

Finntechs y BNDES

ALIDE 48 meeting
Lima, Peru - Mayo 2018



Radar
Fintechlab



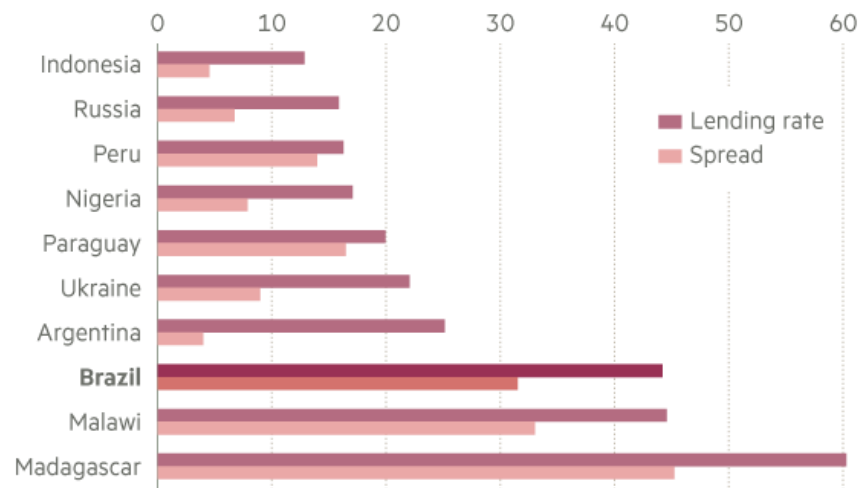
Fintechs in Brazil

Brazil's banking system is concentrated into five large banks. The industry is one of the world's most lucrative, higher than US and European averages. Fees and interest rates for loans are also among the highest in the world.

This unique market structure positions fintechs to have a larger impact in Brazil than in other developed markets.

Borrowing costs in Brazil are among the highest in the world

Lending rate and spread* per country, 2015 (%)

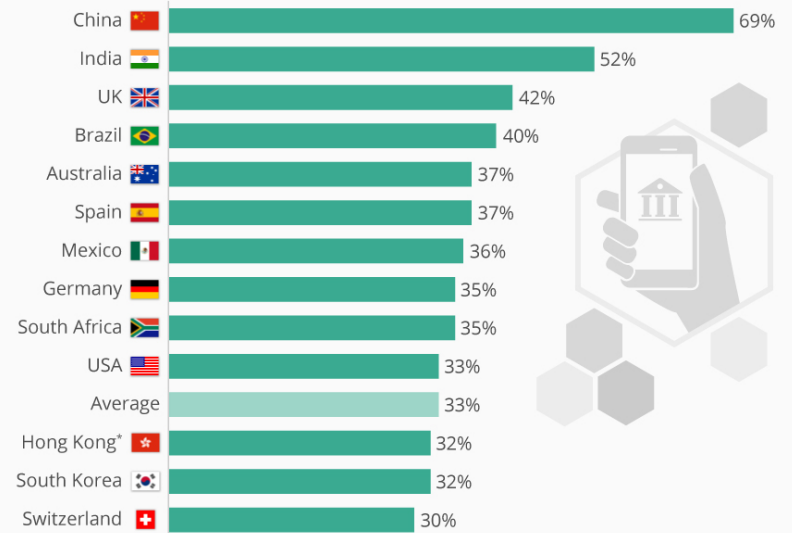


* Lending rate minus deposit rate

Sources: Goldman Sachs; World Bank

China Leads the Way in FinTech Adoption

Share of digitally active population that are FinTech users, by country (2017)



BNDES Proof of Concept with Fintechs (Partial Results)



Assumption:

Accredited financial agents are too conservative on their credit risk analysis and have little incentive for onlending BNDES' funds. Fintechs are prone to enter this market with diversified and user-friendly solutions.



PoC:

BNDES aims to test the hypothesis that fintechs may perform adequately if integrated to our SME Platform, providing alternative funds to those SMEs that didn't have access to Bank's financial resources.

It also allows us to evaluate possibilities to structure new business models, such as to operate directly with SMEs, to incorporate fintechs to our platform, to help SMEs in upgrading their credit score in order for them to have better access BNDES' funds.

*P*roof
*o*f
*c*oncept

Expected gains with fintechs:

- i. widening of the access to financial credit, through the improvement of SMEs credit profile and the easing of its arrival to the credit market;
- ii. credit cost reduction through the encouraging/stimulus of greater competition among financial/credit institutions.



- 1** **Financial Education** – allows improvement of SMEs' financial management in order to better qualify her on credit attainment.
- 2** **Credit matching** – intends to fit the adequate credit supply by a financial agent to the credit demand by a SME through the solution platform.
- 3** **Credit risk analysis** – assigns a credit score to a SME, based on her financial behavior and the financial agent's credit policy.
- 4** **Credit reverse auction** – same as credit matching, but added by a credit reverse auction among the financial suppliers.



PoC - Partial results as of May 2018



Participation of 20 fintechs distributed among the four topics.

We have talked to all participants: they have showed **great interest in working with BNDES**. Some wished to be BNDES' accredited financial agents.

We have sent them each a **sample of 20 SMEs** that didn't have success in accessing BNDES funding through SME Platform. All of them were applying for working capital. Those enterprises have authorized being contacted by the fintechs.

The fintechs offered their services to those SMEs. There is no BNDES funding involved. They agreed to share their results with us.

A circular badge with a scalloped edge, containing the text "TRY IT OUT" in a bold, sans-serif font. The word "IT" is in red and is flanked by red double parentheses "(())".

**TRY
((IT))
OUT**

PoC - Partial results as of May 2018

Topic	Fintech
Financial education	Conta Azul
	MarketUp
	Wizfee
	Zipernet
	Datta
Credit risk analysis*	James
	Data Risk
	B2E
	ProScore

* Not yet initiated

Topic	Fintech
Credit matching	Biva
	SERASA
	Nexoos
	SRM
	iVarejo
	IOUU
	Creditas
Credit reverse auction	f(x)
	IdTrust
	Best
	Nota Registrada

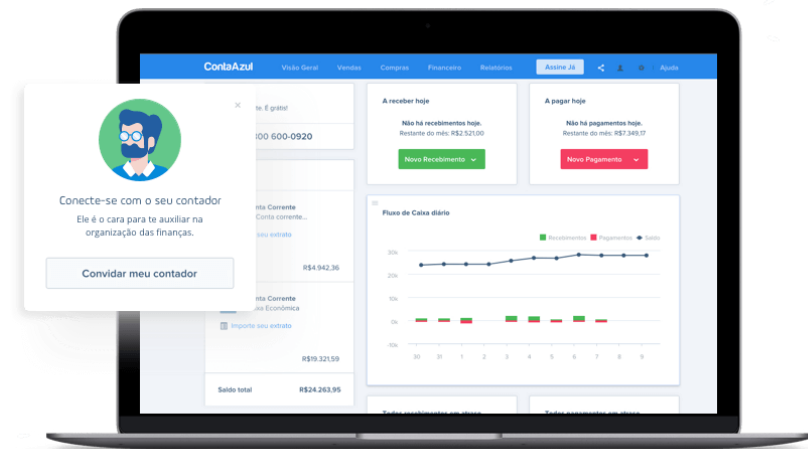
PoC - Partial results as of May 2018

Around **30-40% of SMES** couldn't be reached or haven't showed interest on following with the fintech.

Around **20-25% of SMEs** couldn't be qualified for credit from any platform whatsoever.

From a credit point of view, **few SMEs were apt to get funds at the level and amount that they were applying for**. Fintechs reported that many SMEs were disappointed with their low limits to operate.

This results confirms that we must **improve the filter to access our Platform**. It also shows the importance of **financial education**.



PoC - Partial results as of May 2018

Some SMEs actually **closed deals with fintechs**, even though at higher costs, shorter terms and/or lower amounts than those initially sought for.

One fintech (within the reverse auction segment) considered the results very positive; others have appointed that a 15% rate of SMEs interested on their products is consistent with their experience.

These results show that the fintechs can offer an **alternative funding** to that of BNDES. They could also be an alternative to our accredit financial agents.



The screenshot shows the top navigation bar of the F(x) website with links: $f(x)$, Sou consultor, Sou financiador, Quem somos, Dúvidas, Soluções, Login, and Cadastre-se. Below the navigation bar, the heading "Modelo F(x)" is displayed. Underneath, a sub-header reads "A era do crédito digital. Acesso a dezenas de financiadores a distância de um clique." A bulleted list highlights the platform's features:

- Mais de 110 financiadores cadastrados
- Tecnologia que encontra o financiador certo
- Abrangência nacional de financiamento
- Engajamento em 90% dos casos
- Um cadastro te dá acesso a todo mercado

To the right of the text is a diagram showing a building icon connected by a line to a circle containing the $f(x)$ logo, which is then connected to a grid of 16 bank icons. Below the grid, the text "80+" is visible. At the bottom center, there is a blue button labeled "EXPERIMENTE AGORA". Below the button, a small text line states: "Nossos especialistas entrarão em contato com você para saber mais sobre as suas necessidades de crédito."

PoC – Next steps

Evaluate the final reports from the fintechs and SME's user experience.

Initiate PoCs with fintechs from the **Credit Risk Analysis** topic.

Evaluation being positive, BNDES has to decide upon the formal possibilities to work with fintechs within our legal and regulatory framework: **partnership, service acquisition, accreditation etc.**

WHAT'S
NEXT?



Tecnologias e Canais Digitais BNDES //

BNDES Online

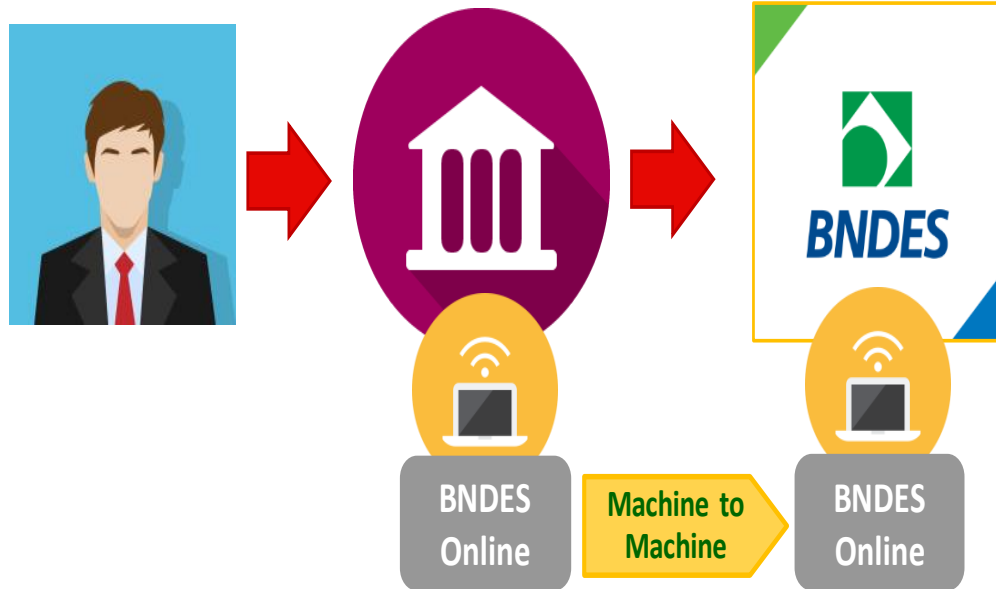
Solução para aprovação *machine to machine* das operações indiretas automáticas



Integrando os processos automatizados dos agentes financeiros aos do BNDES



Ganhos de **eficiência**, **celeridade** e **segurança** às transações.



Crédito **BNDES** na era digital

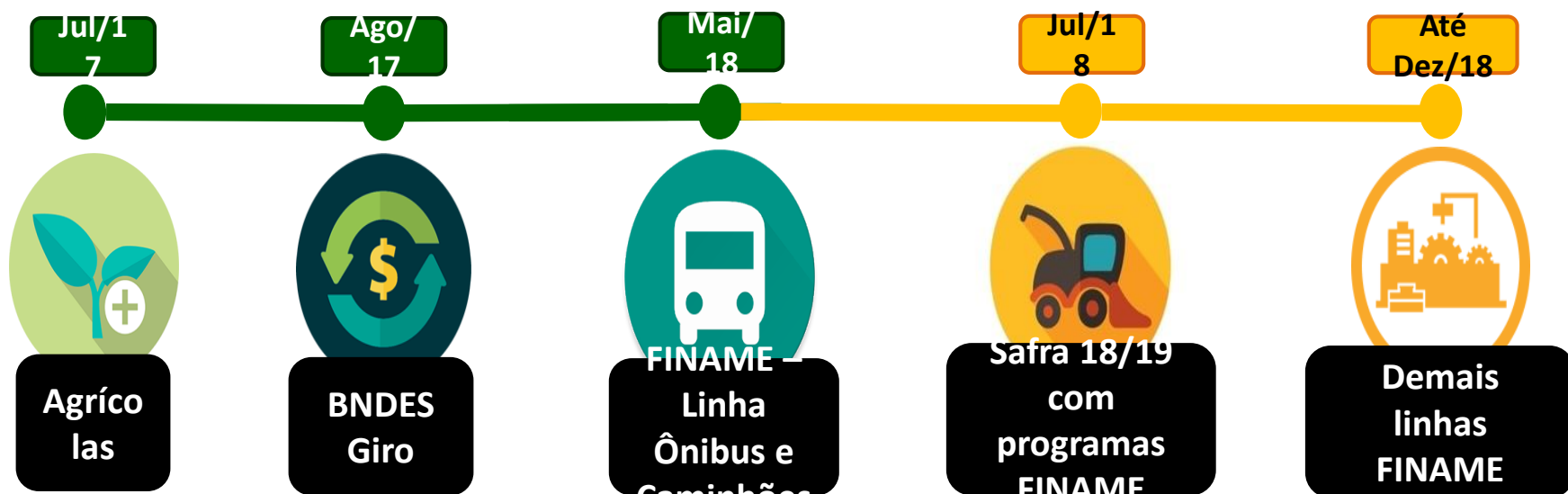
Redução do **prazo de aprovação** para apenas **3 segundos**

Redução do custo ao cliente

Tecnologías y Canales Digitales BNDES //

BNDES Online

Cronograma de implementación considera la complejidad de la implementación de las líneas de financiación para la aprobación automática

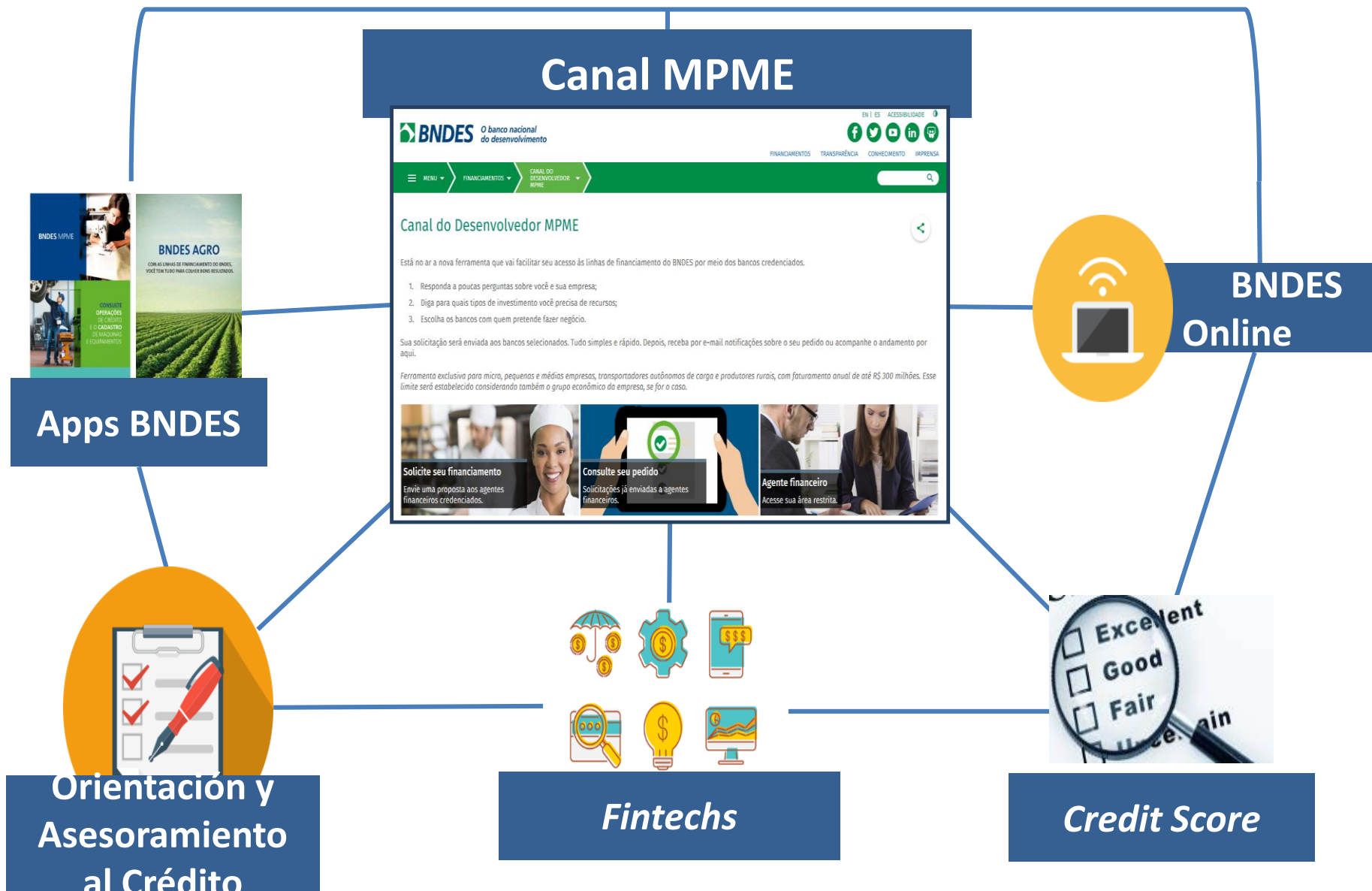


BNDES
Online em
números

- Desde julio de 2017 ya se aprobaron más de 74 mil operaciones en un total de R \$ 5,2 mil millones - Agronegocio y Giro. Sólo en Giro tenemos el 47% de los Clientes MPE nuevos
- **57% de escaneado hasta mayo**

Tecnologías y Canales Digitales BNDES //

BNDES Online



resultados esperados

Potencializar el acceso a los recursos del BNDES por las MPMEs

Identificar la mejor solución de apoyo financiero

Reducir la necesidad de investigaciones sobre regularidad legal

Reducir la carga física de documentos

Conocer demanda de crédito no atendida

Transparencia y facilidad en el proceso de solicitud y seguimiento



La plataforma digital para facilitar su acceso a las financiaciones del BNDES



Canal MPME

www.bndes.gov.br/canal-mpme



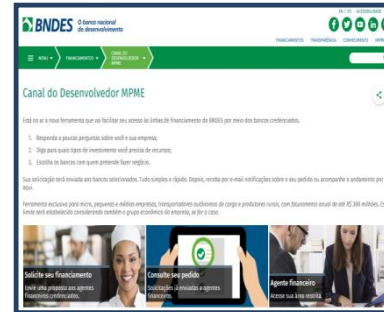
De julio / 2017 a abril / 2018 se insertaron más de 41 mil propuestas, convirtiendo más de 146 millones de reales en financiamientos

La asociación y las iniciativas en curso // El modelo con Fintechs

Cliente



Canal MPME



Fintechs



Crédito



Agentes Financeiros





BNDES website
www.bndes.gov.br



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