



South America's Economic Powerhouse

Brazil has traditionally relied on its abundant natural resources to underpin progress. However, the country's thriving innovation, technology and finance sectors are changing investors' approach to this rapidly evolving economy.

Brazil is bucking the international trend, emerging from the pandemic in better shape than expected. According to World Bank figures, the country recorded GDP growth of 5% in 2021 and 2.9% in 2022, a post-COVID bounce likely driven by robust fiscal stimulus, a strong commodities market and increased demand for services. The outlook for this year is positive, too – growth is predicted to rise above the 2.5% mark, propelled largely by the buoyant agribusiness sector, and boosted by government spending. The Brazilian Central Bank has already lowered the policy interest rate, with further decreases expected, while the new fiscal framework includes plans to stabilize debt by 2026.

Brazil's is a major player on the global stage – both as an energy producer and an agricultural innovator. The country's oil and gas industry is among the ten largest in the world, while it consistently ranks highly in the export of commodities such

The US is by far the largest source of foreign direct investment in the country.

as soybeans, corn, meat, sugar and coffee. Its trade ties with the United States are significant: America's goods and services trade with Brazil topped more than \$120 billion last year. The two countries' bilateral ties are long-standing, and in 2011, an Agreement on Trade and Economic Cooperation was instituted which provided an even greater framework to enhance cooperation on trade and investment between the two economies.

Although challenges remain, it is a relationship that has already delivered many mutual benefits. For instance, cooperation on pandemic response and medical research can be traced back to the early stages of the HIV and Zika epidemics – the Centers for Disease Control and Prevention (CDC) has had an active

presence in Brazil for almost twenty years. Brazil is also grasping the nettle on climate change, by prioritizing its energy-transition agenda via the recently launched Ecological Transition Plan which aims to increase investment in environmentally sustainable initiatives while reducing social inequality. Brazil plans to cut emissions by 53% by 2030 and is seeking new investments for nature conservation and transitioning to deforestation-free agricultural production.

The US is also by far the largest source of foreign direct investment (FDI) in the country – amounting to almost \$90 billion in 2022 – with investors attracted to its large consumer base, populous workforce, abundant natural resources and relatively diversified economy. Agribusiness and infrastructure investments remain solid choices for inward investment but startups, especially in finance, technology and insurance are an area of growing interest for US investors. A recent report by business transformation

platform Distrito shows that Brazil dominates the startup landscape in Latin America, with more than 13,000 active startups (representing 63% of the region's total) and two dozen unicorns (startups valued at over \$1 billion) – all of which have received investments from the US.

Investors looking for new prospects would do well to consider Brazil.

The recent surge in FDI has been driven, in part, by the anticipation of long-overdue tax reforms, as well as the internationally respected security and autonomy of the Central Bank and other Brazilian financial institutions. With fresh opportunities in technology, infrastructure projects, and in industrial and services sectors expected in response to rapidly expanding domestic consumer and export markets, investors looking for new prospects would do well to consider Brazil. ■

INTERVIEW



Brazil Can Bank on Us

In just four short years, PagBank has done the seemingly impossible and become the second-largest digital bank in Brazil. CEO Alexandre Magnani explains how.

PagBank has one mission – to disrupt and democratize financial services in Brazil by providing an end-to-end digital banking ecosystem that is safe, affordable, simple, and mobile-first. It has succeeded – the company boasts an impressive 29.5 million customers, and last year it saw an 87% leap in revenue.

Magnani's collective 30-year experience in the banking sector includes 15 years at Mastercard, where he developed a new category of membership license to non-financial institutions that helped to diversify the Latin American payments and financial services industry. "This paved the way for other players to emerge in the world of payments and financial services," he said.

When PagSeguro, the company's name when PagBank initially launched, became the first non-bank-sponsored acquirer in Brazil, it revolutionized card accep-

tance by offering affordable POS systems to Brazilian businesses through a digital onboarding process. This groundbreaking model presented Magnani with his next career opportunity.

Money-cautious customers were avoiding registering a bank account to avoid fees, so the company became a card issuer. "This was so successful that we became the largest prepaid card issuer in Brazil. This was the embryo for us to create PagBank," said Magnani.

Today, PagBank provides a safe, hassle-free way of owning a free digital account where clients can manage their cash and accept online and in-person payment methods, including credit cards, debit cards, meal voucher cards, boletos, bank transfers, and cash deposits. ■



www.pagbank.com.br

Q: What was your initial vision for PagBank?

My previous experience in the industry focused on the development of new business models, introducing new technologies, and nurturing new players. This was fundamental to consolidating my vision that we could better serve the population with financial and payment services in a different, disruptive way through simple, affordable and safe solutions. We then came up with the idea to create a digital account through an app so that we could offer other financial services to a population that is poorly serviced, sometimes not serviced at all, by traditional banks.

"The mission of PagBank is to democratize access to payment and financial services"

Q: How did you develop to where you are today?

We started to make a digital account in the cell phone application, with the functionalities of bill payment, cell phone recharging, TED, and Pix transfers. We also launched insurance, loans, credit cards, and investments, before becoming a complete digital bank.

Q: What are some of your most recent successes?

We have grown substantially in terms of volume of deposits, and some of the key drivers for this success include our simple and easy to use digital experience, our complete offering of finan-

cial services in a very affordable package, and strong brand recognition. Also, the introduction of Pix – the instant payment network in Brazil – has boosted the volume of cash receipts from our customers. The volume of Pix receipts in PagBank accounts was around R\$54 billion in the third quarter of 2023, leveraging deposits to R\$22 billion. PagBank now accounts for 9.0% of all Pix transactions in Brazil.

Q: How are you positioning PagBank to take advantage of current market trends?

The mission of PagBank is to democratize access to payment and financial services. We have made a globally recognized case in the world of payments and card acceptance and are now making an impact in the world of digital banking. PagBank has grown exponentially, expanding to 30.2 million clients, with much more to come.

Q: What opportunities are there for foreign investors in Brazil?

Brazil is a very attractive market as it has a large scope for any type of product and service to be launched. We also have a population that adopts new technology very quickly. You can also find well-established institutions here which are complemented by many entrepreneurs creating and doing things differently. There is a great maturing of business management happening in our country right now. We invite investors to come and see for themselves.



Photo: PicPay

PicPay and Digital Payments Pave the Way for Disrupting Brazil's Financial Industry

The growth of PicPay, a digital ecosystem of financial services for consumers and businesses, reflects a wave of innovation in Brazil - a new era in the financial sector, according to CEO Eduardo Chedid. Founded in 2012, the company serves more than 34 million active users and processes US\$50 billion a year. PicPay's growth trajectory is a function of its organizational strength, portfolio diversification, and unwavering customer focus, even in challenging times like the COVID-19 pandemic.

For Eduardo Chedid, who has over three decades of experience in the sector, disruption is at the company's core. "We focus on making people's daily lives easier," says Chedid. "We want to be the financial services app that Brazilians turn to each day. But our expanding ecosys-

tem goes beyond that, including online shopping."

PicPay has helped lead the evolution of the financial scene in Brazil and what is known as "Next-Gen Payments." When it first emerged, the company pioneered instant payments, focusing on P2P transactions and QR code payments, both of which preceded PIX, the instant transfer tool that revolutionized daily transactions in the country in 2020. By adopting PIX from the outset, PicPay became a relevant player, and this new transfer method is a key part of the company's operation. One in every five Pix transactions between individuals involves PicPay. "We've embraced Pix and it's made everything much easier, helping us scale rapidly", says Chedid.

In addition to making everyday financial transactions more accessible throughout Brazil, PicPay contributed to fostering financial inclusion during

the pandemic, acting as an essential app in the rapid digitization of transactions.

Founded in 2012, the company serves more than 34 million active users and processes US\$50 billion a year.

Today the company's innovative approach goes beyond instant payments and extends to Open Finance. PicPay already has more than 6 million consents and makes transactions between other banks possible without the customer having to leave the app.

PicPay exemplifies how disruption through innovation is reshaping and democratizing finance in Brazil. The company promises even greater advances, covering every level of society and across the country. ■

“A Continual Focus on Diversification Has Been Fundamental to Our Success”



EDUARDO CHEDID,
CEO, PICPAY

PicPay’s CEO, Eduardo Chedid, has spent thirty years working in the payments industry, with a career spanning institutions such as Visa, Credicard, Cielo, and Elo. His vast experience and leadership have propelled PicPay on a trajectory that has made it a transformative force in Brazil’s financial ecosystem since its launch in 2012. The company now counts more than 34 million active users and processed more than US\$50 billion in transactions this year.

Having built his career on innovation and a willingness to embrace change, Chedid now runs a company known for disruption and agility that enables it to continually launch new products, constantly evolve, and always guided by the singular purpose of revolutionizing financial services in Brazil.

PicPay became profitable for the first time in the last quarter of 2022. Chedid discusses PicPay’s evolution in reaching this milestone, why it was a turning point, and what comes next.

Q: How has PicPay evolved since its launch?

Originally, PicPay’s basic value proposition was transactions between people and the payments they made via QR code. We then evolved into a robust digital wallet. But today PicPay is far more than that - we are a complete digital account that offers cards, payments, investments, insurance, loans, and financial management tools. Behind our offerings is a lot of data intelligence, thanks to Open Finance, a technology launched by Brazil’s Central Bank that allows customers to share their credit history between different institutions. PicPay was one of the first in the market to act as a payment initiator and the first to launch Pix Credit in Brazil.

“Our business started out as a digital wallet, but today it’s much more than that.”

Today, more than 12% of permissions to share information across the market come to PicPay. Because of this, we get to know our customers even better, can make more targeted offers, as well as personalize our app more. We have similar solutions for businesses. PicPay is a complete financial ecosystem with a two-sided platform. We offer everything that most banks offer and more, but always in a much simpler, easier and faster way.

Q: As a contributor to Brazil’s digital transformation, what is PicPay’s approach to innovation?

Innovation is in our DNA. The idea that started PicPay - instant transfers and payments between people and companies in a quick and easy way - was the embryo of what was later complemented by Pix, a popular payment method launched by the Central Bank in 2020, almost ten years after PicPay was founded.

Our ability to design, build and launch new products quickly is a differentiator and proof of how we continue to innovate. This ability stems from the way we organize the company into autonomous business units, each with its own product area and CTO, for example, which makes us more agile. We are always challenging the status quo, continually asking what can be improved. And the customer is always our viewpoint and at the center of our decisions.

Q: How have your previous leadership experiences informed your vision for PicPay?

I’ve been in the payments industry since I graduated from college, which will be 30 years next year. When things start to become less dynamic and too comfortable, I prefer new challenges - I guess I’m more of a builder than a maintenance person. And that’s how it has always been at PicPay. I’ve never done anything like it before; I worked as an issuer, then at a card network, then at a merchant acquiring company, and here I’ve come to work at building a new financial ecosystem.

Q: How do you see the company developing in the future?

We surpassed the break-even point eighteen months ahead of schedule, recording PicPay’s first profit in the fourth quarter of 2022. Reaching this milestone set the stage for a new phase of growth. With that in mind, we remain 100% focused on PicPay’s customers along with our growth and profitability plan.

<https://picpay.com/>

Securing Brazil's Future

The country's flourishing insurance sector is one of the exponents of economy.

The insurance industry in Brazil is thriving, consistently experiencing double-digit growth. In terms of the entire insurance market, which includes all lines except pension and health, it represents approximately 2.5% of the Brazilian GDP. When considering the insurance industry alongside pension and health, it corresponds to around 6.5% of the GDP.

“To provide an idea of the magnitude, the insurance industry currently holds one trillion eight hundred billion in reserves for future services, demonstrating its substantial role within the Brazilian economy,” says Jose Ferrara, CEO of Tokio Marine Brazil, subsidiary of the Tokio Marine

Group, a Japanese multinational company operating in forty-six countries.

What sets the insurance sector apart is that it continues to boast double-digit growth regardless of the broader economic landscape. Mr. Ferrara explained that this underscores its vital role in “safeguarding individuals and businesses while fueling economic development.”

The president of Tokio Marine Brazil also argues that the segments of the insurance market that have the most potential for growth in the country are those related to renewable energy and agriculture. ■



INTERVIEW



JOSÉ ADALBERTO FERRARA,
CEO, TOKIO MARINE

Tokio Marine differentiates itself by fostering a robust network of brokers and delivering exceptional client service in the Brazilian insurance market. Under the leadership of CEO Jose Ferrara, the company continues to invest in the country, contributing to its economic growth.

Q: How does Tokio Marine differentiate itself from its competitors in Brazil?

Our resolute employees, our

robust broker network and our unwavering focus on client satisfaction form the essence of Tokio Marine's success.

Q: How does the company prioritize innovation in its business strategy, and how important is technology for Tokio Marine?

We are known for being early adopters of technology. This early adoption mindset extends to our business practices. Our goal is always to enhance client service through technology.

Q: What is your biggest achievement to date?

Tokio Marine Brazil surpassed the Asia and Europe operations of the Tokio Marine Group, and we trail behind only the United States operations.

Building Brazil and Beyond

Eucatex solidifies its position as one of the largest suppliers to the Brazilian civil construction and furniture industry, without compromising its commitment to sustainability.



“Eucatex has prioritized sustainability and achieved significant milestones in this area.”

FLAVIO MALUF,
CEO AND VICE CHAIRMAN,
EUCALEX S.A.

Eucatex started in 1951 with a single sawmill. Today, the company has become one of the largest manufacturers in Brazil, producing a variety of products including MDF and MDP panels,

laminated floors, doors, partitions, and paints. The company's revenues are split evenly between civil construction and the furniture industry, with a growing international presence – today an impressive 20% of the group's revenues come from outside Brazil.

Headed by CEO and Vice Chairman Flavio Maluf, Eucatex has made significant progress in its environmental, social, and governance practices, demonstrating its commitment to sustainability and responsible manufacturing. One notable development is its long-term electric power purchase agreement with Comerc Energia Group. The company has invested approximately 300 million Brazilian reals in the Castilho Solar

Power Plant – the largest solar plant in São Paulo State with a generation capacity of 269 MWp.

Maluf said: “Since the 1980s, Eucatex has prioritized sustainability and achieved significant milestones in this area – we were one of the first companies in Brazil to be certified with the FSC seal.”

From this accolade, Eucatex pioneered wood recycling and remains the only company using recycled material in its finished products. Partnering with over 100 firms, they reprocess material equivalent to 1,500 hectares of virgin timber yearly. The company is also a solar energy frontrunner, sourcing over half of their consumption internally. “Recently, we became one of the first companies

in our sector and worldwide to source 60% of our energy consumption from our own solar power plant,” said Maluf.

Maluf also invites investors to look to Brazil's many sectors which are “ripe for disruption,” especially through technology. “We are seeing an increase in venture capital interest and investment, an encouraging tailwind, despite the downturn of the last 6 months,” he said. “In addition to Brazil's many natural and geographic advantages, we have a hardworking, qualified workforce and increasingly globalized population.” ■



Giving Brazil a Clean Bill of Health

At Aegea Saneamento, clean water is just the tip of the iceberg. Brazil's leading private sanitation company provides sustainable solutions in 489 municipalities to approximately 30 million people.

Aegea Saneamento, a leading company in Brazil's sanitation sector, has been making remarkable strides since its establishment in 2010. With a compounded annual growth rate of 35% and a market share of 56% in 2023, the company is committed to sustainability efforts, including the clean-up of Araruama Lagoon and Guanabara Bay. CEO Radames Andrade Casseb highlights Brazil as a sound investment opportunity while discussing the company's dedication to environmental responsibility.

"We constantly seek new alternatives and challenge the status quo to improve our processes, materials, and approaches," he said. This can be seen



Prolagos treatment plant, Aegea's concessionaire in the Lagos region (Rio de Janeiro).

through Aegea's sustainability commitment – the company brought Araruama Lagoon in Região dos Lagos back to life after building a belt of protection to prevent irregular sewage discharge into the bay, where marine life is now thriving.

More significantly, Aegea won two of four blocks in

a public bid conducted by the State of Rio de Janeiro to clean up sewage in Guanabara Bay, a feat that will benefit 10 million people – something that Casseb calls the "world's most significant project."

While investment in Brazil is crucial to the country's

growth, the benefits are clear. In the last decade, private coverage and market occupation in the sanitation sector have grown from 4% to a little over 20%. Casseb explained that this growth reflects the confidence of entrepreneurs and the financial ecosystem in the potential of the country. "Investing in Brazil's recovery is essential from a global point of view, as it can generate quality of life for people, environmental and social transformation, and still provide a return on capital," he said. ■



<https://ri.aegee.com.br/en/>

INTERVIEW



RADAMÉS CASSEB
CEO, AEGEA SANEAMENTO

Radamés Casseb joined Aegea Saneamento in 2011 as director of operations, overseeing the company expanding its operations to 13 states and 489 municipalities in Brazil. He was appointed CEO in February 2020.

Q: How does Aegea set itself apart from its competitors?
What sets us apart in the

market is our belief in performance and the pursuit of quality service delivery. Our mission to promote health inclusion and bring dignity to families is achieved with cost-efficient solutions that employ engineering and process improvements. For example, we invest in the reuse of sludge to improve our energy efficiency and reduce costs by 30% for energy consumption in service provision.

Q: What assistance and initiatives do you offer to the people of Brazil?

We offer tariff incentives and reductions to people with low incomes to access our services, which goes beyond the contractual limit. In Rio de Janeiro, for instance, 16% of

clients receive a 50% discount on fares, thanks to our search for efficiency in other areas, such as energy and service operations.

"What sets us apart is our belief in performance and the pursuit of quality service delivery."

Q: How is Brazil dealing with the challenge of universal access to sanitation?

The approval of the sanitation framework at the beginning of the pandemic was a critical moment for Brazil as the global pandemic affected large metropolitan areas and traditional work models. The Brazilian Congress prioritized health

and sanitation by approving the framework, aiming for universal sanitation by 2033.

Q: What is your outlook for future growth?

I am optimistic about the market and the role of businesspeople in supporting investment resumption and market expansion in Brazil, particularly in infrastructure. This has the potential to accelerate job creation and economic recovery. Our company has been investing in sanitation for over a decade, and the recent approval of the Legal Framework in 2021 has reinforced our belief in the institutions and investors involved. We believe that investing in Brazil has security, predictability, and potential for growth.