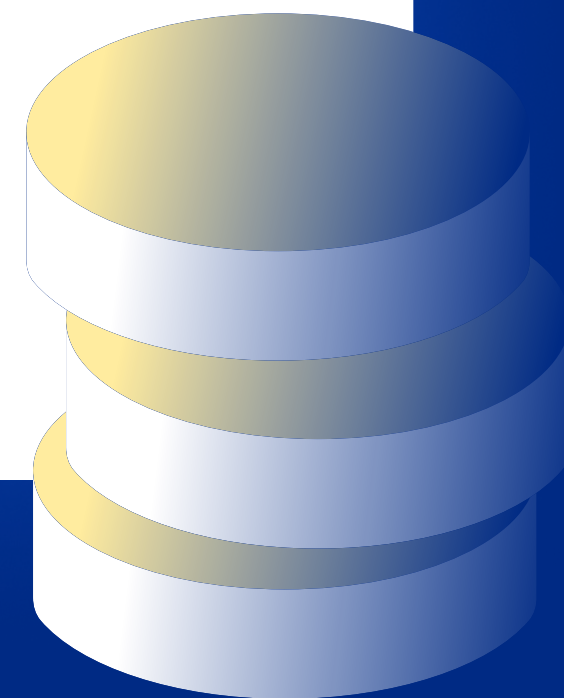


REPORT

Pix and beyond: Redefining payments in Brazil's iGaming scene

belvo.



Índice

→	Introduction	3	→	Pix via Open Finance for the online games industry	10
→	Payment trends in Brazil and the gaming sector	4	→	Remaining challenges for Pix payments	12
→	Payment trends in Brazil: Pix and beyond	5	→	Benefits for the online gaming sector	13
→	The growth of iGaming and eSports in Brazil	7	→	How does it work?	14
→	Payment trends in the gaming industry	8	→	Paying with Pix without bank redirect will soon become a reality	15
→	An increasingly regulated sector	9	→	Conclusions	16
			→	References	18

Pix, Open Finance, and payment innovations in Brazil's iGaming future

Pix has risen to prominence in a short span of three years, **surpassing traditional payment methods** and reshaping consumer behavior.

It has become the preferred payment method for millions of Brazilians, surpassing cash and traditional bank transfers in numerous instances, and even challenging the dominance of credit cards in e-commerce—a domain once considered their stronghold.

In the world of online retail, Pix's dominance is equally remarkable. Pix-based transactions have increased by 22 percentage points in just two years, capturing **over a third of all purchases by December**, according to data from the e-commerce intelligence company Neotrust.

According to an Ebanx study released in January 2024, the instant payment system is expected to account for over **40% of Brazil's online transactions by 2026**.

Open Finance and Pix, a win-win combination for regulated industries

The rise of Pix as the primary payment method in Brazil is being accompanied by another symbol of progress in the world of financial regulation: **Open Finance**. This model, which promotes the opening of the financial system, is joining forces with Pix to facilitate the use of this payment method by Brazilians with even fewer barriers, directly from their bank accounts.

Thanks to this combination, known as **Pix via Open Finance**, users can enjoy a system that offers all the benefits of account-to-account payments (cost-effectiveness, convenience, immediacy), along with reinforced security provided by user authentication through their bank accounts.

This new way of "making a Pix through your bank" helps overcome the main challenges that traditional Pix still presents in digital settings, such as the need to copy-paste and scan QR codes, which often leads to users abandoning the payment processes.

This brings about a **paradigm shift** for industries where security and agility in payments are not just complementary, but essential pillars. An example of this is the growing online gaming industry, a sector where user experience must go hand in hand with combating fraud and reducing risks.

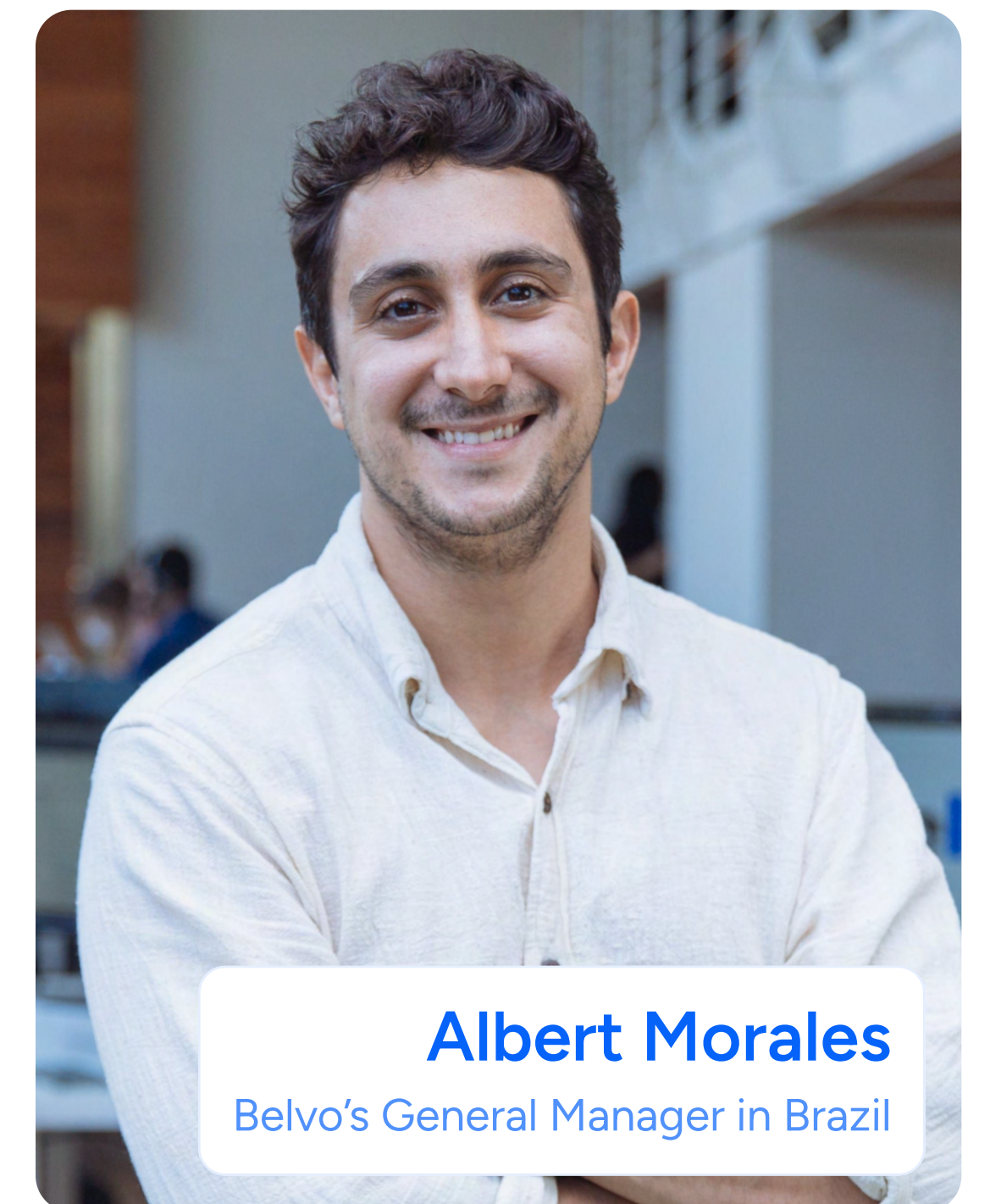
This sector is also one of the higher-growing markets in the country: **revenue in the online gaming market is projected to reach €1.80bn** in 2024 in Brazil, according to Statista.

This becomes even more important in the context of an increasingly regulated sector. On December 21, 2023, the Brazilian Chamber of Deputies approved bringing **online sports betting under regulatory oversight in 2024**. With the proposed legal framework for sports betting and iGaming, the government aims to enhance customer experience by ensuring transparency, consumer protection, and supervision.

The new regulation introduces prohibitions on betting operators, such as not accepting credit cards, cash, boletos, and banking checks, among others.

In this framework, payments initiated through Open Finance **become a cornerstone for companies** wanting to offer their users an efficient and straightforward way to make payments, while also ensuring strict adherence to the highest security standards.

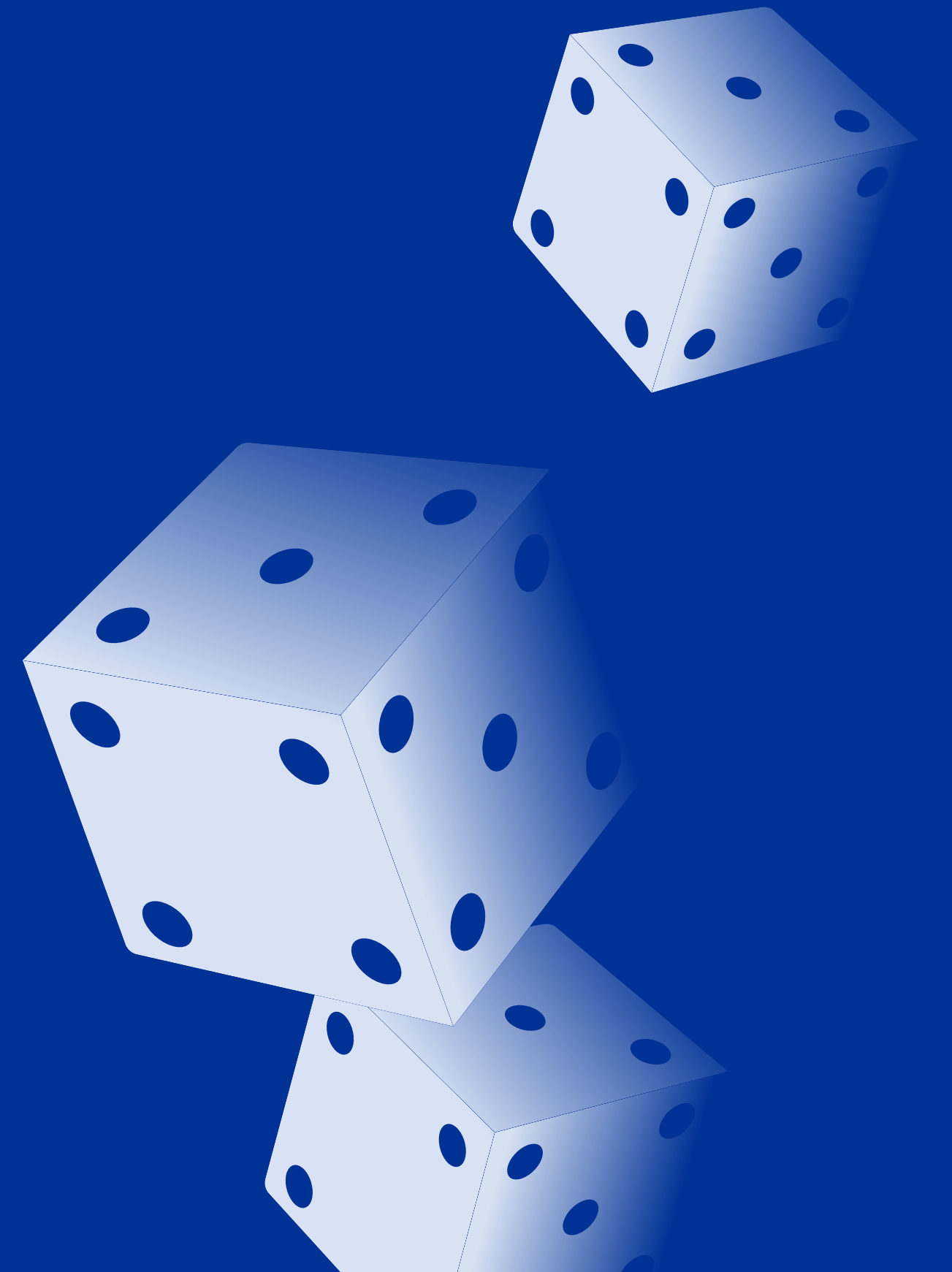
As we look ahead, Belvo remains committed to fostering innovations that empower both businesses and consumers within Brazil's dynamic financial ecosystem.



Albert Morales

Belvo's General Manager in Brazil

Payment trends in Brazil and the gaming sector

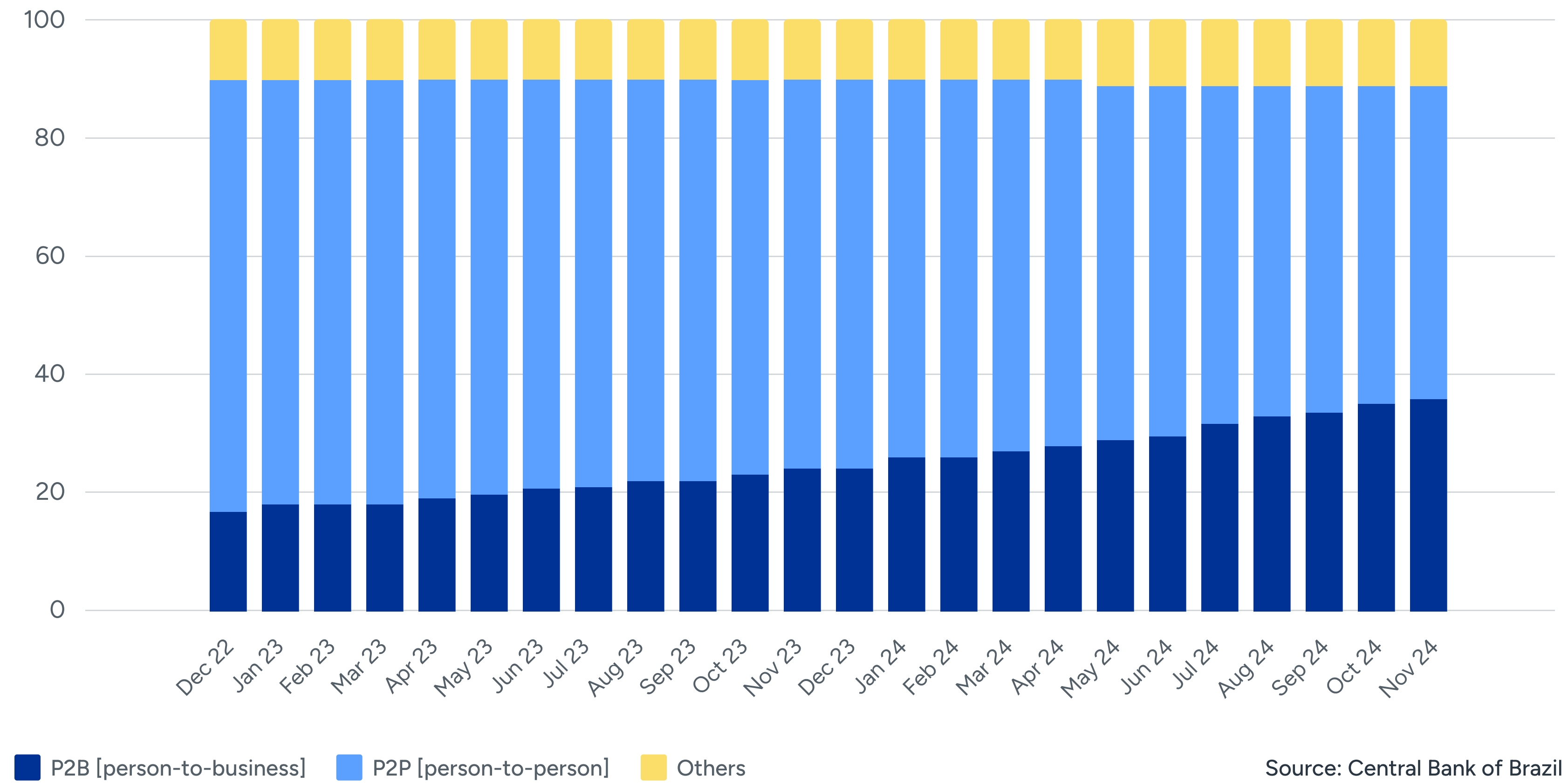


Payment trends in Brazil: Pix and beyond

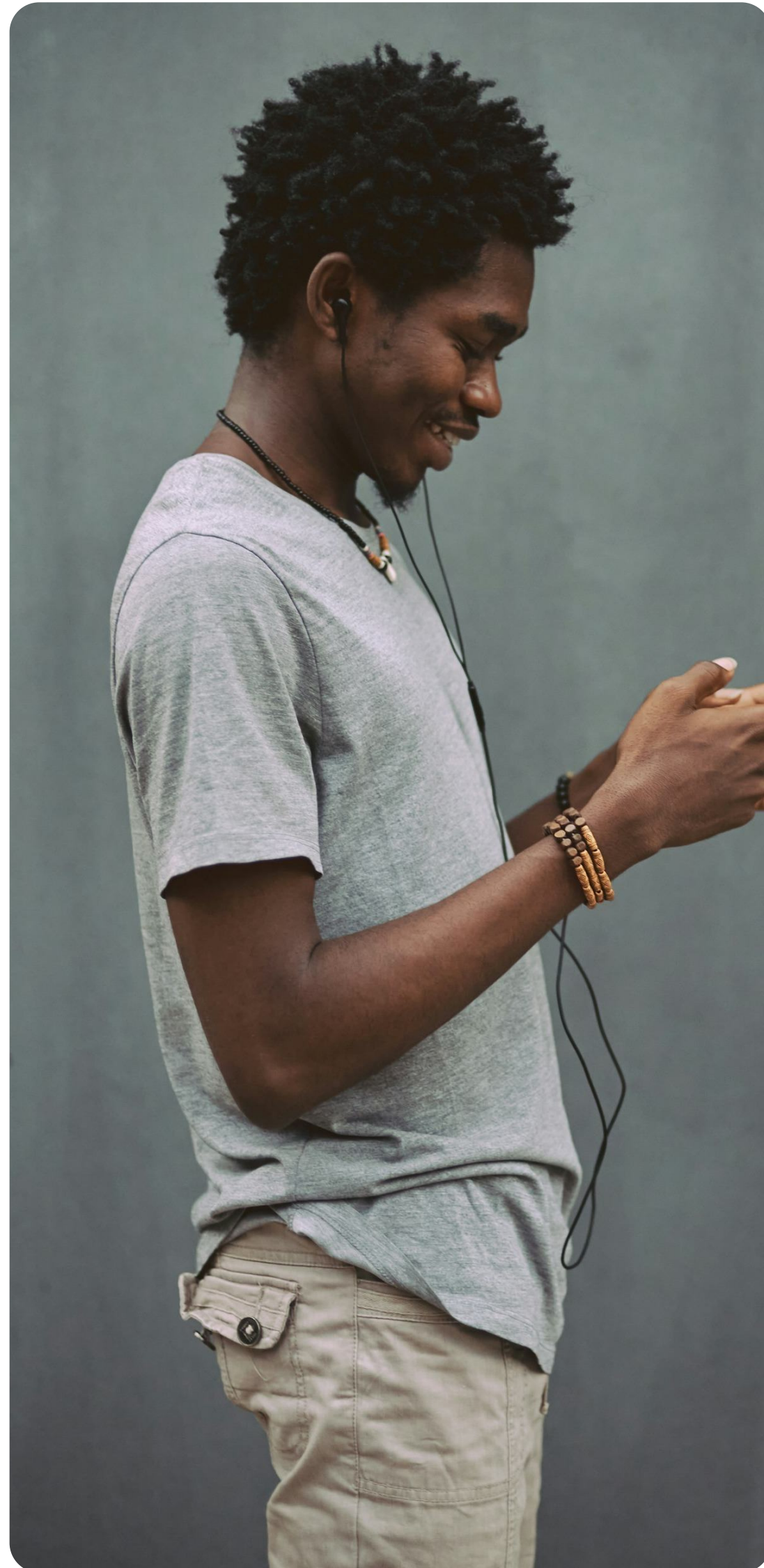
While credit cards still reign as the preferred method of online payment in Brazil, surpassing alternatives like digital wallets and cash vouchers, known as "boleto", the scenario was quite different until 2017. Banknotes and coins were commonly used in point-of-sale (POS) transactions and credit cards accounted for the majority of online payments.

However, the advent of the **domestic payment scheme Pix** and the **COVID-19 pandemic** have swiftly transformed this landscape since late 2020.

Share of Pix transactions by type



Source: Central Bank of Brazil



Pix emerged as the predominant payment method in the country, surpassing credit card transactions by nearly double in the first semester of 2023. In the second quarter of the year, **36% of all payment transactions were made via Pix.**

According to a Febraban survey from February 2024, nearly 9 out of 10 respondents (92%) used Pix as a payment method, representing an increase of 15 percentage points compared to April 2023.

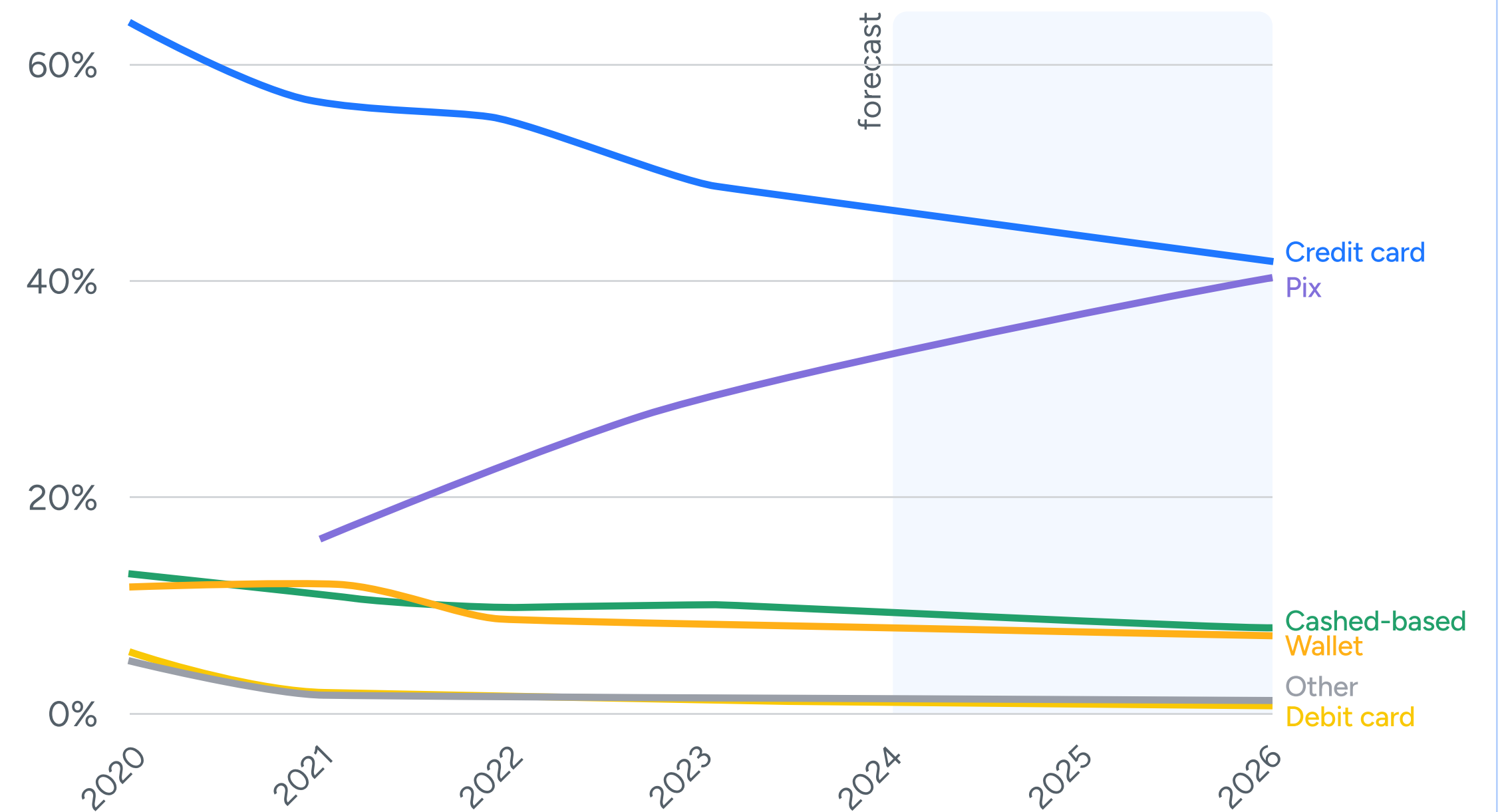
Multiple benefits have contributed to its success:

- **Cost-effective:** Pix transactions are free for consumers and cost approximately \$0.15 to merchants, making them a cheaper alternative to traditional card payments.
- **Instant settlement:** transactions are settled instantly, providing immediate confirmation and reducing settlement risk.
- **Strong authentication:** users must authorize payments through their bank platform, ensuring that only the account holder can approve transactions.

Projections for 2026 indicate Pix transactions nearing USD 200 billion, constituting 40% of Brazil's market, with a growth rate of 31% annually. By then, Pix is poised to become the primary payment method in Brazilian digital commerce, on par with credit cards.

The impact is significant, with Pix accounting for 15% of Latin America's digital commerce, making it the region's second most used payment method. This share is expected to increase to 20% within three years.

Share of digital commerce by payment method



Source: PCMI, 2023

The growth of iGaming and eSports in Brazil

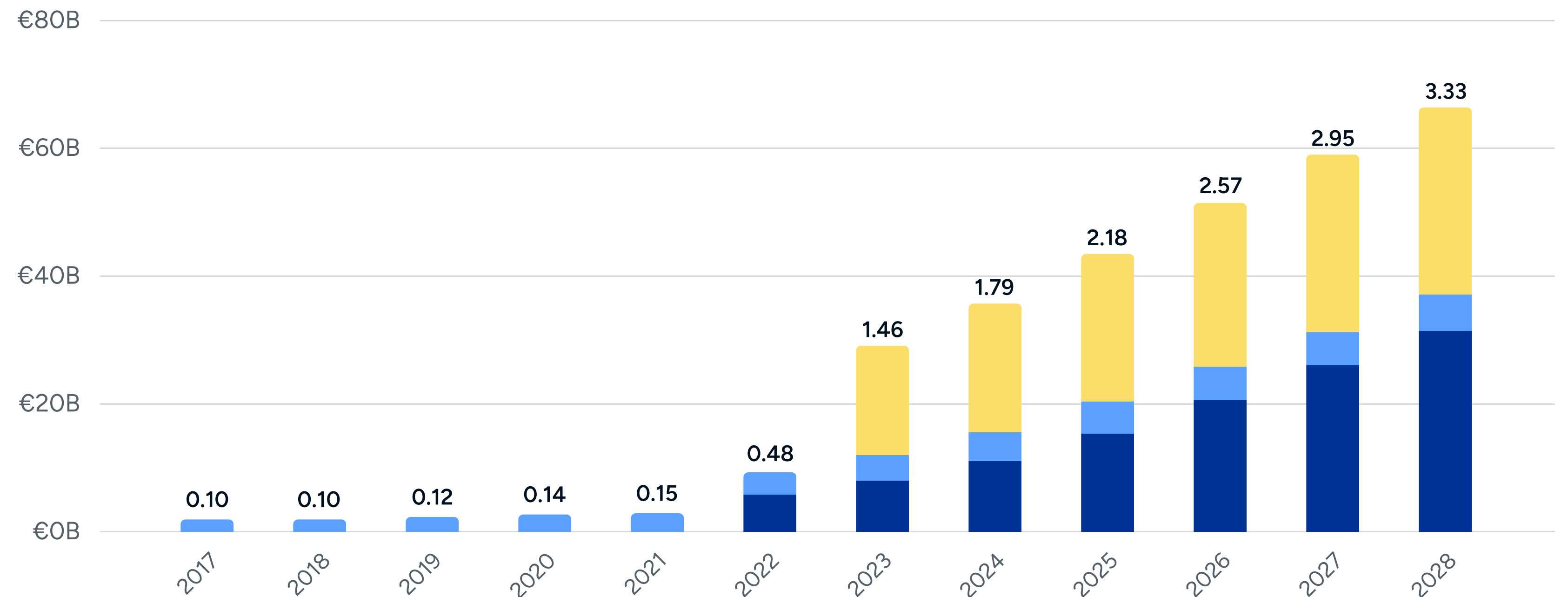
In the Brazilian online gambling scene, sports betting has emerged as a dominant trend fueled by the nation's fervor for football. Online platforms have smartly tapped into this, offering an array of football leagues and tournaments for betting enthusiasts.

The legalization of online gambling in Brazil has marked a pivotal shift in a previously unregulated market. The government's decision to legalize was driven by the potential for tax revenue and enhanced consumer protection.

With legislation in place, operators can now obtain licenses, fostering a secure and transparent environment, and ultimately increasing customer trust in online gambling platforms.

The iGaming industry is expected to show an annual growth rate (CAGR 2024-2028) in revenue of 16.63%, resulting in a projected market volume of €3.33bn by 2028. The online casinos segment has a projected market volume of €1.01bn in 2024.

Title



Notes: Data reflects market impacts of the Russia-Ukraine war
 Most recent update: March 2024
 Source: Statista Market Insights

Payment trends in the gaming industry

Online gaming users are intrinsically digitally native users. What payment methods do they choose for their online activity?

According to a survey conducted by ENV Media, Pix already dominates this scene too, with 81% preference among surveyed gamers.

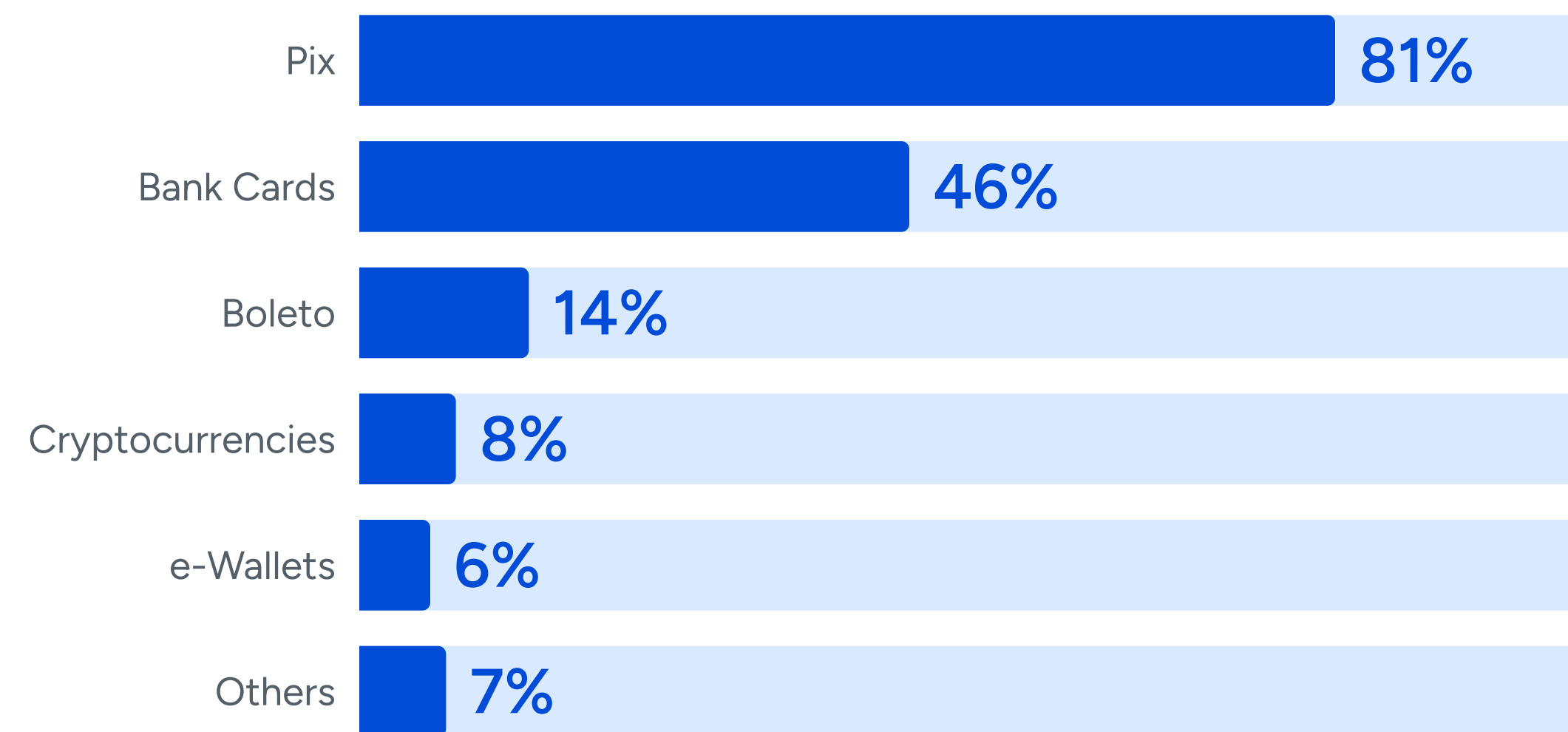
“Because of its nature and suitability for micro-transactions, as well as its popularity as a modern and user-friendly solution, Pix has risen to become the market leader in Brazil’s iGaming sector”

Report by ENV Media

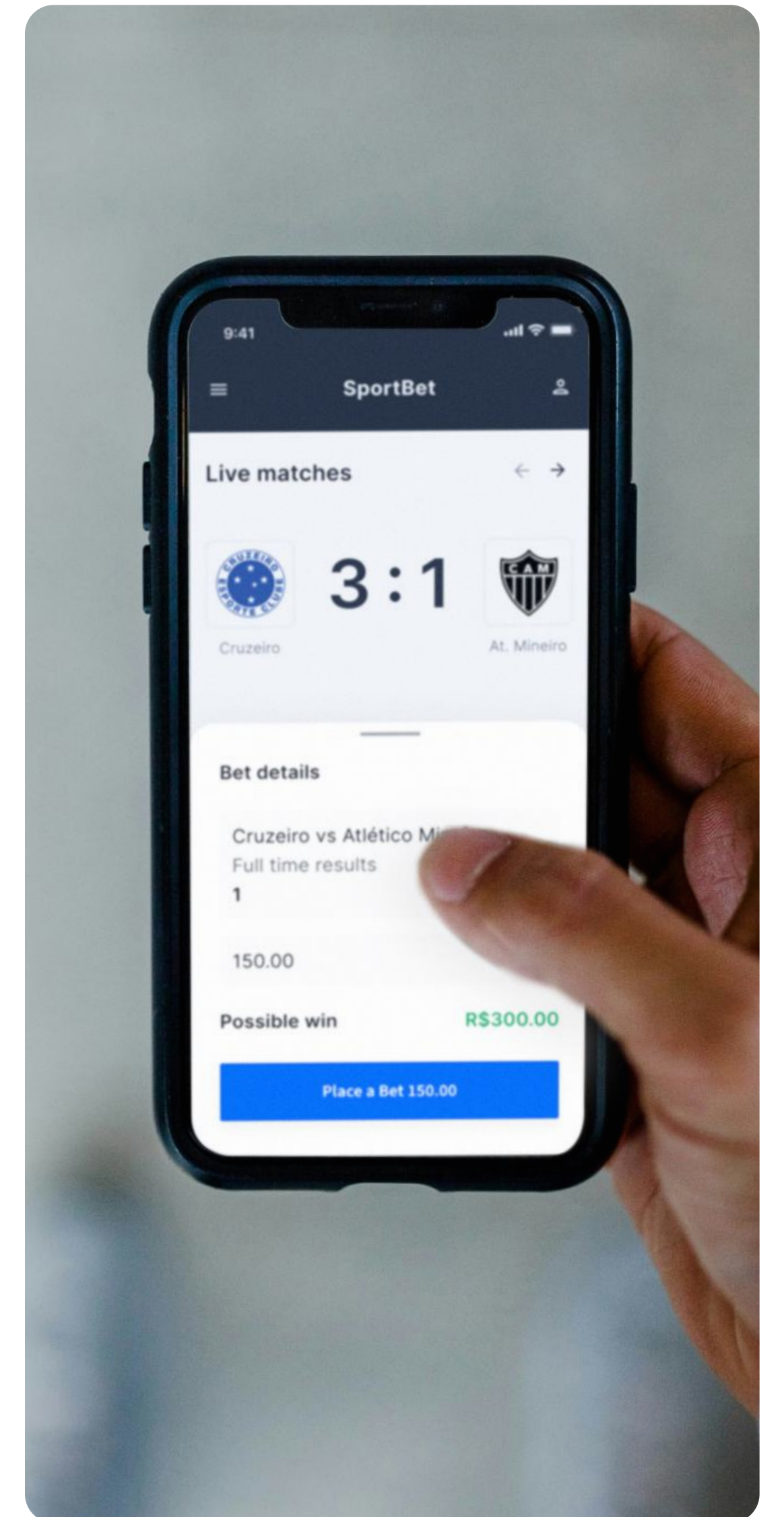
According to the same study, security is the paramount concern for these consumers, with 74% of respondents rating it as the most important feature, emphasizing secure financial transactions. Speed is also decisive for nearly half of their respondents. 47% value transaction speed highly (and 42% put it above all),

indicating a marked preference for quick payment processing. Regarding the type of devices these users prefer to consume online gaming services, the survey reveals that 76% of Brazilian gamers mostly use cell phones or tablets for online transactions, emphasizing the convenience of mobile devices.

Preferred payment methods in Brazilian online gaming



Source: ENV Media



An increasingly regulated sector

In April 2024, the Normative Ordinance SPA/MF No. 615/2024 established general rules for payment transactions in sports betting, whether virtual or physical. It defines the norms for transactions between bettors, betting operators, and financial or payment institutions that will operationalize the payment of bets and receipt of prizes.

Additionally, operators must comply with the tax rules established by the Brazilian Federal Revenue Service for the payment of prizes to their bettors.

The text also describes different types of accounts used in transactions, as well as prohibitions imposed on betting operators, such as not accepting credit cards, cash, boletos, checks, among others, and not placing bets before the transfer resources are cleared, as well as not granting advances or prior advantages.

Also, intermediation of deposits or withdrawals by IFs/IPs not authorized to operate by the BCB will not be allowed.

Deposits and withdrawals of funds will be made exclusively through electronic transfer, from the bettor's registered account to the operator's transactional account, with deposits and withdrawals through third-party accounts being prohibited.

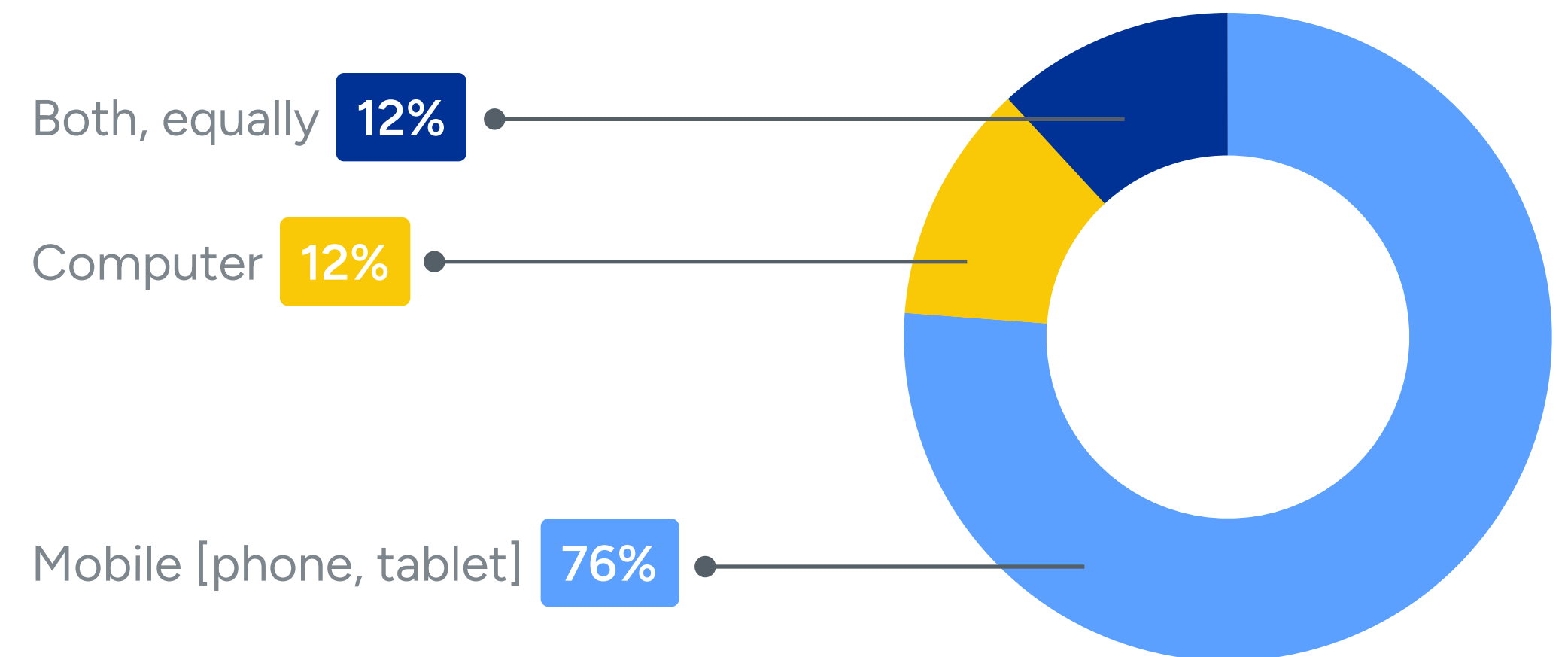
In this context, Pix via Open Finance emerges as an ideal solution for iGaming and eSports operators looking for an efficient payment method that is also compliant with the current regulation.

As **Adriana Camargo, Public Policy Lead for Belvo** in Brazil, explains:

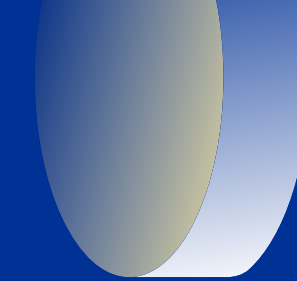
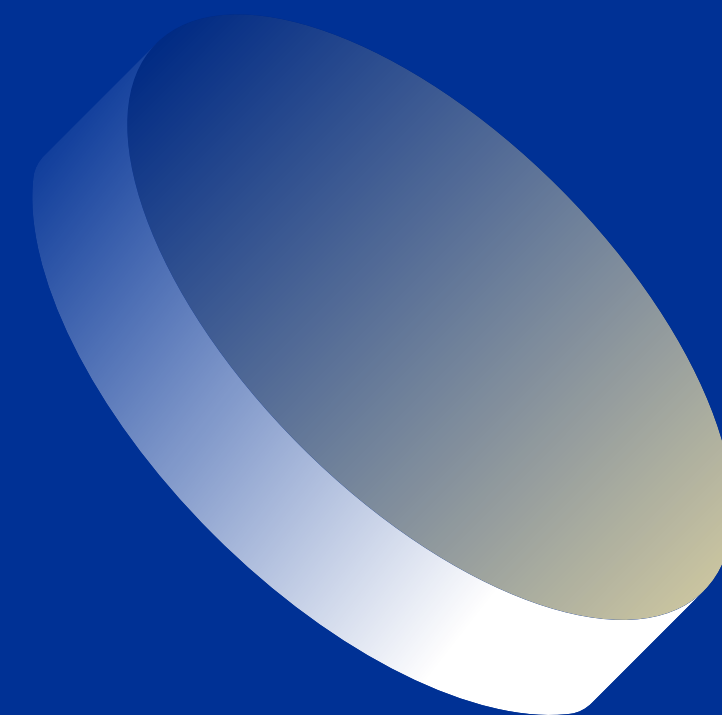
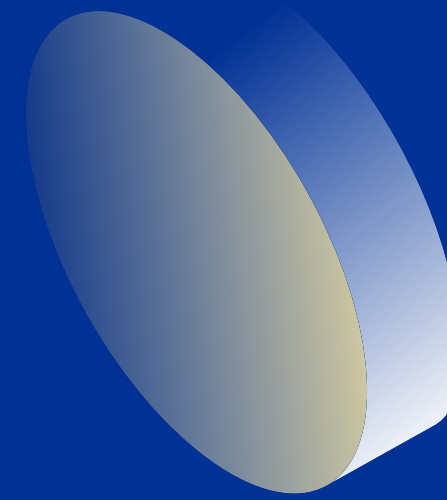
“Pix via Open Finance is faster than transferring traditional Pix, is also safer (since the Open Finance security protocols are more advanced than the generic account-to-account protocol) and the user experience is better and more fluid than using a traditional Pix transfer (which requires going to the app and being redirected again).”

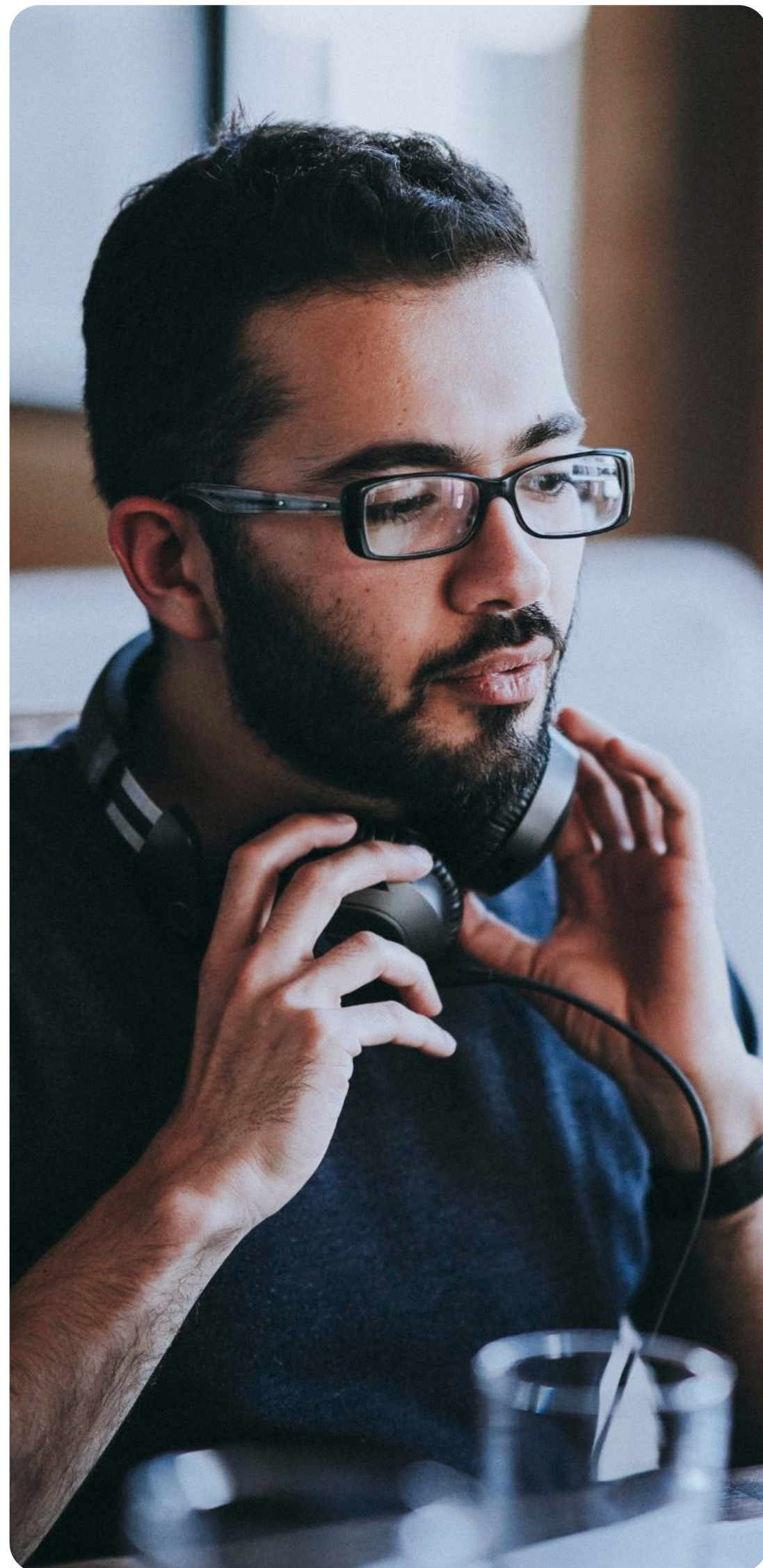
All these benefits, coupled with the evolving regulatory landscape, position Pix via Open Finance as an optimal payment method option for eGaming operators, that is safe, fast, and offers less friction in the UX than traditional Pix. It not only streamlines payment processes but also ensures adherence to stringent regulations, offering operators a reliable and convenient solution in navigating the complexities of the gaming industry”.

Preferred devices for online gaming



Pix via Open Finance
for the online games
industry





Pix via Open Finance for the online games industry

Paying with Open Finance isn't a new payment method per se, but rather a way to initiate Pix payments by leveraging existing structures already utilized by financial institutions.

This is made possible through payment initiation via Open Finance: the process of initiating and authorizing payments without the user needing to start the journey on their bank's platform.

This is achieved by providing payment information to a third-party API, which then connects to the paying bank, which in turn processes the transaction into the recipient's account. This process typically involves secure third-party access to payment information and the command of payment to the paying bank through API connections.

Payment initiation is often used to enable customers to make payments through fintechs and other digital services, such as e-commerce and gaming platforms, and **can help make the payment process more convenient** and efficient for both customers and merchants.

	Pix via Open Finance	Traditional Pix
FLOW/UX	✓ End-to-end experience entirely within the merchant's app	✗ The user needs to open the bank app separately
PAYMENT CONFIRMATION	✓ Instant	✗ Depends on the user's action (up to 24 hrs)
CONVERSION	✓ 20% increase in conversion over the standard Pix	✗ Impacto de acordo com tempo de ação do usuário
SECURITY	✓ Secure flow through bank authentication	✗ Impact depends on the user's response time
COMPENSATION	✓ Instant	✓ Instant
COST	✓ Low	✓ Low

Remaining challenges for Pix payments

Pix has become the preferred choice for over 90% of Brazilians, especially in sectors like online betting where instant payment methods are now crucial.

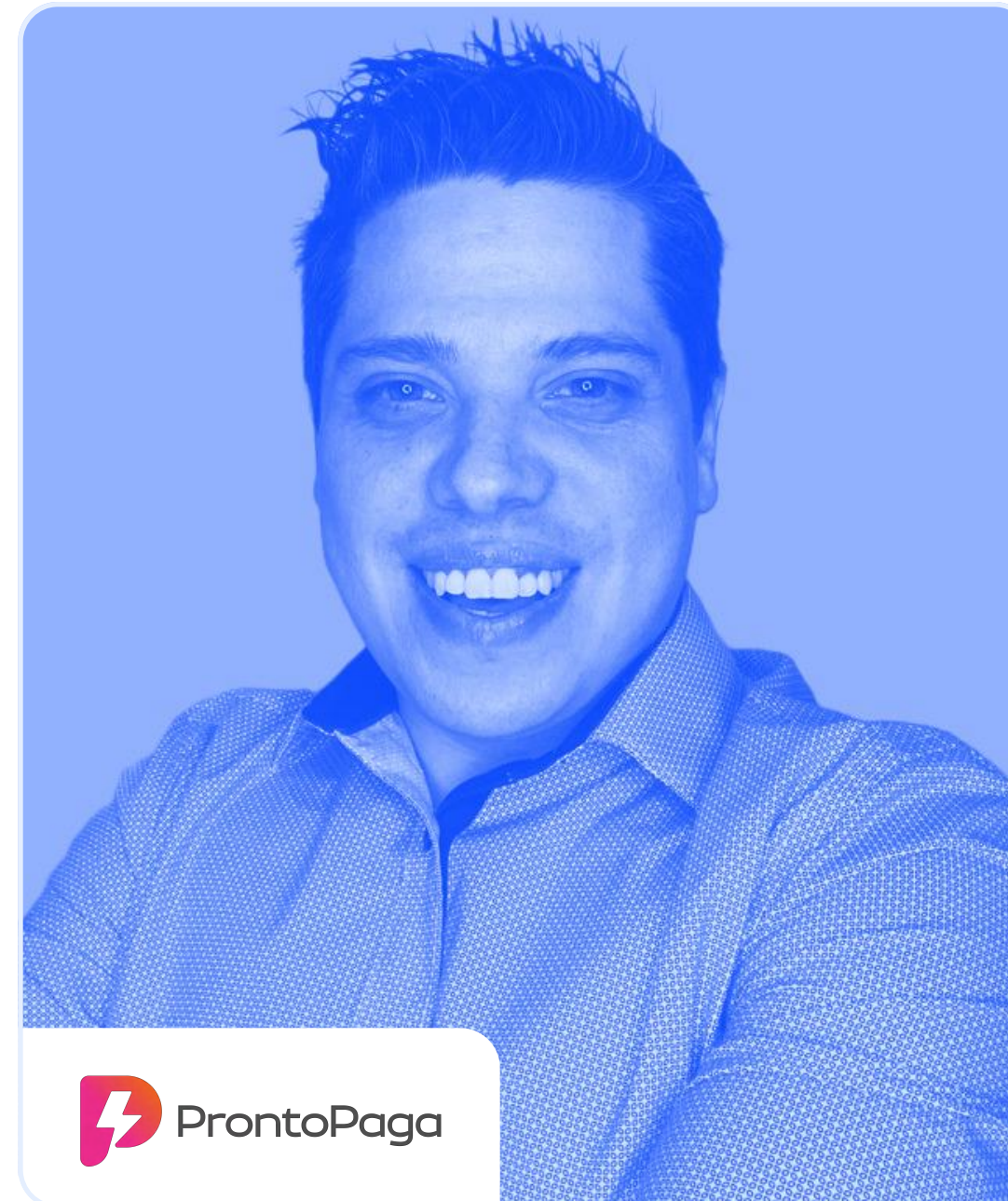
“Nowadays, Pix is our primary focus not only due to its ease of use but also its security and alignment with regulatory demands,”

Claudio Correa, Brazil’s Country Manager of ProntoPaga, explained during a panel in Open Views 24 covering the main use cases for Pix via Open Finance in Brazil.

However, a common limitation arises in traditional Pix when users attempt to deposit funds through links on social platforms, leading to page expiration and incomplete transactions.

“Open Finance addresses this issue by enhancing conversion rates, speeding up payment validation for bookmakers, and streamlining security measures such as Know Your Customer (KYC) checks.

This not only accelerates the verification process for legitimate users but also helps to deter fraudulent activities, contributing significantly to the effectiveness of both Open Finance and Pix”



As Ana Luiza Castro, Head of Fintech at iFood, explained during the same panel in Open Views 24, traditional Pix solved two very interesting problems in the market.

Firstly, the price: once it reduced the price for those who operate Pix, consequently it also reduced the price for those who use it. “This is very good because people are incentivized to accept and receive Pix”, she added.

The second point is that it has removed an operational complexity, facilitating immediate payments, not only for the industry but also for the user.

“However, a third point is very relevant, which is the question of the usability of the experience, particularly in mobile, where I still see friction in Pix today: you have to log in, copy the code, and be redirected to the bank. In the meantime, the payment is often expired”.



“This is a great use case for Open Finance because you can have a very fluid payment experience within your cell phone, even with Pix”

Benefits of Pix via Open Finance for the online gaming sector



Conversion and mobile friendliness

Adopting Open Finance can significantly improve the efficiency and UX of payment processes. Open Finance boosts conversion rates and improves overall user satisfaction by streamlining transactions, reducing steps and eliminating “copy and paste”. The improvement is particularly notable in mobile experiences, where switching screens to copy and paste QR codes is cumbersome.



Speed

The demand for instant transactions is crucial in this industry. The ability to finish a payment quickly, directly from the cell phone, without the need for additional steps, can move the needle when it comes to choosing a payment method to deposit a bet. The time reduction that Open Finance provides becomes not just a convenience but a necessity to ensure a smooth and secure experience for both players and operators.



Enhanced security and risk reduction

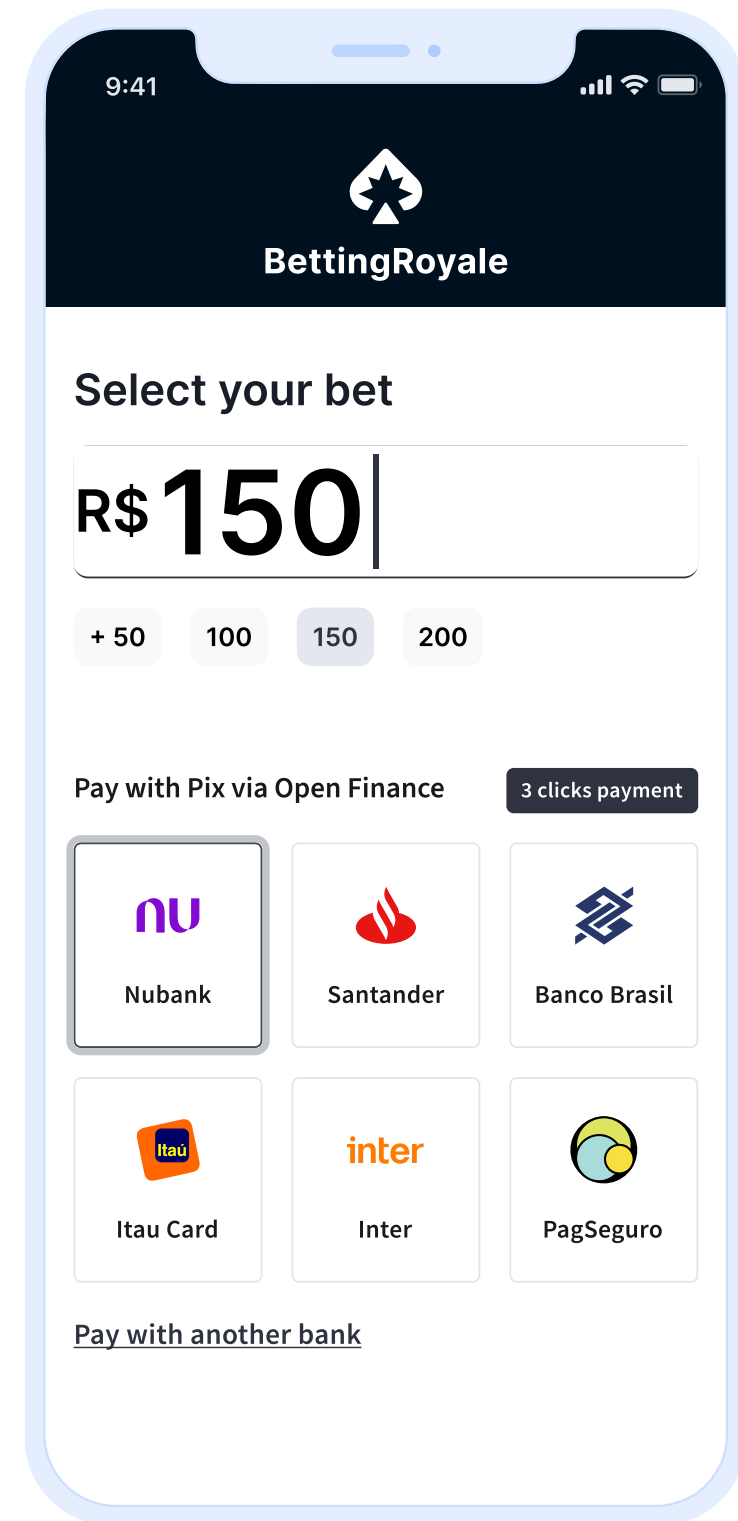
Traditional QR codes are easily forged. Instead, with Pix via Open Finance users can authenticate their payments directly through their bank account, with less risk of fraud. Additionally, it facilitates quicker verification processes, enhancing security measures and mitigating risks associated with fraudulent activities.



Regulation compliance

In online betting and similar industries, the introduction of Pix and Pix via Open Finance has become a game-changer due to regulatory requirements. Now, Pix and debit cards are the go-to payment methods, leaving behind traditional options like boleto, which often caused delays in balance availability, hindering the customer experience.

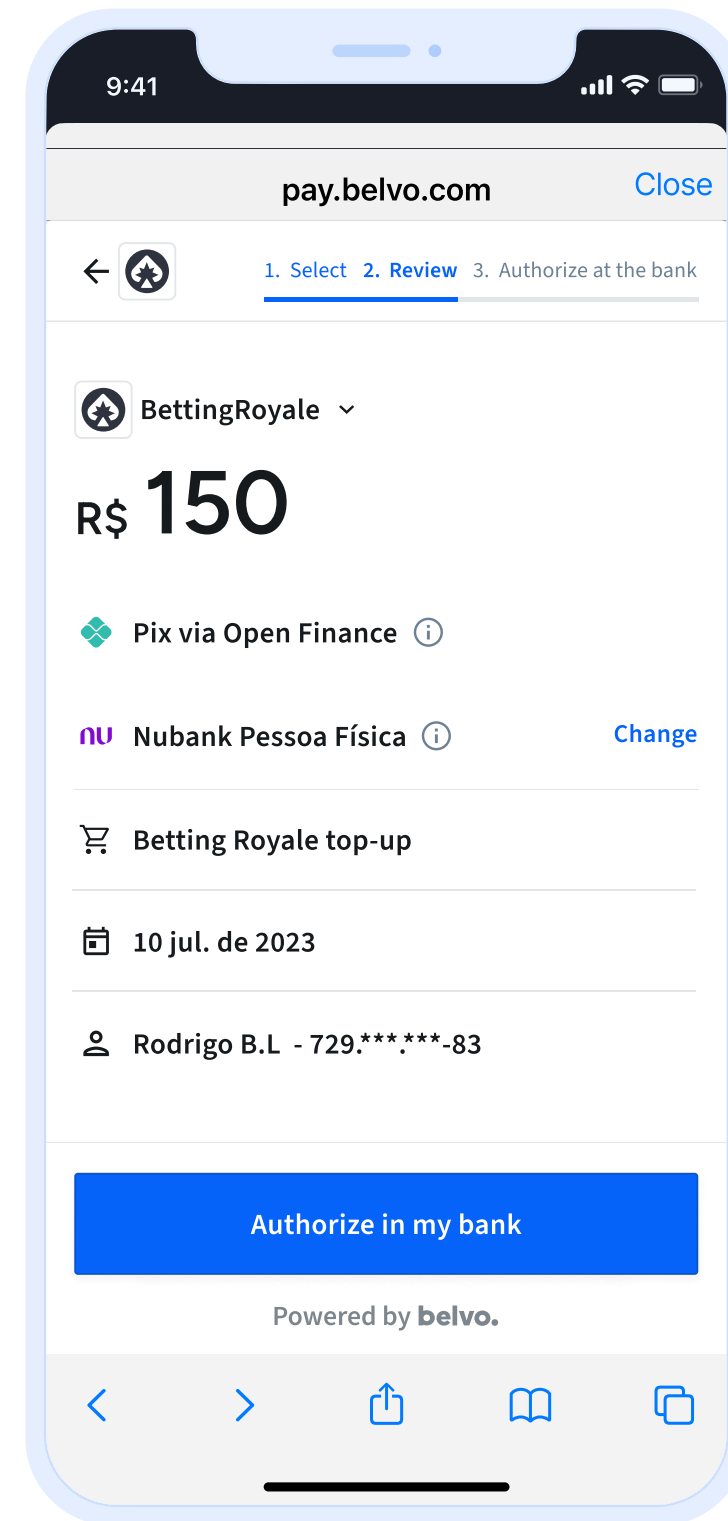
How does it work?



1

Payment method selection

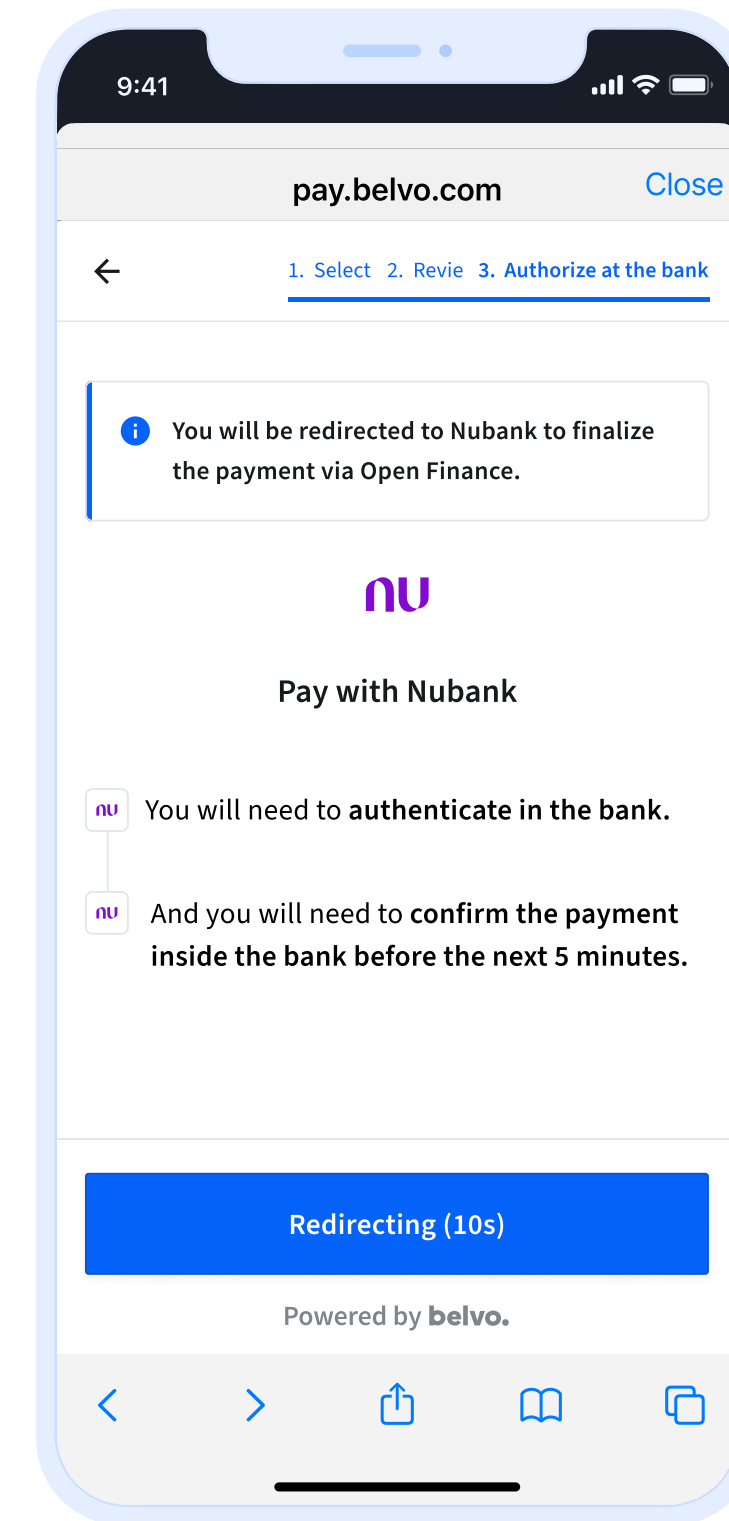
The user selects Pix via Open Finance and chooses the bank account from which they want to initiate the payment.



2

Payment details confirmation

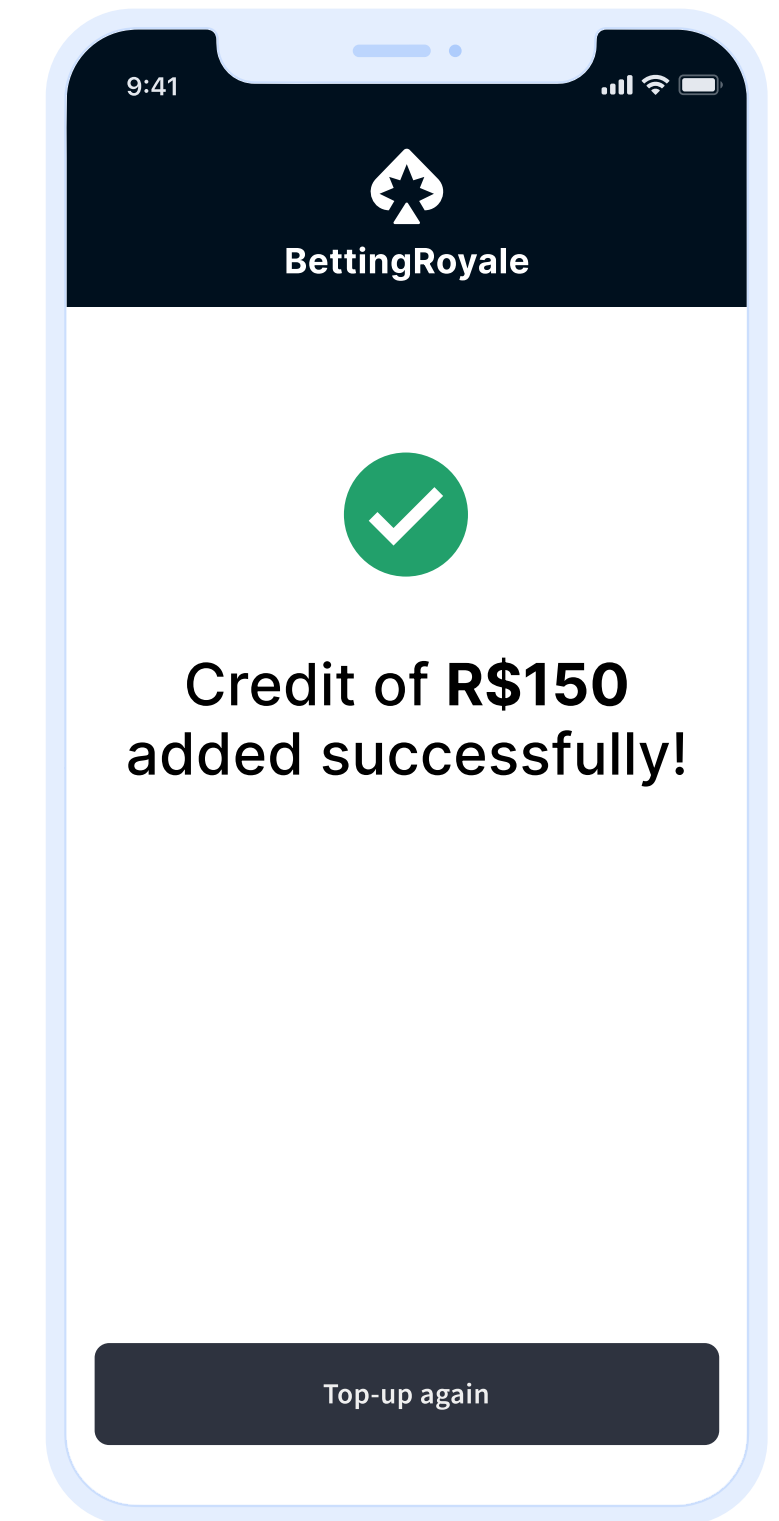
Users confirm the payment details including the bank account and amount.



3

Automatic redirection to the bank

Users are automatically redirected to the bank institution's app to confirm the payment.



4

Successful payment confirmation

Once the payment is done, users receive its confirmation and are then redirected to the merchant's app.

Paying with Pix without bank redirect will soon become a reality

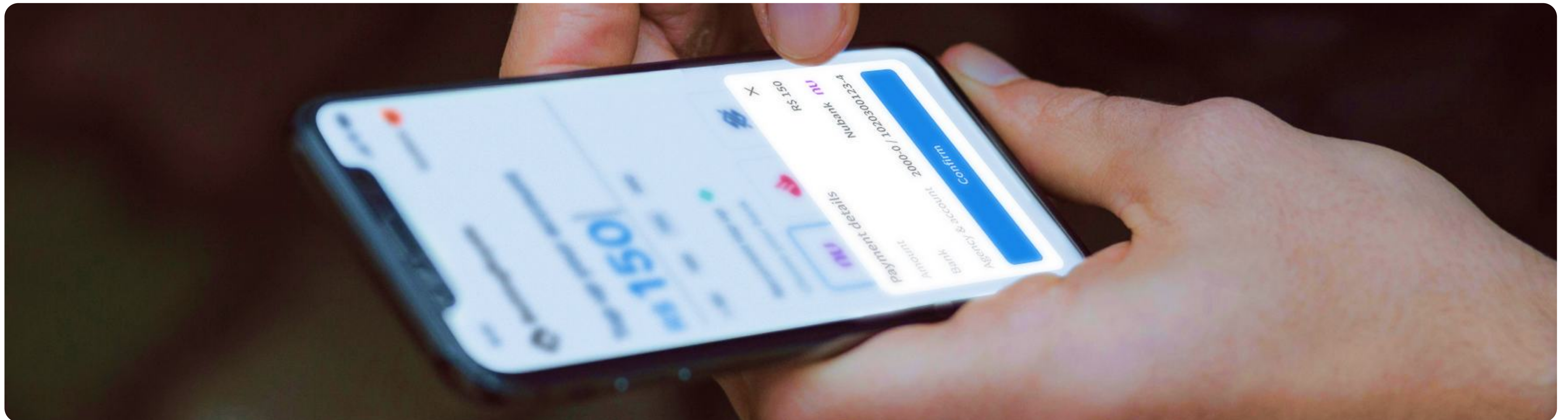
Going forward, a new way to initiate payments is being developed that complements Pix via Open Finance. The so-called "**non-redirect journey**", expected to launch by the end of the year, is set to revolutionize the way Brazilians pay with Pix.

Users will be able to make transactions without the need to be redirected to the bank's app for each operation, only needing to authorize the operation once on a specific platform. This change will **simplify purchases or pay for services via Pix**, requiring just one click, similar to saving a credit card for future purchases or paying with Google or Apple wallets.

This new approach brings numerous benefits. Firstly, it significantly enhances the user experience, making transactions faster and more convenient. By eliminating the need for redirection to the bank app, the payment process becomes more streamlined and less prone to interruptions.

Additionally, the non-redirect journey enhances transaction security since authorization is granted only once for a specific platform.

Lastly, operational costs could be reduced, as fewer steps in the payment process lower the likelihood of errors and failures that might require customer support.



Conclusions



Responsible and UX-friendly gaming experiences made easy with Pix via Open Finance

Pix has already solved many of the inconveniences of traditional online payment methods: users perceive it as secure and instant. It's also a cost-effective solution for merchants and a free option for consumers. It has forever changed the way Brazilians pay for their services.

Yet, **there are still gaps that traditional Pix leaves unresolved**, particularly in competitive digital scenarios like online gaming, where instantaneity and mobile-friendliness are crucial. As we've seen, 76% of Brazilian gamers mostly use cell phones to play. This is a challenge for traditional Pix, **as users often struggle to successfully finish their payments** when they need to switch screens to copy and paste their QR codes and come back to their payment screen.

In a context where digital transactions take place while users navigate between multiple platforms simultaneously, from streaming services to social media networks, making payments a seamless experience is a must.

Pix via Open Finance improves this experience dramatically, eliminating unnecessary steps and reducing errors. The prospect of the no-redirected journey planned by the Central Bank will incentivize this further, by making it even easier and quicker for users to finish their payments in just a few clicks, with all the security that Open Finance protocols provide.

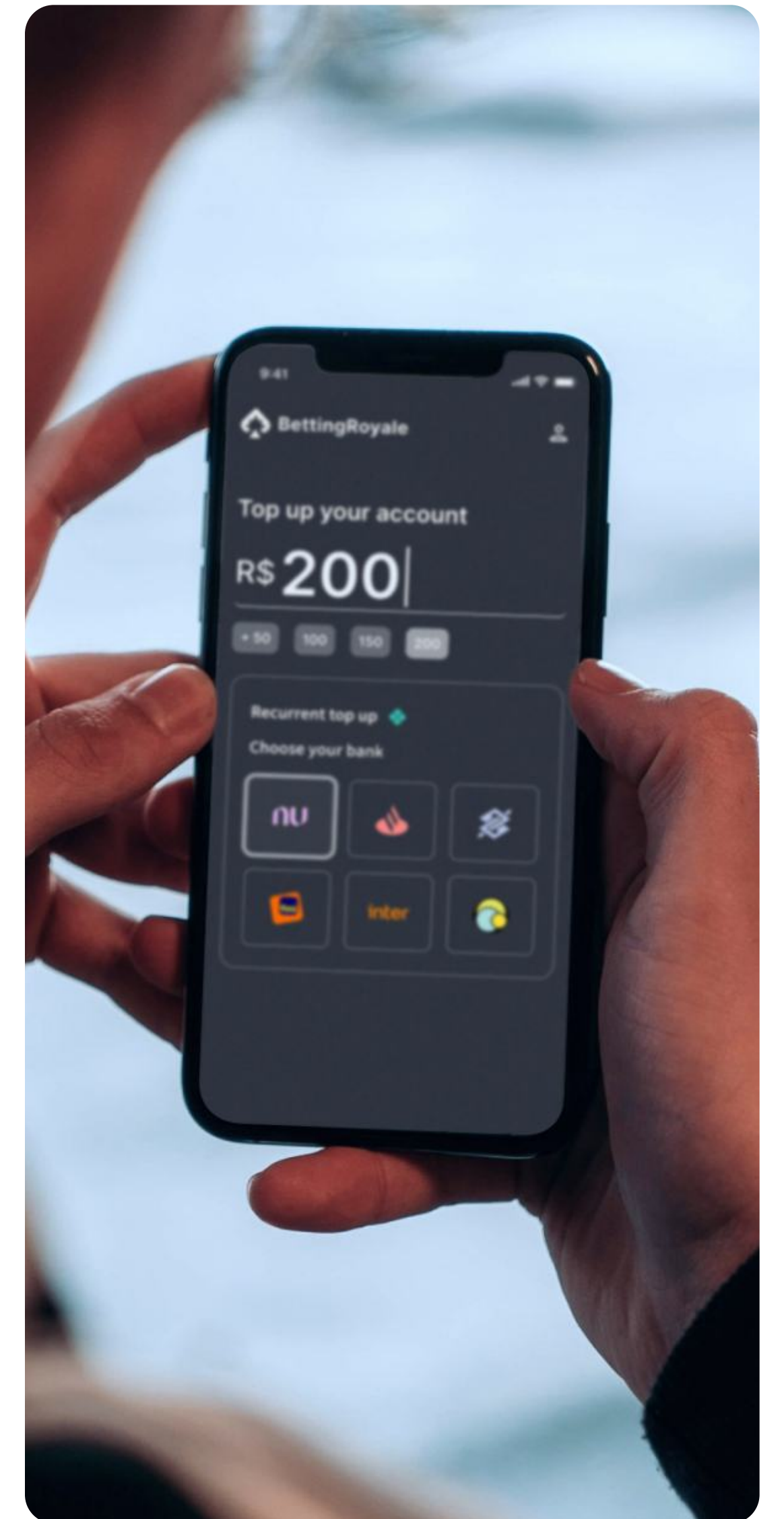
This efficiency **leads to higher conversion rates**, which is vital for customer retention and loyalty in the competitive online gaming market.

Security is another key benefit of Pix via Open Finance. The secure framework provided by Open Finance protocols **reduces the risk of fraud** by authenticating payments directly through users' bank accounts. This results in fewer chargebacks and fraudulent activities, protecting users and lowering operational costs for operators.

Furthermore, compliance with regulatory standards is simplified.

Law 13.756, introduced in 2018, and recent updates from the Ministry of Finance mandate prompt payouts and restrict payment methods to direct account operations authorized by the Central Bank. Integrating Pix via Open Finance **ensures that operators in the gaming industry adhere to these regulations** while providing a reliable and efficient financial ecosystem.

In summary, Pix via Open Finance offers numerous benefits for Brazil's iGaming sector, including an enhanced user experience, improved security, and support for responsible gaming. By adopting this innovative payment solution, operators can build trust with their users and achieve long-term success in the industry.





About Belvo

Belvo is the leading open finance data and payments platform in Latin America, founded in May 2019 by Pablo Viguera and Oriol Tintoré.

The company enables fintechs and innovative financial institutions to access and interpret data as well as initiate payments from their end-users' accounts – to power more efficient, secure, and inclusive products.

Belvo's platform offers connections to more than 140 financial institutions, alternative financial data sources, and account-to-account payment rails across Brazil, Mexico and Colombia. The company already works with over 150 clients, including some of the largest banks and fastest-growing fintechs in the region.

Belvo is backed by some of the world's leading venture capital funds, including Kaszek, Founders Fund, Future Positive, Visa, and Citi Ventures, and has received a total of \$56 million in investment to date.

[Know more about Belvo](#)

belvo.com

[Linkedin](#)

[Instagram](#)

References

- [Beyond Borders 2024 \(Ebanx\)](#)
- [Pix representa mais de 25% das compras feitas em e-commerce, diz estudo da Neotrust \(Globo\)](#)
- [Pix está 'matando' pagamentos em dinheiro: cartão de crédito será a próxima vítima? \(InfoMoney\)](#)
- [Online Gambling - Brazil \(Statista\)](#)
- [Digital Payments - Brazil \(Statista\)](#)
- [Como o Pix Está Moldando o Comportamento de Pagamento e Parcelamento no E-commerce \(Neotrust\)](#)
- [Radar Febraban February 2024 \(Febraban\)](#)
- [Pix via Open Finance: casos de uso cada vez mais populares no Brasil \(Open Views 24\)](#)
- [Popular Payment Methods in Brazil – The iGaming Industry Perspective \(ENV Media\)](#)



belvo.

Do you want to know
more about how
**Open Finance will
impact your business
in 2024?**

Contact us

belvo.com