

MAKING THE CASE

# Brazil

## Case Studies on Inclusive Economic Development



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1.0

# Background



# 1.1 Context

Brazil’s economy – the largest in Latin America and ninth largest globally – is characterized by rich economic resource endowments and an evolving digital services sector (World Bank, 2024). Economic growth has been averaging above 3% over the past three years, formal jobs have been created across all regions, states, and sectors, and there has been rising investment and participation in the country’s capital markets (World Bank, 2025; Tornaghi, 2021).

Despite these promising economic indicators, Brazil continues to suffer from one of the world’s greatest income inequality gaps with a Gini coefficient of 0.53 (OECD, 2023). Urban-rural disparities in access to financial services and digital technologies exacerbate this phenomenon, with studies finding that online access to credit systematically favours the top income group (IMF, 2023; Central Bank of Brazil, 2024).

Indicator	Value
GDP Ranking	#1 in Latin America, #9 globally
Avg. GDP Growth (Last 3 Years)	> 3%
Gini Coefficient	0.53
Job Growth	Positive across all sectors/regions
Digital Credit Access	Favours top income groups

# 1.2 Regional Approach to Equity

In November 2020, the Central Bank of Brazil introduced Pix: an instant, low-cost, 24/7 digital payment rail that allows people, businesses, and government to transfer money using a key (like a phone number or email) or by scanning a QR code (Banco Central do Brasil, 2024). Pix is an innovative solution designed to reduce reliance on cash transactions and increase payment inclusion at the household, firm, and government levels. Defining features include instant settlement, free use for individuals, low merchant fees, standardized UX/APIs, fraud controls, and a multi-stakeholder Pix Forum that allows for dialogue between public and private stakeholders. Pix’s primary stakeholders are the central bank, commercial and retail banks, nonbank financial institutions and fintechs, the government, and individuals. As of May 2023, Pix has reached more than 140 million people (about 80% of Brazilian adults) and 13 million firms, processing more than 3 billion monthly transactions (IMF, 2023). Crucially, over half of the users had made no electronic transfers in the year prior to using Pix (IMF, 2023).

140 Million people reached	13 Million firms reached	3 Billion monthly transactions
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2.0

# Built For All: Applied



## 2.1 Pillar One: Equitable Access to Resources and Opportunities

Pix aligns most with Pillar One and advances three of its associated outcomes. First, Pix represents a system that is accessible, safe, and affordable – it cost only USD 4 million to build and generated USD 5.7 billion in savings in 2021 alone (Sampaio & Ornelas, 2024). Pix also expands pathways for individuals to build wealth and explore economic opportunities, with a 1% increase in active Pix users being correlated with a 0.8% rise in new bank accounts, 0.45% increase in access to credit, and 0.25% increase in new bank relationships (Sampaio & Ornelas, 2024). Lastly, Pix exemplifies the benefits everyone can reap from digital innovation. Since its inception, the share of cash transactions in Brazil fell by more than 20 percentage points between 2020 and 2023, and in 2025, Pix became the most used transaction method in the country – surpassing cash, credit cards, and traditional interbank transactions (Monteiro, 2025).

### Strengths

Pix offers lessons for policymakers on what makes digital public infrastructure solutions succeed: mandated private sector participation, interoperable technical standards that allow all providers to participate on equal terms, and a clear regulatory and consumer protection framework. From the outset, the Central Bank mandated that all financial institutions with more than 500,000 accounts, including traditional banks, digital banks, fintechs, and credit unions, integrate with Pix (Aurazo et al., 2025). Additionally, the simple registration process, necessitating just a phone number, email, or tax ID, made Pix accessible to informal workers and rural users (Araujo, 2025). Pix has since enabled 17 million Brazilians to make their first bank transfer (Gomes and Silva, 2024). Moreover, Pix's widespread use helps unbanked users build credit histories, while its transaction data allows MSMEs to securely share financial information through open finance which increases competition (Mariani et al., 2025). To ensure user trust and platform security, Pix also includes real-name checks, risk-based limits, anti-fraud tools, and refund systems (IMF, 2023).

### Opportunities

By improving its installment payment and automatic deduction features launched in 2025, Pix can be expanded for bill payments, savings, and cross-border remittances (Pankiewicz, 2025). At the same time, digital, financial, and

entrepreneurship training should be promoted among rural and low-income users to help these groups build financial literacy and use Pix as a tool to support upwards mobility. Finally, Pix should introduce gender-sensitive design and education programs – ideally combined with government subsidies and credit support – to address the gendered dimension of income inequality and enable relevant groups to enhance their financial autonomy and social participation (Duarte, 2025).

## 2.2 Pillar Two: A Level Playing Field for Work and Competition

Pix provides the infrastructure for individuals and firms to access the financial system as depositors, borrowers and lenders, contributing to more efficient and productive capital circulation in the economy. Before Pix, limited access to formal banking in rural and low-income regions meant that savings were insecure and informal, constraining investment and heightening vulnerability to household shocks (Paula de Cunha Duarte, 2025; Banerjee & Duflo, 2007).

With Pix, Brazilians can save and build financial capital. Notably, 2.6 million businesses were registered under the Individual Entrepreneur modality in 2022, enabling people to leverage Pix to formalize transactions and access financial markets (Gomes & Silva, 2024). This allows businesses to receive and send transfers, apply for discounted loans, and engage in new credit mechanisms such as short-term borrowing for merchant payments during offline hours – a capability that has been especially inclusive of female entrepreneurs who work irregular hours (Paula de Cunha Duarte, 2025; International Monetary Fund, 2023). Moreover, Pix-based loans do not require credit histories, which has mitigated unequal regional wealth disparities and reduced banking concentration (Gomes et Silva, 2024).

### Opportunities

Pix use and adoption is still marked by regional inequalities, with the Northeast representing the largest proportion of users but only making up for half of the transactions (CE Noticias Financieras, 2022). This is partly due to regional digital divides, but also because of poor digital and financial literacy which exposes low-income users to cyber frauds and indebtedness from risky spending (IMF, 2023). To strengthen equitable competition, policies should focus on education programs in

rural and low-income municipalities that would mitigate these effects and ensure that capital circulates productively rather than harmfully.

## 2.3 Pillar Three: Collective Stewardship of Shared Resources for Future Generations

Pix was launched as a public good, not a profit-maximizing platform, prioritizing stakeholder benefits over immediate revenues (Lau, 2025). Before Pix, traditional Brazilian banks charged high transfer fees, but Pix's free and instant model reduced this revenue stream by 8% between 2020 and 2021 (Kempinsky, 2025). Now, in addition to being the country's most used payment system, Pix has reached almost the entire adult population as well as 19 million businesses. The system is also integrated with government services like taxes and social benefits and can be used for subscription and utility billing (Lau, 2025). Pix's role as a well-maintained public infrastructure that benefits not just the affluent but all communities and their future generations is furthered emphasized by the fact that today, 90% of Bolsa Família recipients have bank accounts compared to only 35% in 2016 (International Finance, 2025), enabling widespread financial inclusion and underscoring Pix's role as a well-maintained public infrastructure that benefits not just the affluent but all communities and their future generations.

Pix's low transaction fees for merchants have transformed Brazil's SME environment. Beyond just being able to accept digital payments, SME owners can manage cash flow and invest in growth, rural farmers can sell produce and get paid instantly, and low-income families can access microloans and other financial products to build wealth (Mondato, 2022). Small business owners can manage cash flow and invest in growth, rural farmers can sell produce and get paid instantly, and low-income families can access microloans and other financial products to build assets (Lau, 2025). By lowering barriers to access (i.e., no complex registration process, almost no fees), Pix has increased cash flow for neighbourhood entrepreneurs and street vendors effectively building local community wealth (Romani, 2024).

### Opportunities

Given the breadth of Pix's network – which spans government, banks, fintechs, and more – there is opportunity for integration with more public services, including those related to environmental and social concerns. During Brazil's 2024 floods, the "Pix



Solidário” program channelled emergency donations and rapid cash transfers to thousands of families (Tebaldi, 2025), illustrating how the network can power disaster response and adaptive social protection. Because Pix QR codes contain user identity data, future applications could tie payments to digital ID or other public services (Lemos, 2020). Looking ahead, Pix will interoperate with Brazil’s Open Finance data-sharing framework (which promotes competition and inclusion) and with the Drex CBDC (Gomes, 2025), with the potential of forming a unified “digital public infrastructure” (Almeida & Macadar, 2025). Brazil is thus well-positioned to align long-term R&D, from climate-resilient finance to inclusive health and social programs, on this interoperable platform to tackle complex societal challenges.



3.0

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