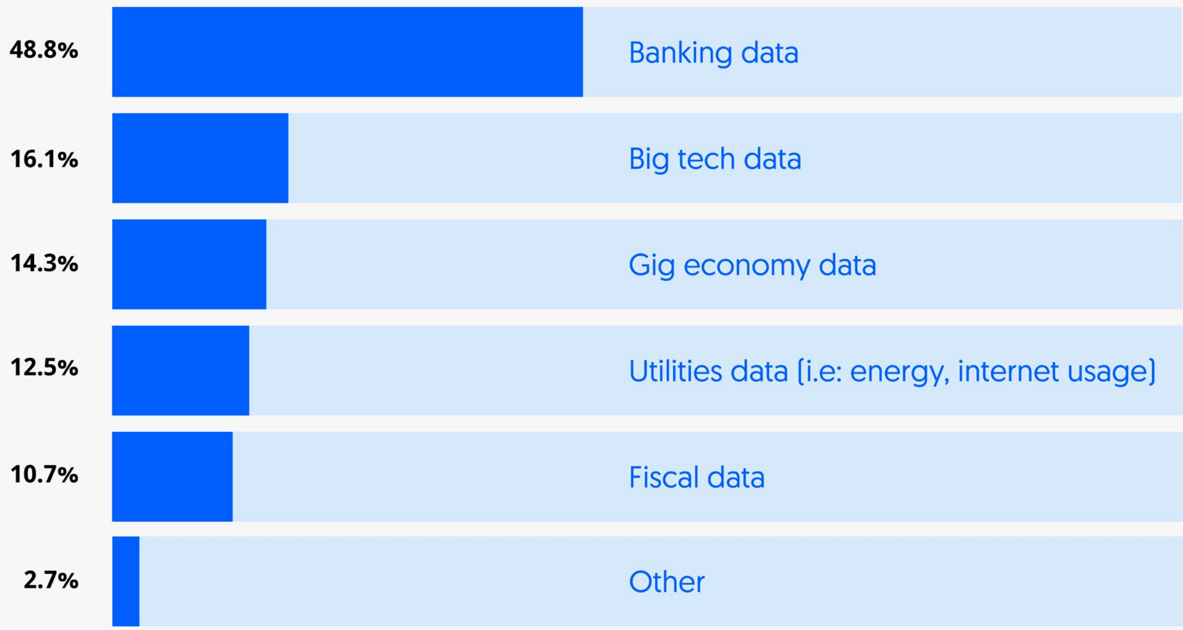
Raúl Nava goes one step further and believes that the financial sector can be the spearhead that leads to open data models reaching other industries. For instance, the energy industry, so that users could have all their information in one place and receive alerts when their bills are about to expire.

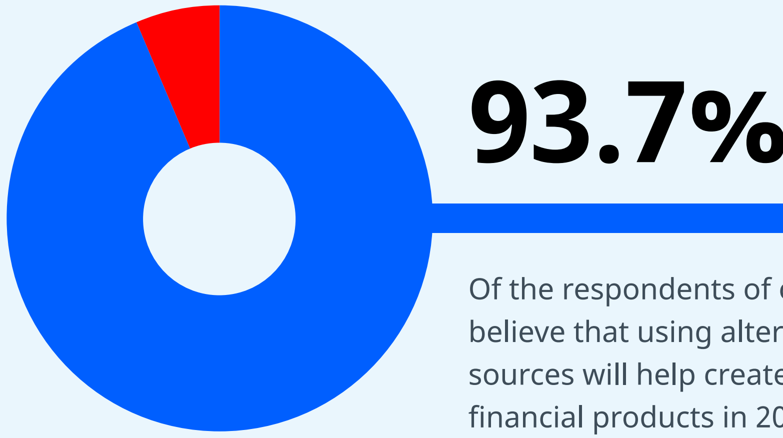
What fintech professionals think

A majority **(93.7 percent)** of the respondents of our survey believe that using alternative data sources will help create better financial products in 2021.

Banking data is the alternative data source that most professionals **(48.8 percent)** believe will help financial companies offer new products and services next year, followed by data from big tech companies (16.1 percent), gig economy data (14.3 percent), data from utilities like electricity (12.5 percent) and fiscal data (10.7 percent).

Alternative data sources that will help financial companies offer new services and products in 2021





93.7%

Of the respondents of our survey believe that using alternative data sources will help create better financial products in 2021.

Key takeaway

Alternative data sources will help create more tailored and relevant financial products and services in 2021 with a positive impact on financial inclusion.

7.3 A new map of players is taking shape in Latin America's financial ecosystem

The emergence of new digital players is shaping a new financial landscape in Latin America. With companies like MercadoLibre, Nubank, or Rappi rising rapidly across the region, big techs partnering with financial institutions, and gig economy platforms starting to offer digital services to their workers, how will the ecosystem look like in 2021?

Ecosystems and marketplaces

In the view of Arnoldo Reyes, from Visa, a relevant trend that will define what the new map of players look like in the region will be set by companies whose **business models evolve into ecosystems.** Whether that's fintechs or gig economy platforms. "One example is companies that today start by offering advanced paychecks through an app. But tomorrow could be a savings account or a credit card. Then, based on the customer's behavior, they can offer a small loan, and then they begin to evolve into something much bigger. In the end, we will begin to see more and more companies that embed financial services into their stack by building their own ecosystem," he adds.

These non-financial players will create platforms where users can acquire financial products and services offered by third parties like financial institutions or fintechs. But will this **lead to the creation of super apps**? Unlike in Asia, Pablo Cuarón, from Mastercard, believes that this model won't consolidate in Latin America, where a model more similar to the ones in Europe and the US is more likely to succeed. "There could be some hybrid examples, but I don't think this model will predominate, there will still be different options for the consumer, not just one or two single hubs".

Instead, Cuarón believes that as the Open Finance ecosystem matures, it will foster the creation of more horizontal business models, as opposed to vertical ones where one single provider offers a variety of products to customers. "This will be in the shape of marketplaces, where consumers access services from different providers within one platform," he explains. For example, using an account and a card with a challenger bank, but also access credit and insurance services from different ones, all in one place.

Embedded financial services

Embedded finance models will keep bringing non-financial players into the financial services space, and are projected to reach a market cap of $7.2 trillion globally by 2030, according to Business Insider Intelligence. The transition will be relatively smooth for business-facing financial services, but harder to consumer-facing ones, due to the importance to their business of controlling the customer relationship.

> **"Big tech and gig economy companies will create new financial services and products in 2021, by leveraging new data sources and establishing alliances with financial institutions"**
>
> Raúl Nava (DAI)

According to the expert, it's unlikely that these players will enter the financial market directly by themselves, deterred by regulatory issues. But through partnerships and alliances, they will create new business models and opportunities that could extend the reach of financial services to an underserved segment of the population.

"Examples like the collaboration of Cabify with fintechs like Lana, who's now offering services for their drivers; or the alliances that we've seen in 2020 between companies like Uber and Google with global banks; will help drive the formalization of the financial service offering," Nava explains. These companies **process and collect different types of information** about the users, not necessarily financial, that they can leverage to "generate interesting new models, products and services", he adds.

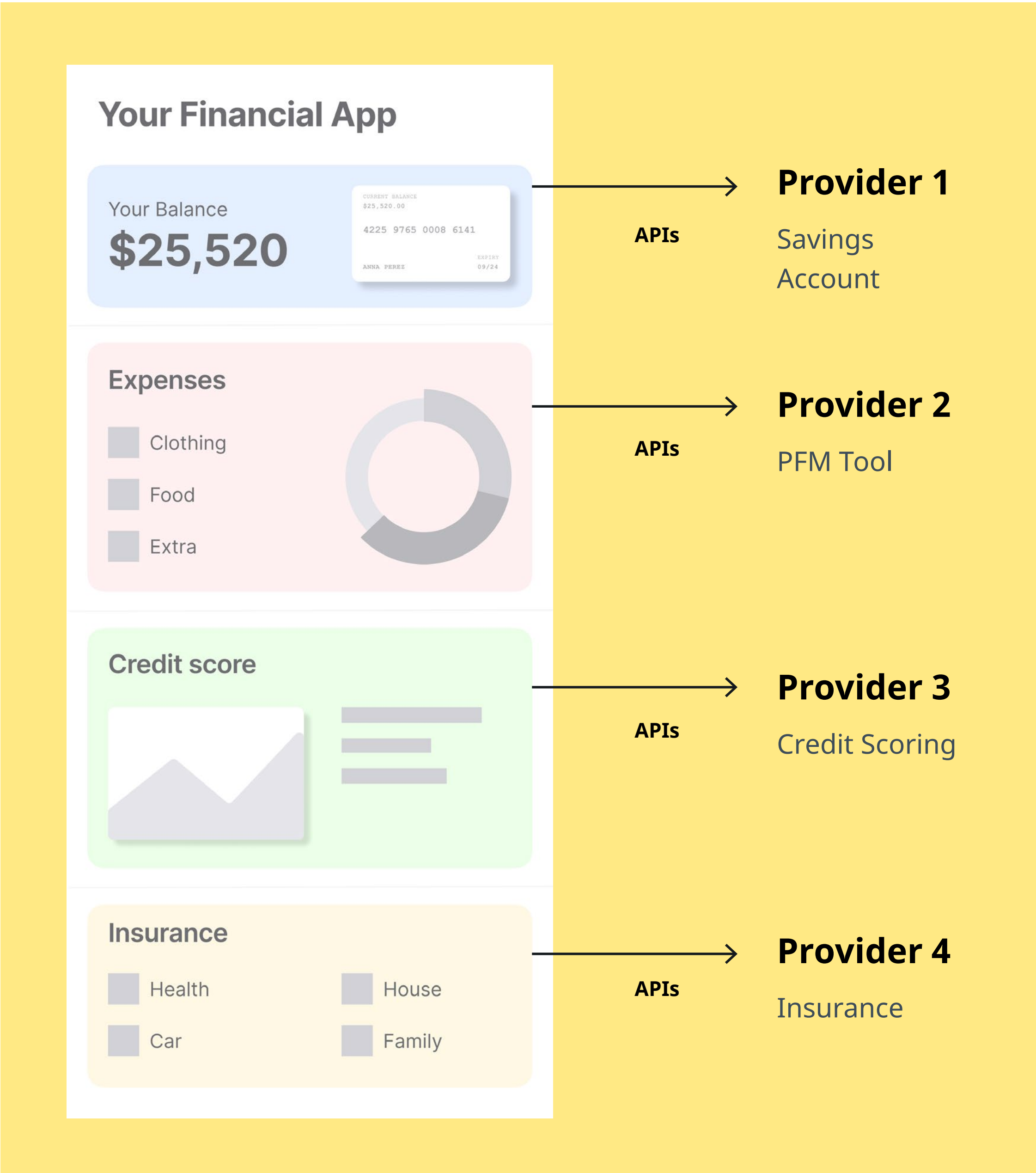
E-commerce players are also increasingly leveraging the data they have from customers to offer new embedded financial services within their platforms. New formulas like **buy-now-pay-later** and pay-with-your bank are gaining popularity among these players, helping them to reduce acquiring costs and provide more instant services to their customers.

How will the role of these new players evolve?

Banks	Investing heavily in digital channels but still face cultural challenges to fully embrace Open Finance until forced by regulation. Alliances with digital players could help them expand their customer base and improve retention.
Gig economy	Will continue to offer new digital services embedded into their platforms. Not likely to become super apps, but open to create more alliances with financial players.
Fintechs (neobanks, personal finance management tools, etc)	Investing heavily in digital channels but still face cultural challenges to fully embrace Open Finance until forced by regulation. Alliances with digital players could help them expand their customer base and improve retention.
Big tech	Could continue fostering partnerships with financial players. Reluctant to enter the financial space directly due to regulatory barriers.
E-commerce platforms	Increased popularity of embedded financial services to reduce acquiring costs and improve payments user experience. Could become important players in the Open Finance ecosystem.

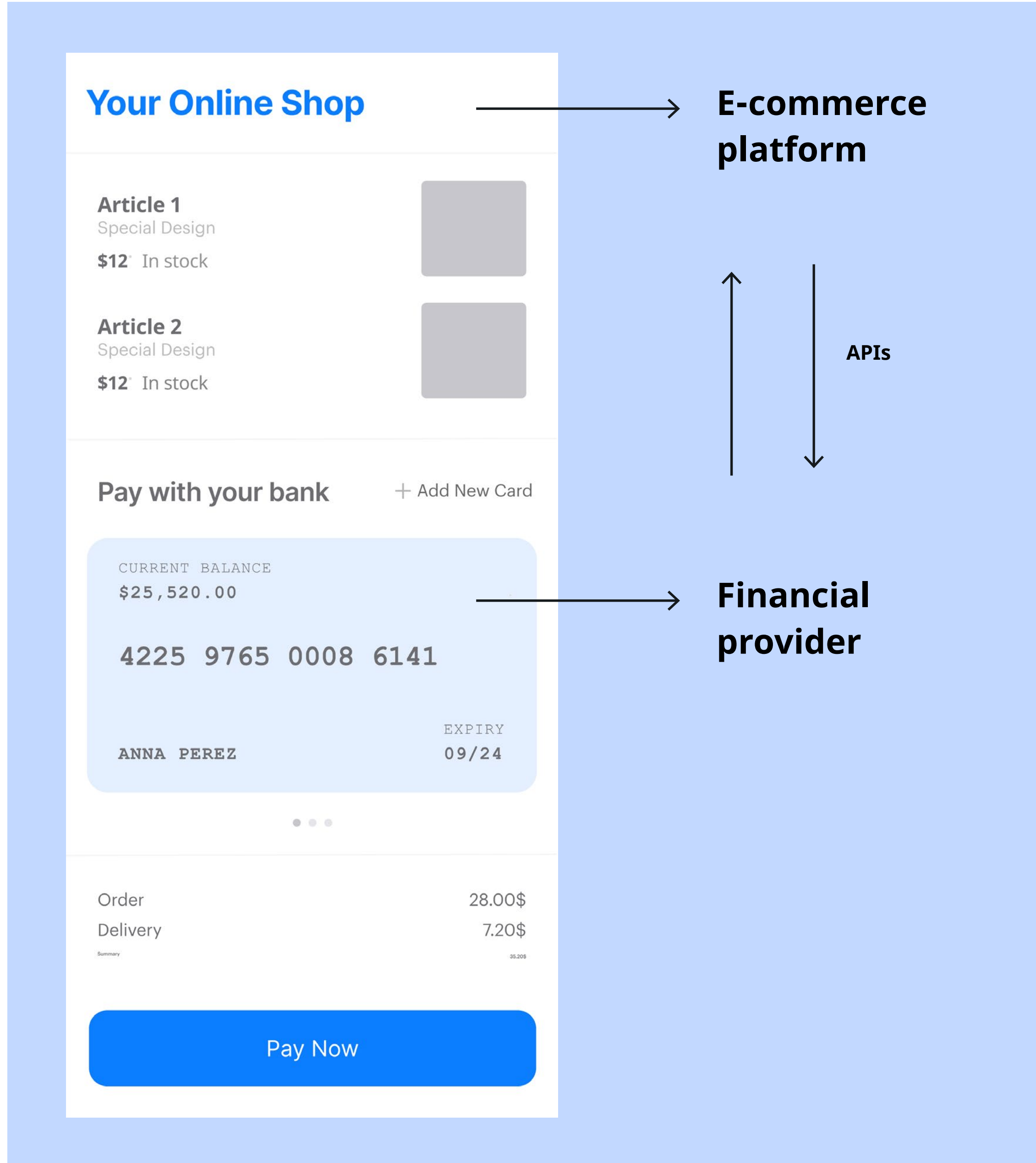
Embedded finance models are projected to reach a market capitalization of $7.2 trillion globally by 2030.

Marketplace Banking



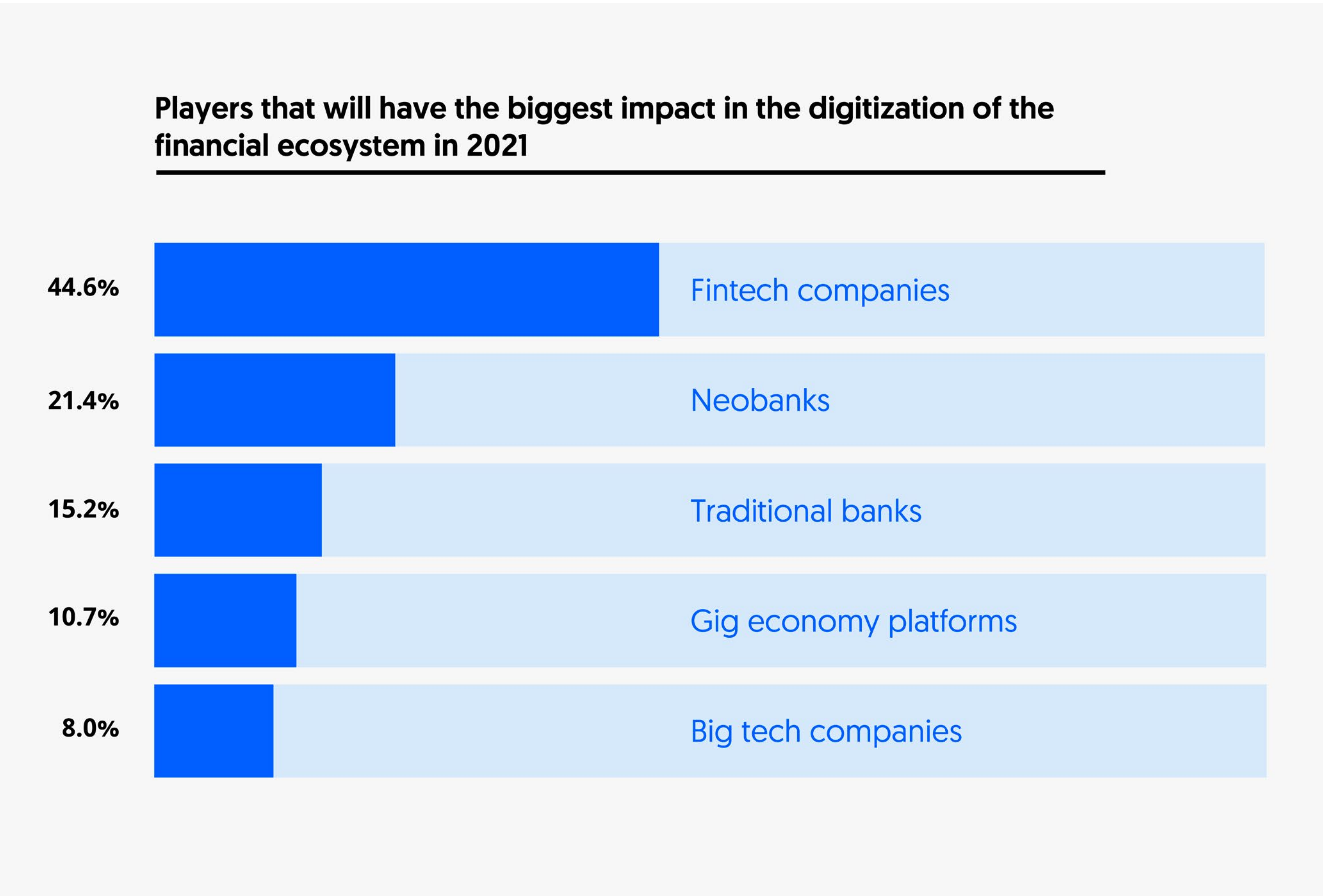
Vs.

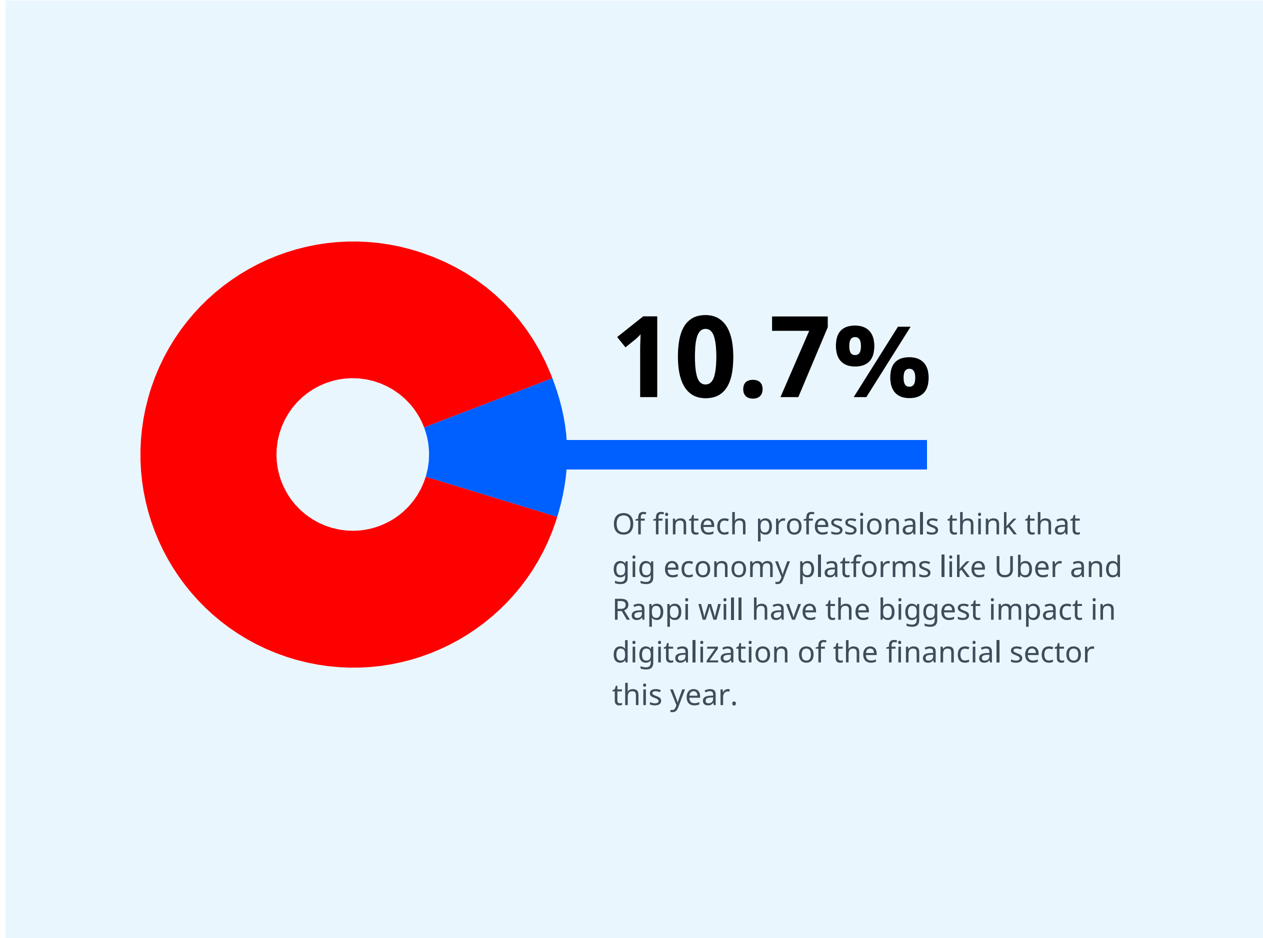
Embbeded Finance



What fintech professionals think

Most respondents to our survey **(44.6 percent)** believe that fintech companies will be the players that will play the biggest impact on the digitization of the financial ecosystem in Latin America. Then, 21.4 percent think the biggest impact is going to come from neobanks, 15.2 percent think that it's gonna be traditional banks, while 10.7 believe gig economy platforms like Uber and Rappi will have the biggest role in the transformation of the ecosystem. Lastly, 8 percent think it will be big tech companies.





Key takeaway

Non-traditional players such as big tech, gig economy platforms, and other major fintechs will continue taking steps to enter the financial ecosystem in Latin America in 2021 either by establishing alliances or by building their ecosystems with embedded financial services from third parties, thus benefiting financial inclusion.

7.4 Beyond data access: APIs will allow better decision making and instant solutions

Thanks to APIs, information from financial institutions can not only be accessed but also **enriched using data science** so that companies can extract its value to improve decision-making and provide digital instant solutions to their customers. This is the next natural step after data aggregation services, and it involves processing and enhancing the raw, inaccurate, and often unstandardized data so that companies can get more value from every interaction with their customers. “And as financial services are increasingly digitized, there is **more data and added-value** that can be extracted through Open Finance,” explains Manuel Franck, from Ualá.

Particularly in the case of Mexico, Ricardo Medina, Head of Payments Strategy at Belvo, highlights lending as a good example of the value of adding a layer of intelligence to data thanks to APIs. “Credit to the private sector in Mexico has been traditionally very low compared to other Latin American countries. But **Open Finance will contribute to more companies being willing to give credit** because thanks to data enrichment they will have access to more knowledge about the users and then be able to adapt to their offer to their specific needs,” he explains.

Examples of API-based data enrichment solutions that can be applied thanks to Open Finance:

- Calculate credit risk indicators for individuals
- Spending analysis to improve personal finances management
- Analyzing a company’s financial situation to provide credit to them
- Transaction categorization
- Verify a person’s identity using data extracted from an account
- Fraud risk analysis
- Extraction of transaction metadata (e.g. merchant, location, type of transaction, etc.)

Payment capabilities

After accessing and enriching information, the next step for APIs is to enable real actions for the users, such as payment initiation. “Thanks to Open Finance, **payments can be initiated directly from a digital wallet** app so the funds are transferred to or from customers’ accounts in a much more natural way,” explains Ricardo Medina.

How does it work?
Thanks to Open Finance, users can allow a licensed third-party provider (TPP) to execute a payment via direct bank transfer from their bank account. Companies providing these services must be registered as Payment Initiation Service Providers (PISPs).

Then, the PISPs will show the customer a payment interface where they will be able to select their bank, enter their credentials, and execute the payment directly from the app their are using, without the need to enter their bank account.

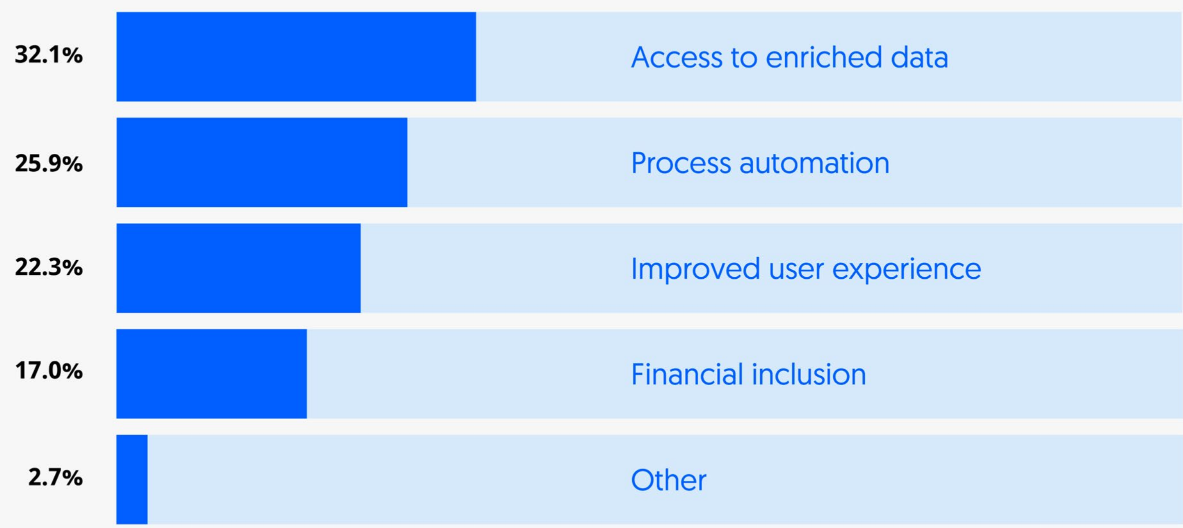
This capability could be very useful for companies offering digital wallets where users need to be able to easily transfer funds from their bank accounts. But also to just any financial company offering financial accounts.

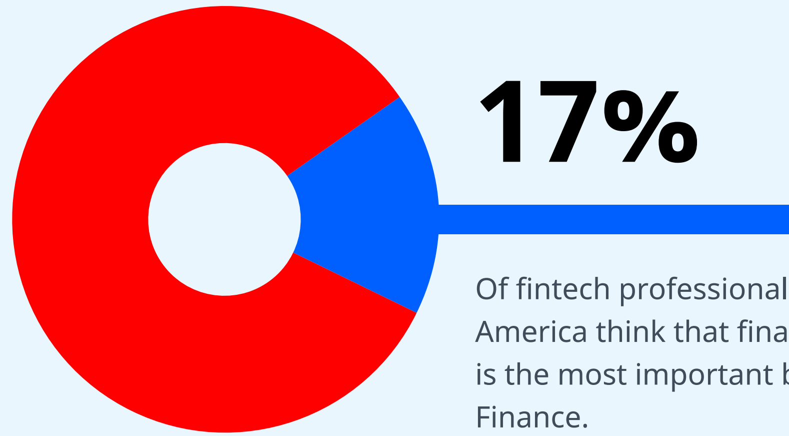
> **“Nowadays fintechs are trying to find ways to incentivize their customers to use their apps and transfer funds to them. Now, the way to do this is by accessing their bank accounts and making a manual transfer, but Open Finance will be able to change this"**
>
> Ricardo Medina (Belvo)

What fintech professionals think

The most valued benefit of implementing Open Finance models in the financial sector, according to Belvo's survey, is having **access to enriched data (32.1 percent)**, followed by process automation (25.9 percent), improved user experience (22.3 percent), and financial inclusion (17 percent).

The most important benefits of adopting Open Finance models in the financial industry





Of fintech professionals in Latin America think that financial inclusion is the most important benefit of Open Finance.

Key takeaway

In addition to providing raw data on financial information, Open Finance will also facilitate data enrichment solutions that provide a layer of intelligence accessible through APIs to improve decision-making. It will also enable bank-to-bank payment solutions to be embedded directly inside financial apps.

7.5 Raising awareness and visibility of Open Finance benefits

According to our survey, users' concerns around privacy was the **third most important obstacle** that companies will face in 2021 to access third-party data through Open Finance. During the conducted interviews, experts often highlighted that **awareness** about what Open Finance is and, more importantly, about the tangible benefits that it can bring to customers, should be one of the priorities for financial institutions wanting to improve this situation.

Privacy and security

On the one hand, experts believe that companies should put their efforts into empathizing what are the **security measures** that make APIs safe and reliable and how they work. "Companies should be really explicit about how and why they are using users' data, and regulation should help in this sense, by providing clear technical and ethical rules that give certainty to customers", Ricardo Medina explains. "A key aspect is to remind customers that their data is never going to be used without their explicit consent," he adds.

At the same time, experts believe that companies should showcase the benefits for users through understandable, clear, and real-life examples to increase users' willingness to share their data with third parties.

"Clearly communicating the benefits for customers –together with its risks–, should be a priority for all the players in the ecosystem, as they will have to explicitly give their consent to share their data with third parties," explains Dorian Loyo, from the CNBV.

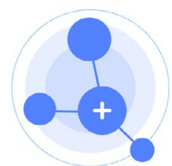
Visible use cases and user experience

A PwC report found that customer awareness around Open Banking remained relatively low amongst retail customers, with only 18 percent aware of its meaning. Compared to 42 percent of SMEs. One of the factors contributing to this lack of awareness was the fact that there were still "few disruptive propositions developed so far".

Various fintech executives used lending and scoring as representative examples that could help drive positive awareness among users, as well as gig economy platforms embedding financial services, such as Rappi and Uber.

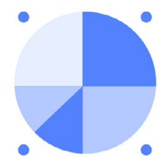
> **"Users need to be able to see the value that sharing their data brings to them substantially and instantly. Benefits should always be greater than the cost of sharing their data"**
>
> Manuel Franck (Ualá)

One example is **income verification**: by sharing data from their bank accounts through API-based services, customers can give lenders direct access to a verified source of information about their financial stability and ability to pay, instead of relying on manual, costly and prone to error data collection systems. Thanks to this, lenders **can build better risk models** for their services, reduce costs and offer credit to a wider range of people, including those with irregular sources of income.



Access enriched financial data

Access real time data and predict monthly income to automate credit decisions.



Analyze financial health

Measure regularity and stability of payments of your customers.

Identify and reduce repayment risk

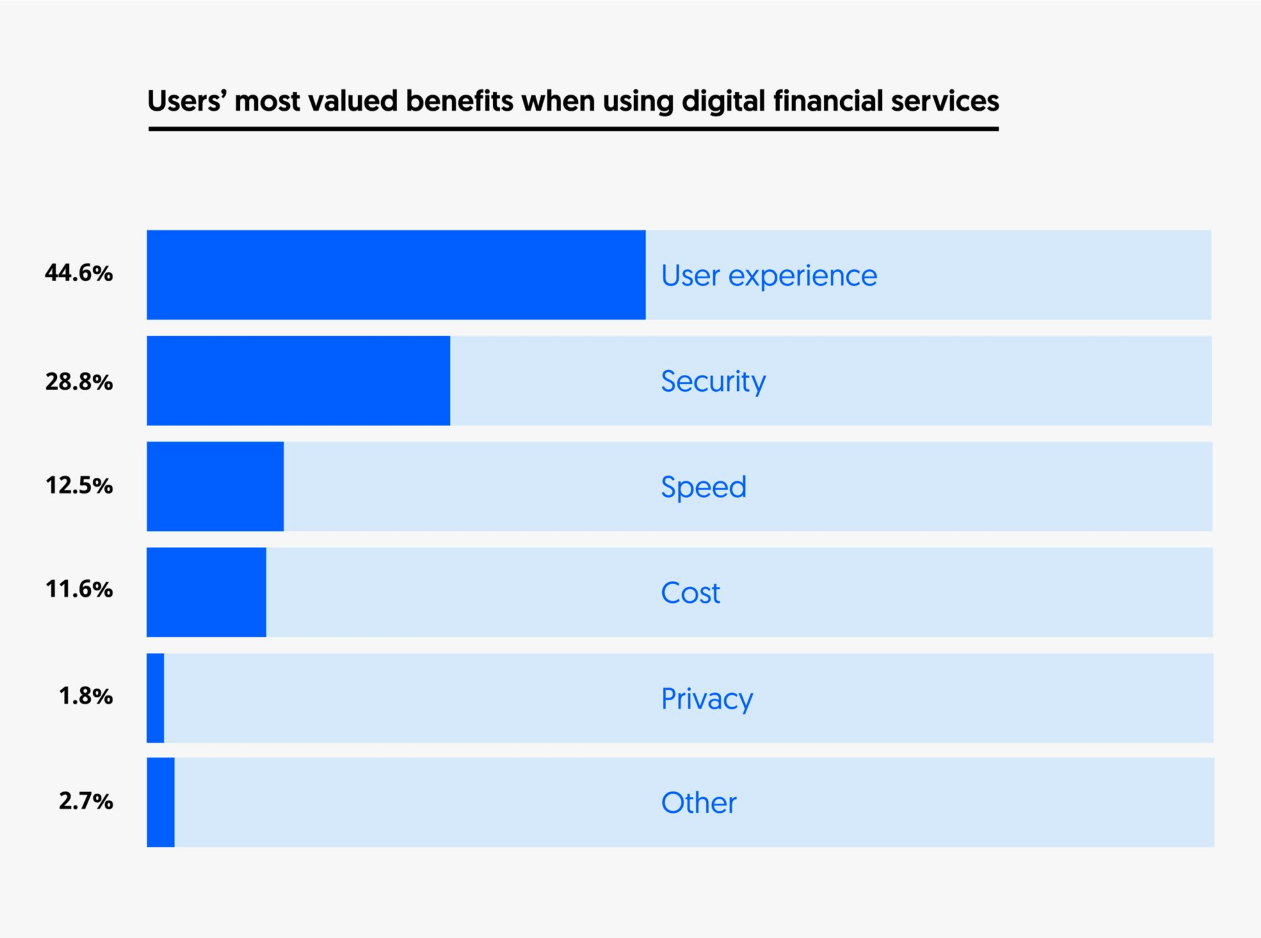
Detect income reduction or changes to foresee your customers' availability to pay.

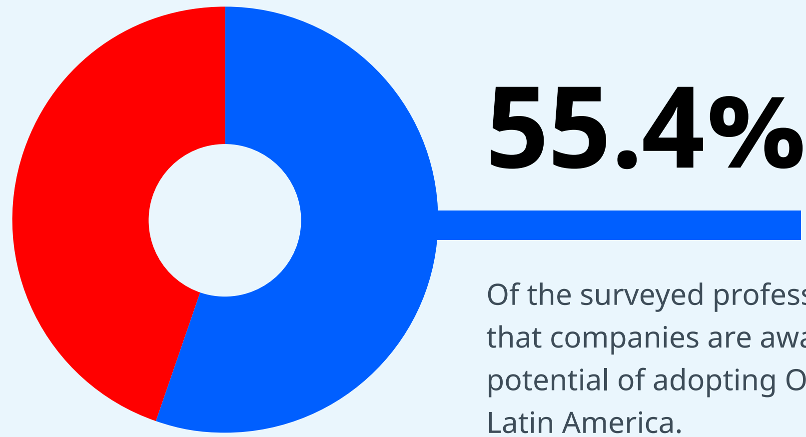
These types of services could help improve access to credit in latin America, which is still very low: only 18 percent of adults in the region use credit services from financial institutions, vs. 68 percent in the US, according to World Bank data.

What fintech professionals think

More than half of the professionals surveyed believe that companies in Latin America are aware of the potential of implementing Open Finance models.

44.6 percent think that **user experience** will remain the most valued feature by users when using digital financial services in 2021. For 26.8 percent it's security, followed by speed (12.5 percent), cost (11.6 percent) and privacy (1.8 percent).





Of the surveyed professionals think that companies are aware of the potential of adopting Open Finance in Latin America.

Key takeaway

Showcasing the tangible benefits that the first Open Finance use cases will bring to customers and companies (such as access to credit history or income to improve underwriting processes for lenders) will be key to raise awareness and drive adoption.

7.6 The age of the enablers: infrastructure providers will be in demand in 2021

The progressive consolidation of this new financial ecosystem where new digital services will flourish, fueled by new data-sharing mechanisms, will lead to an **increased demand for technology providers** that support these new communication channels between companies.

Lifesaver digital solutions

"The idea of downloadable banks, as well as digital payments, e-commerce, and other tools for making not present transactions, are going to grow next year. But at the heart of this, this means people and companies are building new things. And we will need more and more infrastructure to support them," adds Reyes.

The expert from Visa believes that we will see a "very quick acceleration" of infrastructure providers in Latin America. Including everything from issuer processors to companies that can provide issuance capabilities, payment card issuance, "to fraud tools, authentication tools, to Open Banking," he adds.

"In 2021 there will be even more in need to make APIs available so that emerging companies can build new digital solutions that **this pandemic has proven a lifesaver**".

The enabling piece in the fintech equation

In the view of Tory Jackson, Head of Business Development and Strategy for Latin America at Galileo, this context is leading to what he calls the **"age of the enablers,"** where the demand for companies that facilitate API integrations to other players will rise.

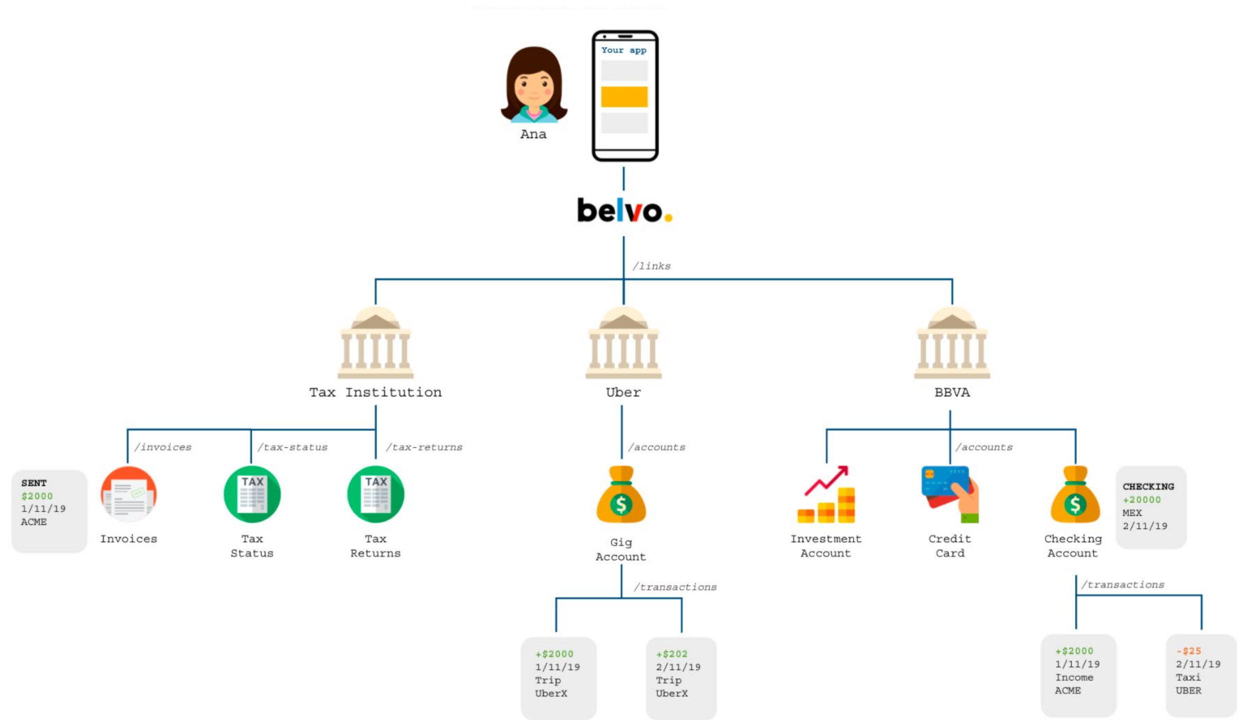
"Some of the legacy financial institutions that have been trying to address the needs of the market for years will now partner with these new players –that are **the enabling pieces of the fintech equation**–, because they can provide the data around the users that they need to better serve their markets," he adds.

The expert believes this trend will continue as more and more consumer-facing fintech products are launched and get funding.

"There's going to be a big need for enablers in the market, whether that's from a technology perspective, a data perspective, or a regulatory perspective"

Tory Jackson (Galileo)

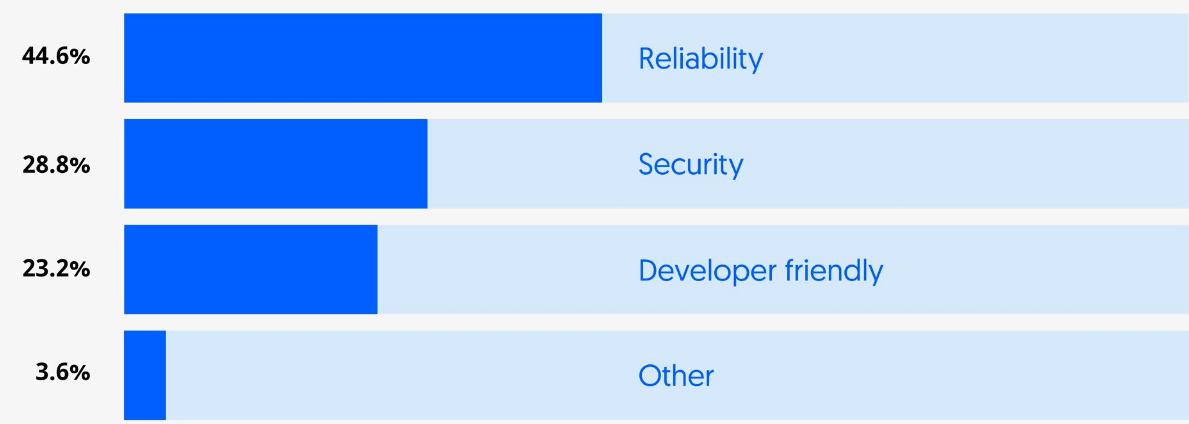
Raúl Nava agrees with this perspective: "In 2021 we will see how sharing this information in a standardized way can generate a new ecosystem. And a **new network of value will emerge** where not only third parties and financial entities play, but also other parties such as fintechs, or other companies that offer services associated with Open Finance. For example, data aggregation, monitoring of APIs, or the infrastructure to expose and build the APIs."

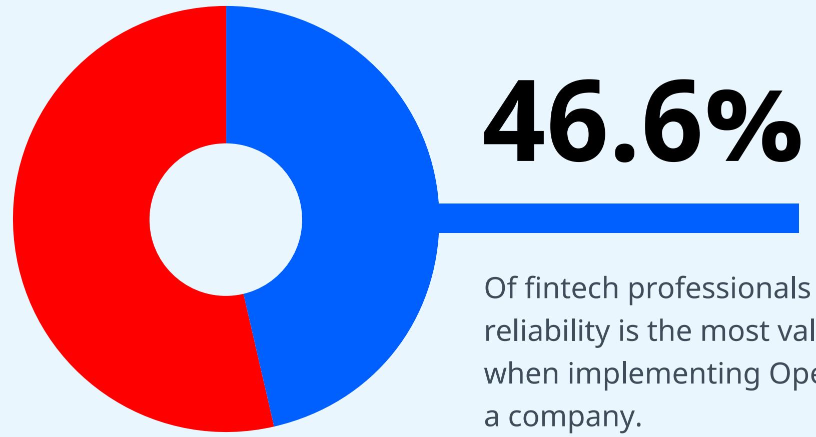


What fintech professionals think

According to our survey, when implementing Open Finance models in a company, **46.6 percent** of respondents think that the reliability of API platforms is the most important benefit they take into account, followed by security (28.8 percent), and having access to a developer-friendly platform (23.2 percent).

The most valued benefits for companies when implementing Open Finance





46.6%

Of fintech professionals think that reliability is the most valued benefit when implementing Open Finance in a company.

Key takeaway

As the adoption of Open Finance models grows, 2021 will see a surge in the demand for technology companies to provide the necessary infrastructure to facilitate the secure exchange of data, such as API platforms.

8
Zooming in Brazil’s Open Finance ecosystem

Zooming in: Brazil’s Open Finance ecosystem

Even if Brazil is still in an early stage of adoption of Open Finance models, the country presents **unique opportunities** for its development. With new digital players like Nubank growing fast, a regulatory framework taking shape, and a population eager to consume digital services, the stage is set for a new data-sharing ecosystem to flourish.

- Brazil is home to 380 fintech companies, including unicorn startups like Creditas and Nubank, who’s already serving 25 million customers in the country.
- Financial services in Brazil are highly concentrated: today, 80% of credit operations are handled by only four banks in the country.
- Interest rates in the country are some of the highest in Latin America: consumers pay an average lending interest rate of 37.5% in Brazil, compared to 8.5% in Mexico, and 5.3 in the US.

The impact of covid-19 in Brazil’s digital economy

“Covid-19 has been the biggest driver for banking penetration in Brazil. Numbers were already increasing at a fast pace but the growth was enhanced by the pandemic, as many people were obliged to open an account to receive the COVID-19 emergency financial aid,” explains Mobills CEO and founder, Carlos Terceiro.

The Brazilian government offered its population a BRL 600 emergency financial aid in 2020, in response to the covid-19 pandemic. Millions of bank accounts were created to receive the money, including 100 million digital social savings accounts in the state-owned bank Caixa, which were transformed into permanent accounts due to law sanctioned by the Brazilian Presidency in October 2020.

The **challenge in 2021**, according to Mobills CEO, will be to show customers the value of these new channels to encourage them to stay. “Bancarization is not just the act of opening an account, but also the actual usage of financial services. The challenges are to increase the usage of digital financial services to move money –something that has been encouraged by recent measures like PIX and Open Finance–, and also retain the people who opened accounts in digital banks and wallets.”

2021, the year of Open Finance in Brazil

“This year will be the year of Open Finance implementation in Brazil, and 2022 will likely be the year when we start to see consolidation,” says Raúl Nava. Users will be the most benefited from this new model, as they will be **able to access services with lower interest rates**, more tailored to their needs, and available 24/7, according to Nava. The space to grow is large, as well as the appetite for more accessible financial services among customers.

The launching of the instant payments system PIX during 2020 could also benefit customers and companies’ **willingness to adopt new Open Finance**-based digital services, as it gives them a sneak peek into the type of benefits that it could bring. Such as immediate access, frictionless user experiences, and convenience.

Terceiro also believes that companies in the country are not yet fully aware of the benefits of these new technologies, and most institutions will wait until the regulatory framework gives them more certainty before taking steps. Although, he explains that Brazil is already seeing a **“pre Open Finance movement**” led by companies adopting open APIs, mainly digital banks. “The fintech market already has this new model in sight. PIX was the first step to the implementation, as a trial. But now we only have hypotheses of what will happen. We still need to learn a lot.”
As awareness and adoption grow, according to Terceiro, Open Finance will make data more accessible in Brazil and give more autonomy to customers.

“For financial management apps in general, Open Finance will be revolutionary as it allows to gather all information in one platform. Thanks to it, we will be able to create more financial products at lower prices for customers”

Carlos Terceiro (Mobills)

The credit sector could be one of the most benefited from Open finance in Brazil. "The credit market in Brazil is extremely concentrated and is probably the line of business that will mostly benefit from data sharing under Open Banking rules, allowing newcomers to perform credit analysis using the same level of data currently available to incumbents," explains Larissa Arruy, Partner at Brazilian law firm Mattos Filho, focusing in fintech regulation.

But there are other products and services that will be developed and/or enhanced once this infrastructure is fully implemented, according to the expert.

"The role of the payment initiator services providers, for instance, can certainly offer more possibilities that we are able to imagine at this point"

Larissa Arruy (Mattos Filho)

Key players in Brazil's Open Finance ecosystem

In Brazil, the process of implementing Open Banking is being led by the Central Bank of Brazil. The initiative goes side by side with the recent government movements towards personal data empowerment, such as the recent implementation of the General Personal Data Protection Law (LGPD) in the country.

Institutions authorized by the Central Bank will participate in this new ecosystem. However, there will be a distinction between mandatory and voluntary participants, depending on the services they provide and the data they share.

All participants will have to obey the rules issued by both the Central Bank and the National Monetary Council (CMN), including all the requirements to authorize consent, such as authentication and confirming the responsibilities for the data-sharing process.

The participant institutions will have to propose technological standards for the implementation of Open Banking to the Central Bank.

The rise of neobanks

Particularly **in the case of Brazil**, neobanks' popularity is increasing and could play a major role in the financial ecosystem this year. "For sure, neobanks are the ones that can better communicate with their customers," says Mobillis CEO, Carlos Terceiro.

The fintech executive believes that traditional banks still occupy a central role for consumers, but this could change this year after some users having a bad experience when using their apps during the pandemic in 2020 to receive emergency aids. "In that sense, public banks play an important role, however, we see a strong movement, especially among the youngest population, around the **adoption of neobanks and e-wallets**," he adds.

Challenges for Open Finance in Brazil

Mobills CEO, Carlos Terceiro, believes that one of the main barriers that Open Finance faces in Brazil is end-user awareness. "We need to start thinking on how to **deliver and show the value of Open Finance** to the customer so they adopt these new models. There is an adoption curve, and PIX could be a great parameter to it. The product has a very clear proposition: real-time bank-to-bank transfer without fees. The user sees the value and uses the technology," he adds.

Until now, the discussion around Open Finance in Brazil has been limited to financial and payment services providers that are directly impacted by the new rules. But the Central Bank has indicated that it intends to start **an educational campaign around Open Finance** once the infrastructure is implemented. "This initiative is still in its early stages, but we are confident that, once service providers and consumers understand what the new rules represent for the development of the market, we will see a great interest from all parties involved," explains Larissa Arruy.

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About Belvo

About Belvo

Belvo is the leading Open Finance API platform in Latin America, founded in May 2019 by Pablo Viguera and Oriol Tintoré. Belvo enables innovative fintechs to access and interpret financial data from its users to create more modern, accessible, and inclusive products. Our platform is the easiest way to connect bank accounts with fintech applications.

Belvo currently operates in Mexico, Brazil, and Colombia and works with some of the region's leading fintech companies in all verticals, including neobanks, credit providers, and personal finance tools. These companies use Belvo's APIs to connect financial data from banks, tax institutions, and gig economy platforms to their apps.

Since its founding, Belvo has been backed by some of the leading venture capital funds in the United States and Latin America, including Founders Fund, Kaszek Ventures, and Y Combinator. In total, the firm has raised $13M in funding.

With offices in Mexico City, São Paulo, and Barcelona, Belvo currently employs close to 60 people.

58
Person team coming from top-tier companies

3
Offices

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Nationalities

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