

The Brazilian Financial Sector

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Outlook

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- Foreign Exchange
- Remittances
- Financial Development Index



The Brazilian Financial Sector - Overview



Main features

- Largest in LA;
- Significant presence of domestic and foreign players;
 - But also with state-owned big actors.
- Still largely bank-based but with increasing participation of Non-Bank FSPs;
- Large and modern structure of bank branches, ATMs, correspondents, payment system;



Main features

- Strong capital base, high liquidity, high margins and profits;
- High operational costs, low leverage.

Regulatory framework

Regulating Entities	Supervision Entities	Operators			
National Monetary Council (CMN)	Central Bank of Brazil (BCB)	Financial institutions taking demand deposits	Other financial institutions Foreign exchange banks	Other financial intermediaries and entities administering financial assets of third parties	
	Securities and Exchange Commission (CVM)	Commodities and futures exchanges	Stock exchanges		
National Council for Private Insurance (CNSP)	Private Insurance Superintendence (SUSEP)	Reinsurance Companies	Insurance companies	Capitalization companies	Entities operating private open pension funds
National Council for Complementary Pension (CNPC)	National Complementary Pension Superintendence (PREVIC)	Entities operating private closed pension funds			

Source: Brazilian Central Bank

Financial Service Providers: # of players

- Total number of FSPs is shrinking over time: banks, credit related FSPs, securities brokers and dealers.
- But: FX banks and brokers are increasing!

Type	2009	2010	2011	2012	2013
Commercial banks	158	157	160	160	155
Development banks	4	4	4	4	4
Investment banks	16	16	14	14	14
FX banks	-	2	2	2	3
Leasing associations	33	32	31	30	28
Credit cooperatives	1,405	1,370	1,312	1,254	1,192
Microlending and Small business financing associations	45	45	42	40	38
FX brokers	45	44	47	57	62
Securities brokers and dealers	230	228	225	212	207
Others	403	397	381	315	292
Total	2,339	2,295	2,218	2,088	1,995

Source: Brazilian Central Bank

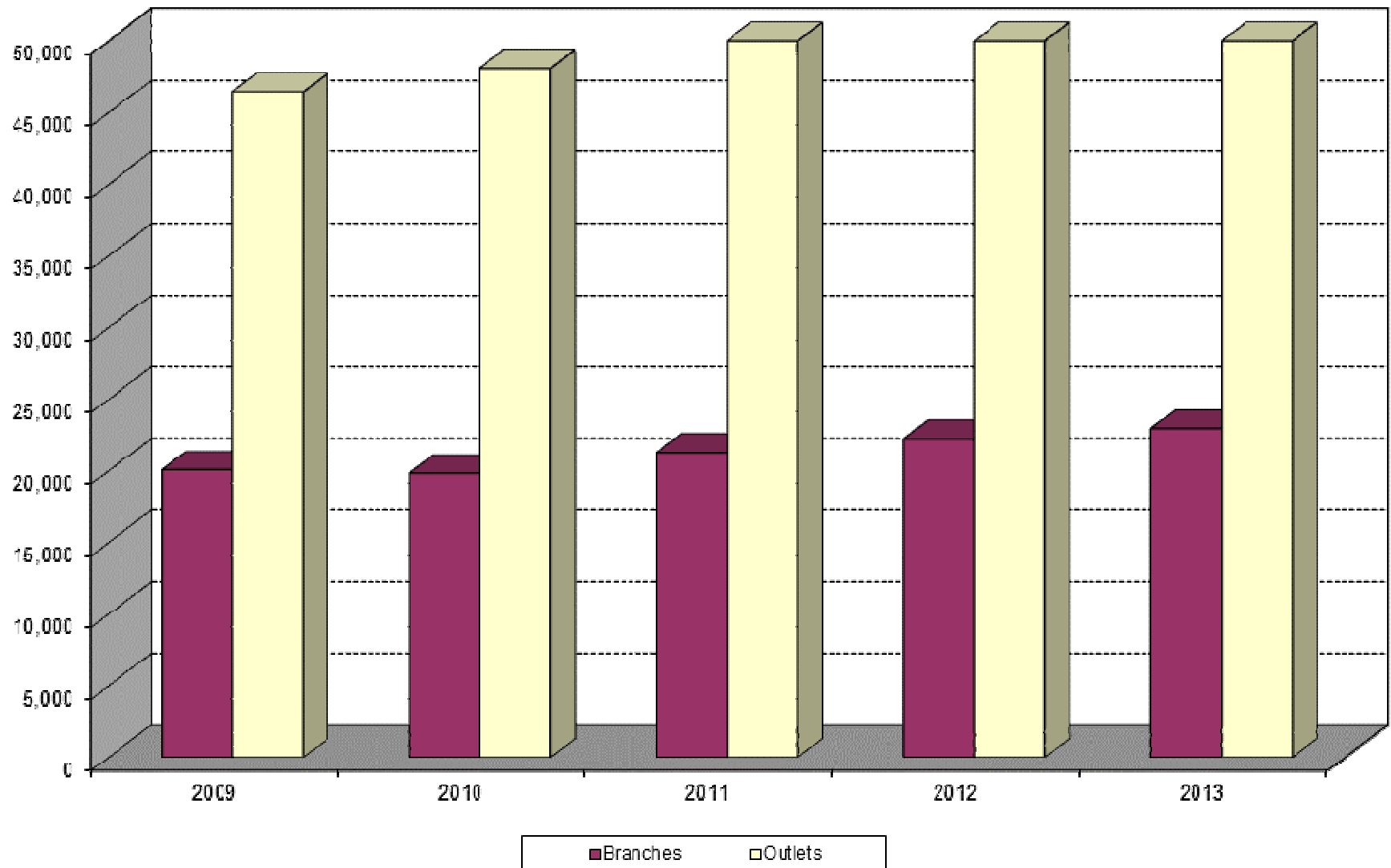
Financial Service Providers: share of assets

- In terms of assets, however, complete dominance of banks.

Type	2009	2010	2011	2012	2013
Commercial banks	79.08	78.66	78.78	79.79	79.97
Development banks	8.75	9.29	9.76	10.01	10.19
Investment banks	0.94	0.92	0.86	0.91	0.76
FX banks	-	0.0001	0.001	0.002	0.003
Leasing associations	7.46	7.08	6.54	5.32	4.97
Credit cooperatives	1.18	1.28	1.37	1.46	1.62
Microlending and Small business financing associations	0.002	0.002	0.002	0.0020	0.002
FX and securities brokers	0.44	0.44	0.34	0.33	0.35
Securities dealers	0.26	0.25	0.18	0.15	0.14
Others	1.89	2.08	2.15	2.02	2.00
Total	100	100	100	100	100

Source: Brazilian Central Bank

Branches and outlets

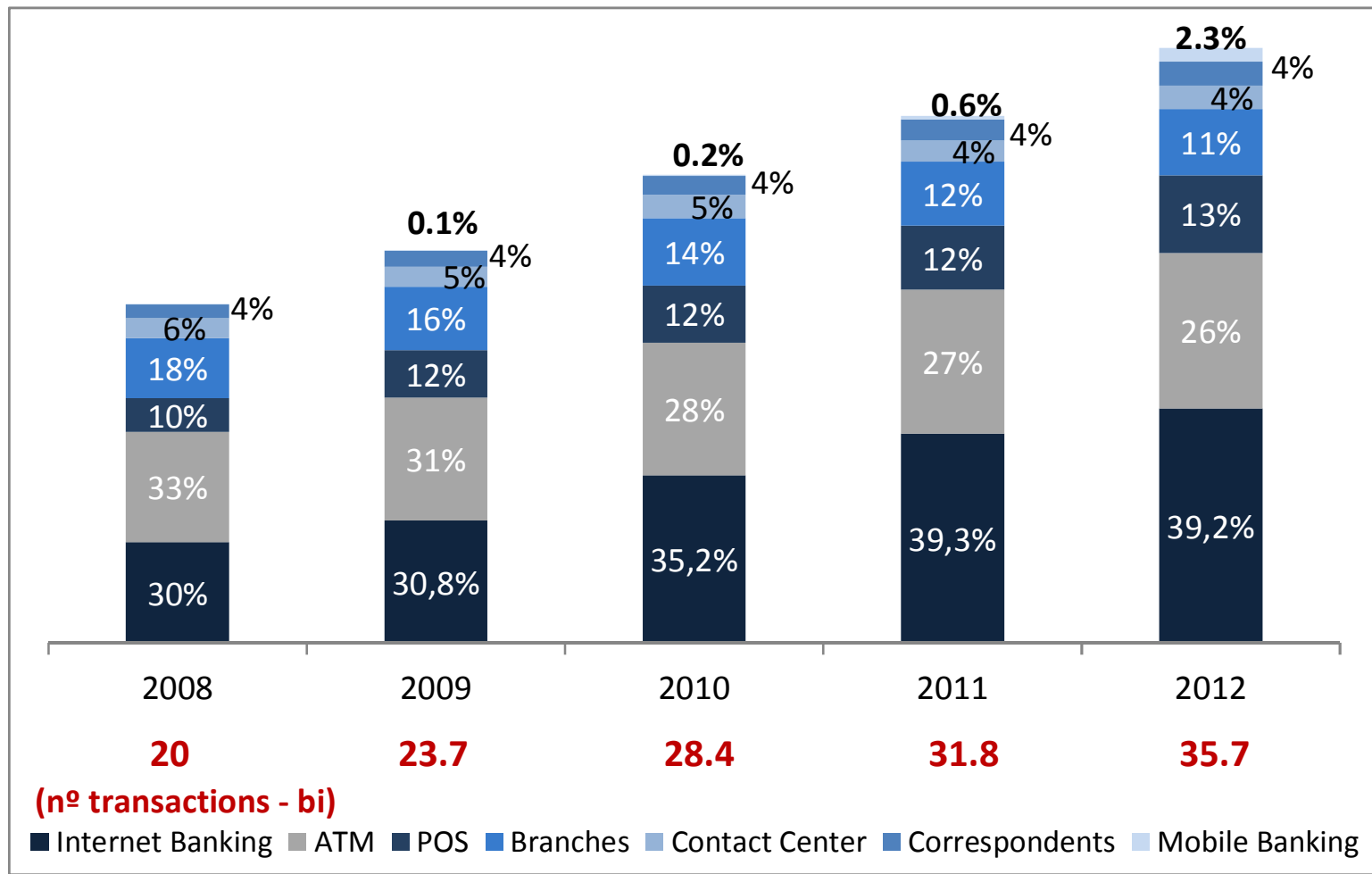


Bank correspondent activities

- I - receiving and forwarding (demand, time, and savings) deposit account opening applications;
- II – receipts, payments and electronic transfers related to deposit accounts;
- III – receipts, payments and other activities related to agreements for the rendering of services by the contractor;
- IV – execution of payment orders;
- V - receiving and forwarding loan and leasing requests;
- VI – receipts and payments linked to bills of exchange;
- VII - receiving and forwarding credit card applications;
- VIII – exchange related transactions

	Total	I	II	III	IV	V	VIII
2012	391,935	70,813	94,142	151,356	38,789	309,401	193,810
2013	412,425	78,055	103,054	160,975	37,568	327,306	212,230

Bank transactions by delivery channel





Foreign Exchange

Belgium	32,524	27,190	19,651	1,876	6,625	1,775
Brazil	14,094	12,851	3,280	1,544	102	169
Bulgaria	866	249	802	9	47	26
Canada	61,892	58,224	8,019	2,827	2,806	716
Chile	5,544	5,488	426	32	60	1
China	19,774	16,565	2,821	2,454	1,158	87
Chinese Taipei	17,983	17,169	3,186	1,754	863	72
Colombia	2,794	2,781	86	9	11	1
Czech Republic	5,110	3,096	3,146	71	50	31
Denmark	120,463	85,757	68,132	6,639	8,851	15,968
Estonia	1,059	70	1,046	4	5	0
Finland	31,254	19,456	21,612	258	893	8,302
France	151,621	130,191	83,245	22,119	21,059	11,100
Germany	108,598	85,305	69,003	13,163	14,436	11,661
Greece	5,164	3,022	4,381	647	285	641
Hong Kong SAR	237,568	227,015	38,346	30,960	11,970	2,401
Hungary	4,196	2,949	1,877	22	32	259
India	27,358	26,474	3,401	750	1,987	93
Indonesia	3,381	3,192	236	498	74	7
Ireland	14,578	9,793	10,220	1,259	4,553	665
Israel	10,017	9,715	211	31	15	21
Italy	28,601	23,969	21,405	2,256	3,206	1,738
Japan	312,326	254,353	58,970	248,863	18,378	3,174
Korea	43,824	43,149	2,897	2,105	393	57
Lithuania	2,226	1,832	1,735	60	112	32
Luxembourg	1,154	158	1,090	25	26	8
Luxembourg	33,363	27,856	21,553	4,516	4,161	1,672
Malaysia	7,262	6,693	789	422	361	14
Mexico	17,019	16,796	476	18	22	6
Netherlands	18,253	12,931	14,002	1,262	3,006	669



International Remittances

Inflows

Migrant remittance Inflows (US\$ million)	2005	2006	2007	2008	2009	2010	2011	2012	2013e	Remittances as a share of GDP (%)
LAC										
Argentina	432	541	606	698	621	639	689	570	613	0.1%
Bolivia	337	603	1,055	1,135	1,058	960	1,043	1,111	1,260	4.1%
Brazil	2,805	3,287	3,306	3,643	2,889	2,754	2,798	2,583	2,757	0.1%
Chile	13	3	3	3	4	4	0	0.0%
Colombia	3,346	3,928	4,523	4,884	4,180	4,058	4,205	4,123	4,642	1.1%
Ecuador	2,460	2,934	3,341	3,089	2,742	2,599	2,681	2,454	2,571	2.9%
El Salvador	3,029	3,483	3,709	3,755	3,402	3,447	3,665	3,927	4,217	16.5%
Guatemala	3,067	3,700	4,236	4,460	4,019	4,232	4,524	5,035	5,412	10.0%
Guyana	201	218	283	274	262	368	412	469	498	16.5%
Haiti	986	1,063	1,222	1,370	1,376	1,474	1,551	1,612	1,715	20.6%
Honduras	1,805	2,337	2,614	2,821	2,477	2,618	2,811	2,909	3,165	15.7%
Jamaica	1,762	1,924	2,122	2,157	1,889	2,026	2,106	2,145	2,259	14.5%
Mexico	22,742	26,543	26,880	26,041	22,076	22,080	23,588	23,371	22,000	2.0%
Nicaragua	616	698	740	820	770	825	914	1,016	1,108	9.7%
Paraguay	161	336	341	363	377	410	541	634	760	2.5%
Peru	1,440	1,837	2,131	2,444	2,409	2,534	2,697	2,788	3,012	1.4%
Uruguay	77	89	96	108	101	103	104	97	108	0.2%
Venezuela, RB	148	165	151	137	131	143	138	118	123	0.0%
Emerging										
China	23,478	27,401	38,186	47,492	41,413	52,269	61,365	57,799	60,180	0.7%
India	22,125	28,334	37,217	49,977	49,204	53,480	63,011	67,258	71,000	3.7%
Russian Federation	3,437	3,821	4,666	5,737	5,105	5,250	6,103	5,788	6,443	0.3%
South Africa	614	692	792	783	862	1,070	1,158	1,085	1,143	0.3%

Inflows – 2012 (US\$ million)

1	United States	1,306
2	Japan	1,168
3	Spain	580
4	Portugal	243
5	Paraguay	238
6	United Kingdom	209
7	Italy	177
8	Germany	142
9	Argentina	108
10	France	104
11	Bolivia	75
12	Switzerland	66
13	Canada	65
14	Netherlands	45
15	Australia	39
16	Chile	39
17	Uruguay	38
18	Ireland	25
19	Suriname	21
20	Belgium	20

Source: World Bank

Outflows

Migrant remittance Outflows (US\$ million)	2005	2006	2007	2008	2009	2010	2011	2012
LAC								
Argentina	314	356	463	630	767	1,040	1,131	950
Bolivia	67	73	79	106	103	102	117	147
Brazil	374	529	563	813	731	922	910	897
Chile	16	6	6	6	6	2	2	1
Colombia	56	66	95	88	92	112	117	128
Ecuador	54	62	83	66	95	136	148	..
Guatemala	42	46	17	26	22	21	26	20
Haiti	60	76	96	117	135	167	240	232
Honduras	0	2	2	37	27	27	33	39
Jamaica	369	358	396	365	269	279	305	310
Panama	88	121	151	198	450	486	468	564
Uruguay	2	3	4	5	6	7	7	10
Venezuela, RB	211	257	662	842	581	805	782	899
Emerging								
China	3,123	3,025	4,372	6,349	4,444	1,754	3,566	4,274
India	1,348	1,562	2,059	3,812	2,890	3,853	4,097	..
Russian Federation	6,827	12,104	19,881	29,719	21,148	21,454	26,011	31,648
South Africa	1,041	1,055	1,172	1,119	1,144	1,353	1,423	1,320

Source: World Bank

Outflows – 2012 (US\$ million)

1	Portugal	359
2	Spain	318
3	Japan	248
4	Lebanon	163
5	Italy	112
6	France	93
7	Germany	76
8	China	61
9	Paraguay	45
10	Belgium	31
11	Korea, Rep.	31
12	United States	26
13	Bolivia	26
14	Peru	24
15	Switzerland	23
16	Egypt, Arab Rep.	17
17	Austria	16
18	Argentina	16
19	Poland	15
20	Hungary	13

Source: World Bank



Financial Development Index