



# Brazilian Overview

September 2025

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BAIN & COMPANY 

abvcap



**Brazil offers a timely opportunity for investment given its strong economic and geopolitical standings**

1

**Brazil is one of the largest economies in the world** (5<sup>th</sup> in land area, 7<sup>th</sup> in population, and 10<sup>th</sup> in GDP). The country has experienced significant growth in recent years, with increases in education and access to financial services

2

**In the long-term, Brazilian public institutions have remained stable across different administrations – whether left- or right-wing – despite noise in the short-term.** Central Bank is responsible for inflation control and government is taking measures to stabilize public debt – yet Brazilian currency has been volatile and above its theoretical value

3

**Key strongholds of Brazil’s economy** include an abundance of natural resources, global-scale agribusiness (leading in several major commodities), a clean energy matrix with a strong share of renewables, a large consuming population, and a diverse economy

4

**Brazil hosts a well-established innovation ecosystem in Latin America, supported by a growing base of local and global investors,** an expanding financial market, a maturing regulation and a solid track record of successful investments

5

**When compared to other emerging countries, Brazil stands out** given its large scale, neutral diplomacy and relationships with multiple economic blocs

6

**Also, Brazil can be seen as a potential source of diversification** in a world marked by rising uncertainties and a shift toward deglobalization

7

**From a medium- and long-term perspective, Brazil has a pipeline of reforms that should continue to create opportunities for private investors,** as has been the case since the 1990s, even if, in the short term, fiscal imbalances exert pressure on the economy



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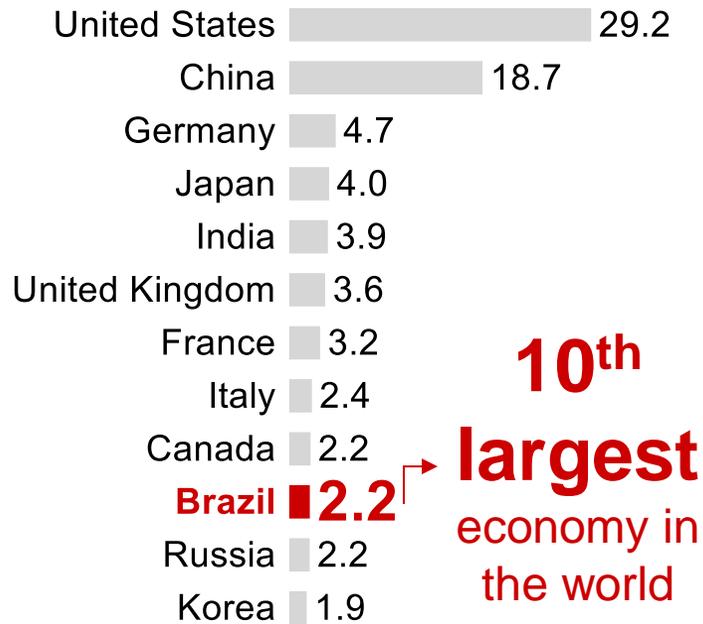
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# 1

## Brazil is the 10th largest economy in the world and a growing economy

### Brazil is one of the Top 10 largest economies in the world...

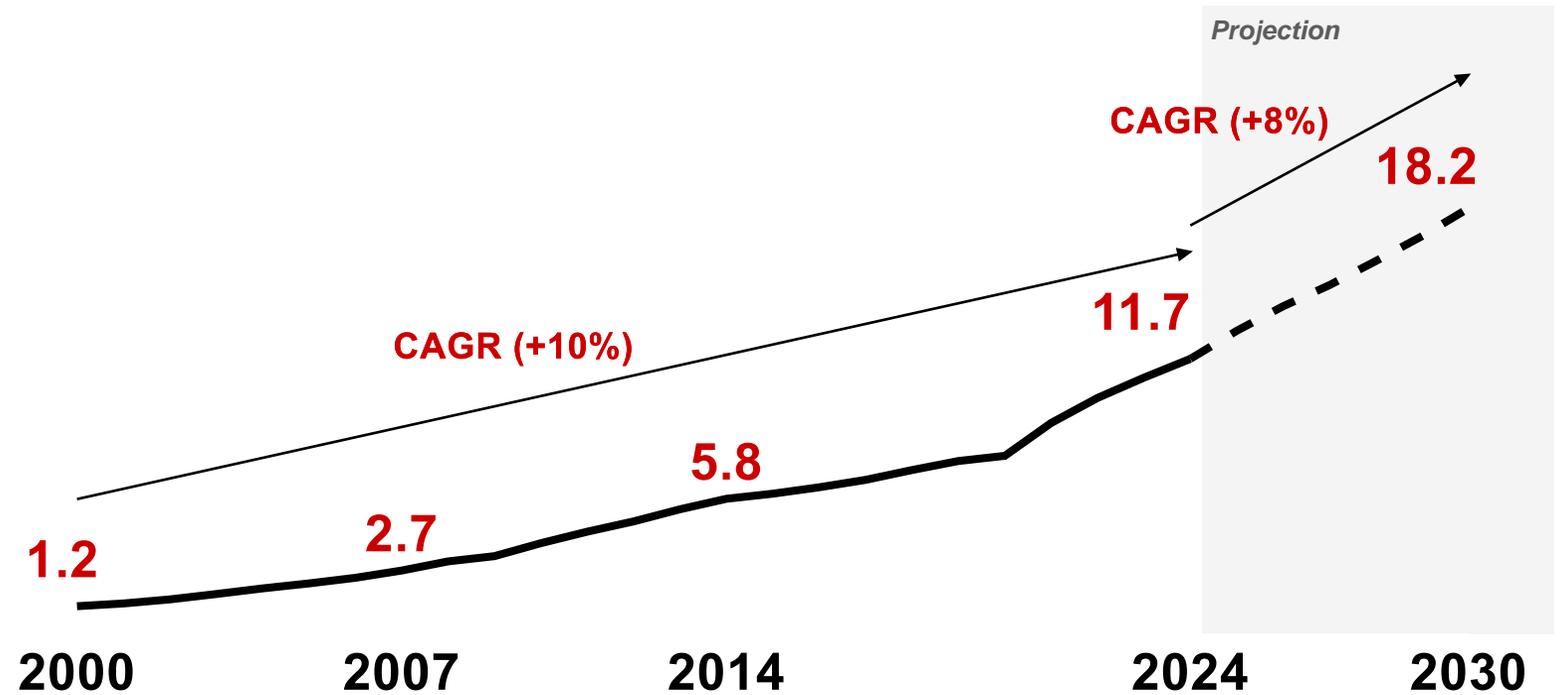
Gross Domestic Product  
USD T, 2024



**10<sup>th</sup>**  
**largest**  
economy in  
the world

### And has been increasing over the past years, with projection of further growth

Gross Domestic Product  
Nominal terms, BRL T, 2000-2024



Note: 2024 FX: 5.41 BRL/USD  
Sources: IMF (as of July 2025), Bain analysis

# 1

# ...backed by its +210M people distributed in 63M of households

## COUNTRY MACROECONOMICS

**Population (2024):**  
212.6M (7<sup>th</sup> in the world)  
– 2019–24 CAGR: 0.4%

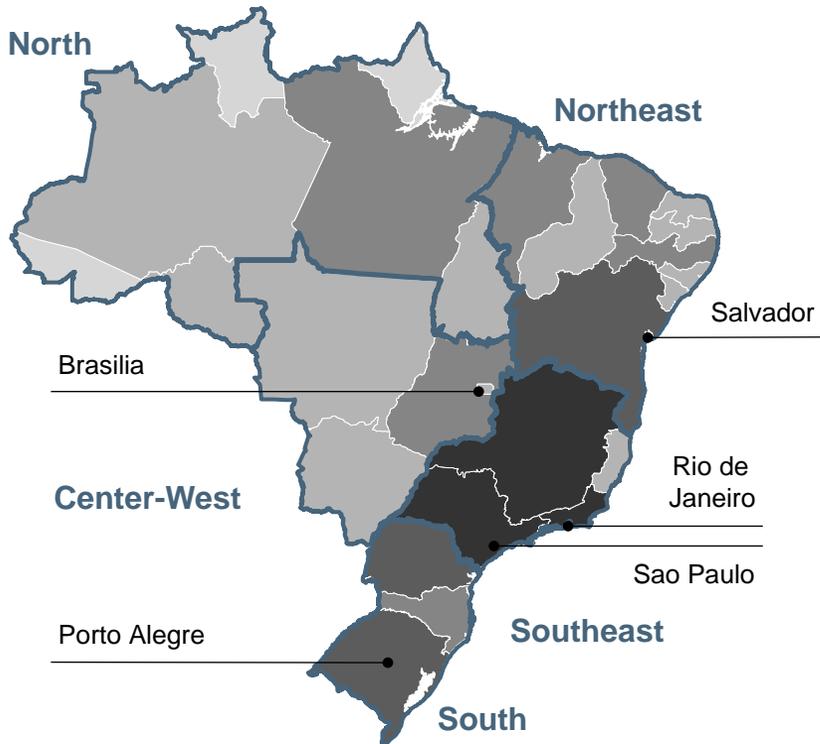
**GDP (2024):**  
R\$11.7T (US\$2.2T)  
– 2019–24 CAGR (BRL): 10%

**GDP per capita (2024):**  
R\$ 55k/per capita  
– 2019–24 CAGR: 9.2%

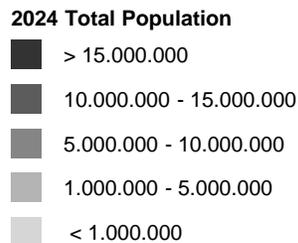
**Inflation (2024):**  
4.8%

**Unemployment rate (2024):**  
6.8%

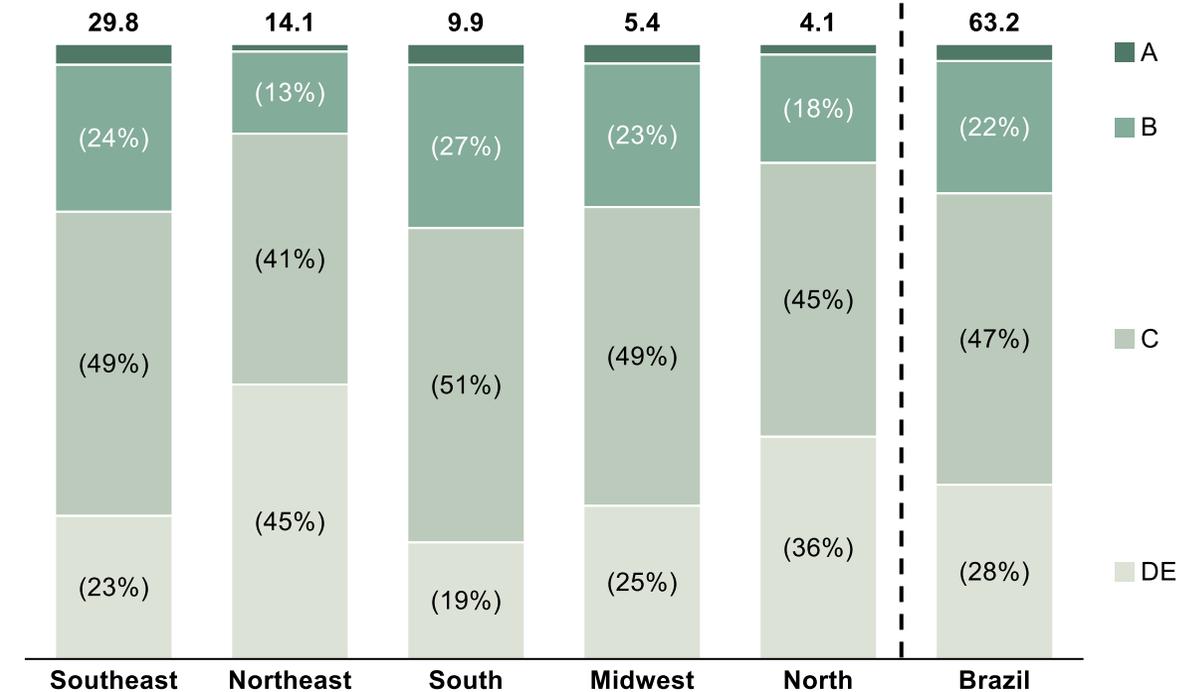
## POPULATION



**5<sup>th</sup> largest country in area**



## URBAN HOUSEHOLDS BY SOCIAL CLASS & REGION (M, 2024)



Source: IBGE (as of July 2025), Bain analysis

# 1

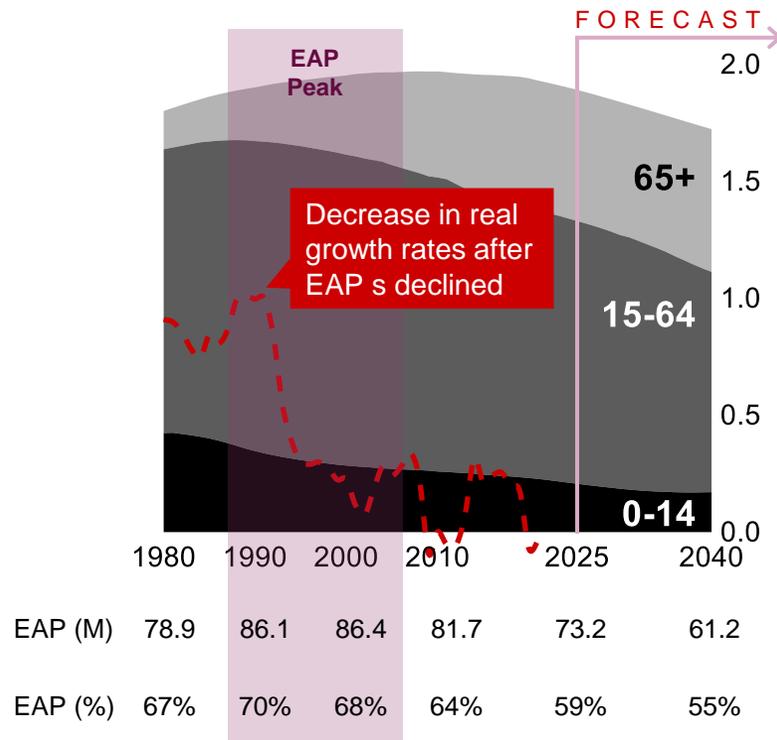
... an increasing economically active population (EAP) expected for the next years

Real GDP 5-yr avg growth

## Japan's EAP peaked in the 1990's and has been decreasing since

Japan population  
M, BY AGE, 1980-2040

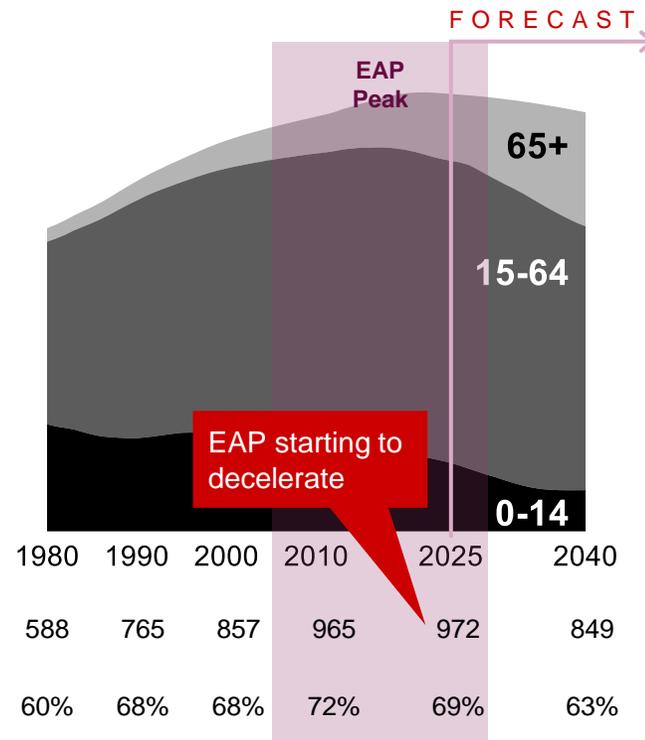
Japan EAP  
IND. TO PEAK



## China seems to be at the end of its EAP peak right now

China population  
M, BY AGE, 1980-2040

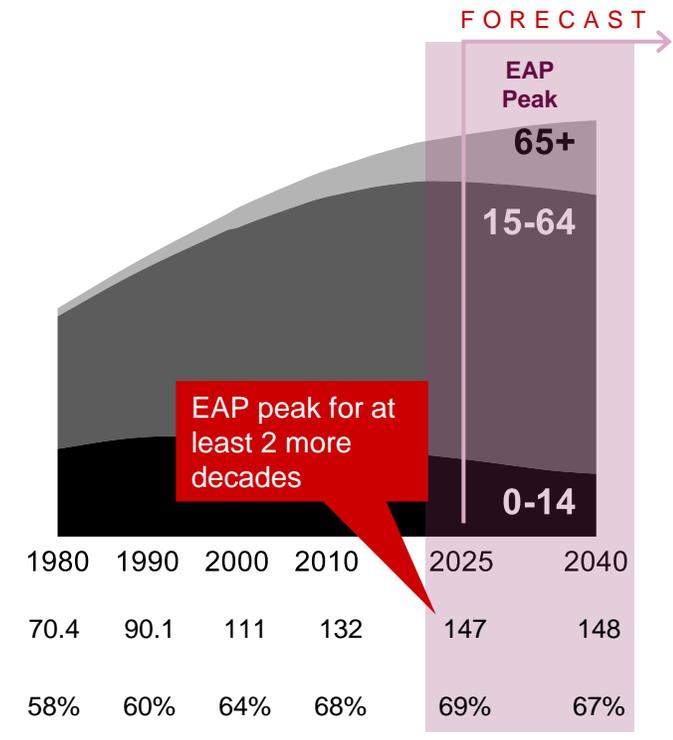
China EAP  
IND. TO PEAK



## Brazil still has at least two decades before hitting EAP turning point

Brazil population  
M, BY AGE, 1980-2040

Brazil EAP  
IND. TO PEAK



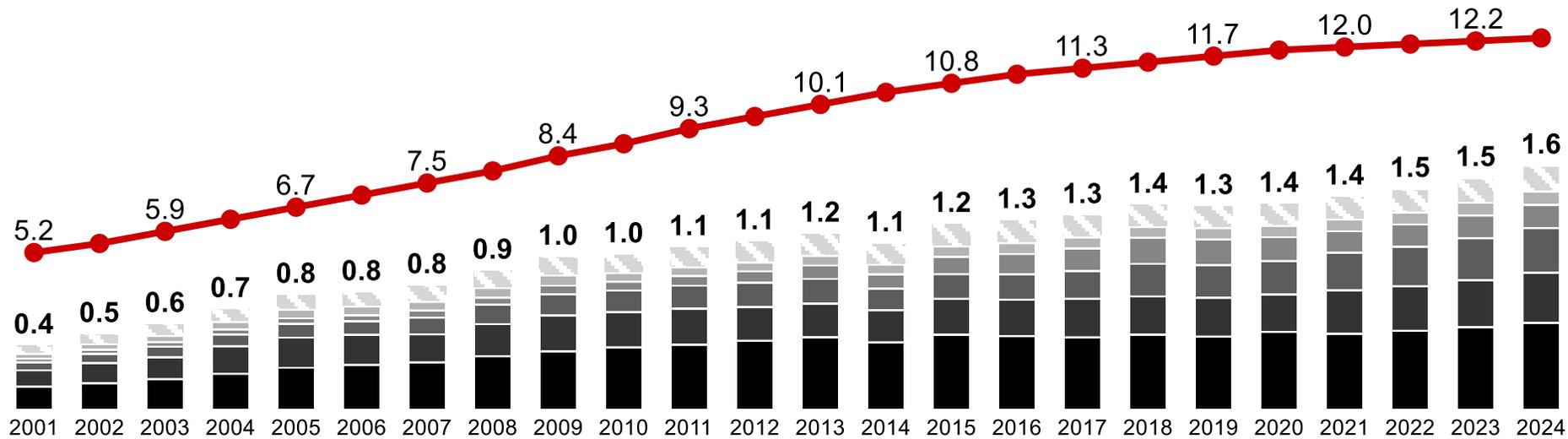
Source: IBGE (as of July 2025), Bain analysis

# 1

## ... an upward trend in education levels

**Evolution of education level in Brazil**  
2001-2024

● Percentage of the population with 15+ years old and higher degree (%)  
■ Number of new higher degree graduates by field of study (M)



	C A G R		
	01-10	10-20	20-24
<b>Total</b>	<b>10%</b>	<b>3%</b>	<b>4%</b>
Other	10%	2%	4%
Science	7%	3%	5%
Engineering	10%	10%	-1%
Health	12%	4%	8%
Educational Field	9%	1%	8%
Social Sciences	12%	2%	3%

### KEY MILESTONES

“FIES”

Program aimed to **finance tuition** for private universities in the country, with specially low interest rates



Created in 1999

Expanded in 2010: lower interest rates and easier access

Re-restricted in 2015: higher rates and minimum grades requirements

“ProUni”

Program that awards full and partial scholarships for students in private universities



Created in 2004

“REUNI”

National plan to expand slots in public universities, and to reduce evasion rates



Implemented in 2007

“ENEM”

National exam to allow access to public universities



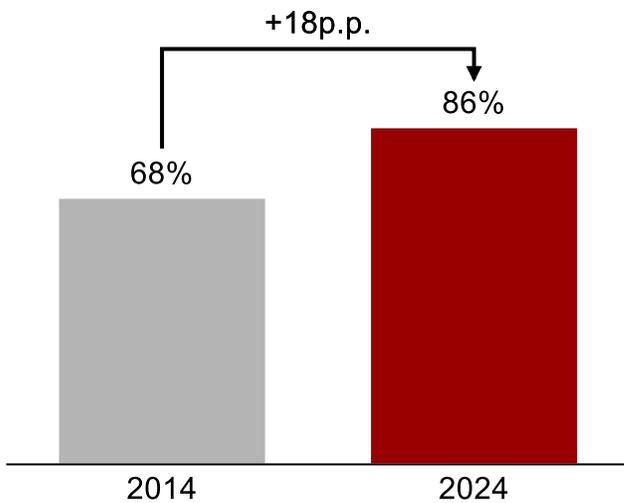
Adopted at large scale starting in 2010, facilitating access to higher education

# 1 ... with more access to banking over the years

~20% of Brazilian population gained access to banking in the past decade

## Brazilian population with access to banking

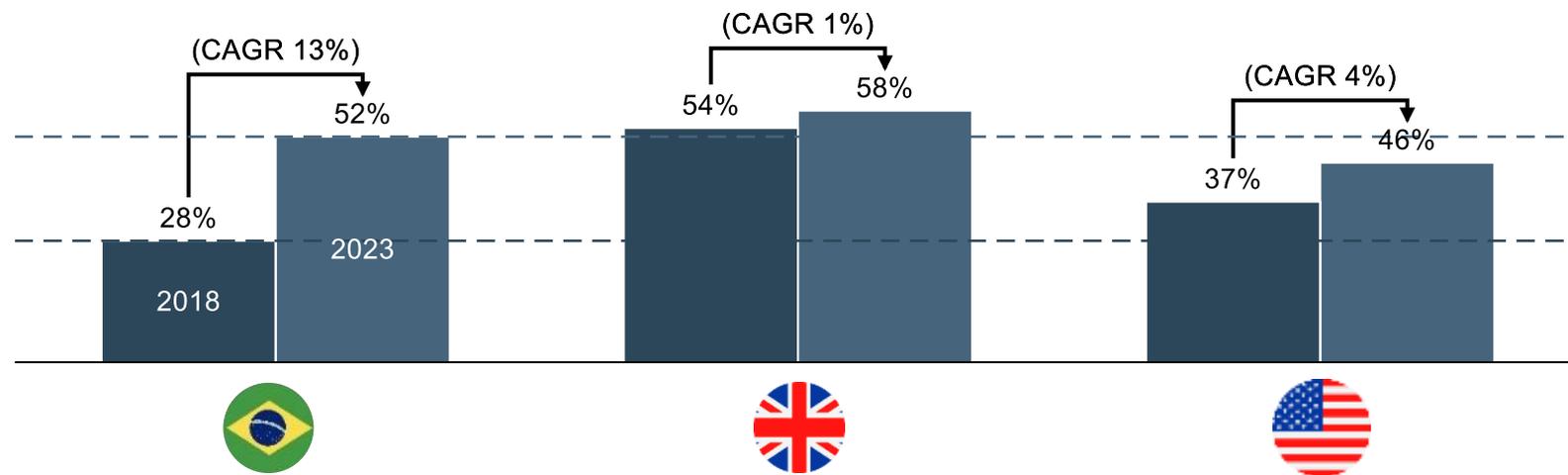
% of adults, 2014-2024



Credit card penetration on consumer spending almost doubled in 5 years

## Credit card penetration on consumer spending<sup>1</sup>

%, 2018-2023



Note: (1) Considers only consumer cards volume, does not include corporate cards  
Source: Bain analysis

# 1

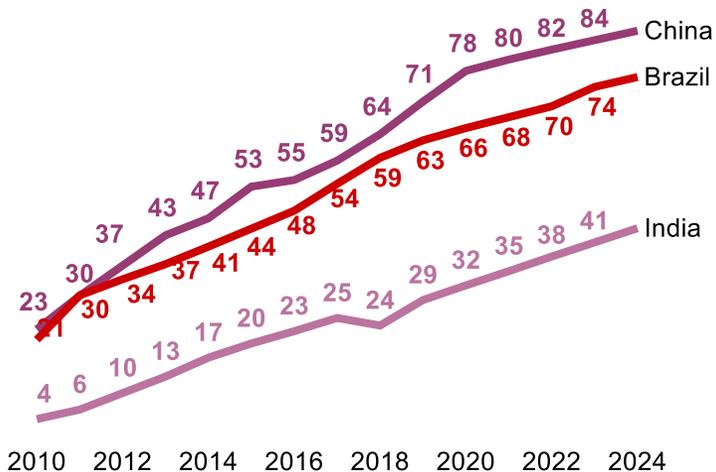
... and a population that is highly connected and engaged with social media



**The Internet now reaches the vast majority of households, even among lower-income families**

**Brazilians are highly connected and especially engaged with social media**

**Broadband internet penetration**  
% of households; 2010-24



Note: 1) Not necessarily broadband internet. (2) Considering average amount of time of users aged 16 to 64 each day  
Source: Bain analysis

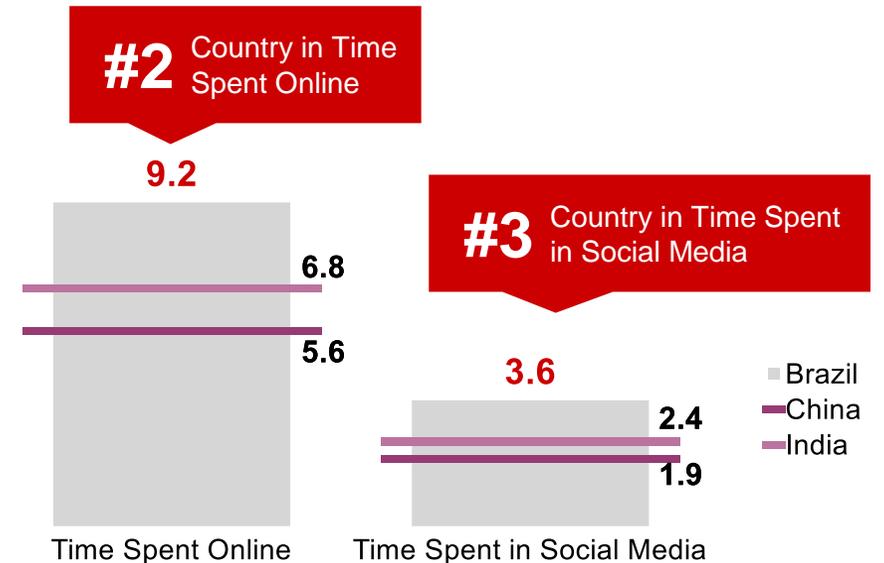
**Regular internet<sup>1</sup> penetration in Brazil**  
% OF HOUSEHOLDS;  
2024

**100%**  
Internet penetration  
in class AB

**91%**  
Internet penetration  
in class C

**68%**  
Internet penetration  
in class DE

**Time spent on-line per day<sup>2</sup>**  
hours; 2024



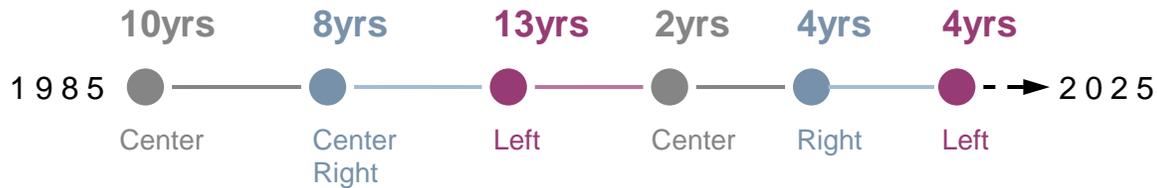
# 2 Brazil has solid institutions that have remained stable across different administrations, whether left- or right-wing

Brazil has been a stable democracy since 1985



## Institutions have proven stability throughout alternating governments

President political spectrum



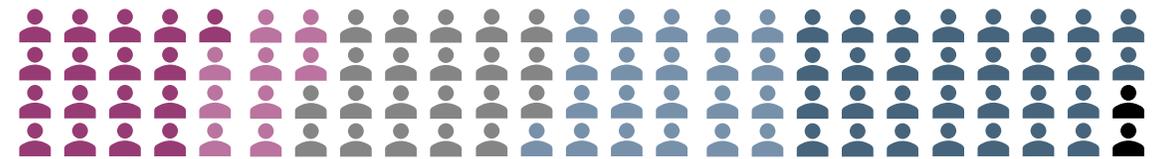
**10** presidential elections carried out

**8** different presidents in power

**1** single constitution in place since 1988

## Plural Legislative Power helps prevent political radicalization

Brazilian parliament<sup>1</sup> representativeness  
% per party political ideology; 2025



Left 17% Center Left 9% Center 22% Center Right 21% Right 30% Indep. 2%

👤 = 1% of parliament

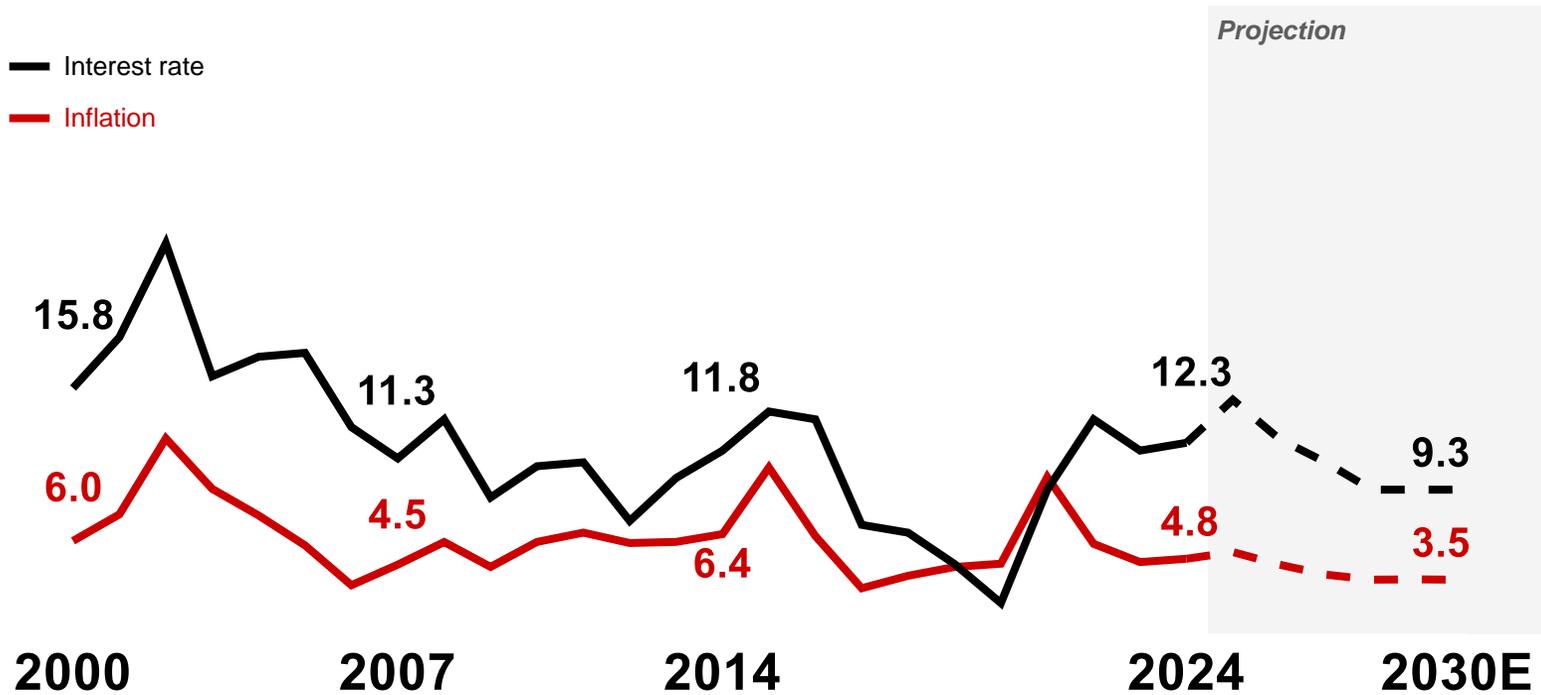
Notes: 1) Includes Deputies' Chamber, Senate not included  
Source: IBGE (as of July 2025), literature search

# 2

## Central Bank is an independent institution committed to control inflation and contributing significantly with innovation in the banking sector

Central Bank has been maintaining high interest rates to control inflation...

**Interest rate & Inflation**  
%, End-of-Period, 2000-2030E



Source: Bain analysis (as of July/2025)

...it became independent in 2021 and is contributing to innovation in FS sector



### Independence

Since 2021, BACEN operates with formal independence, with technical decisions political-free



### Inflation Commitment

Its main objective is to maintain prices stability, using monetary policy tools to keep inflation under control



### Innovation

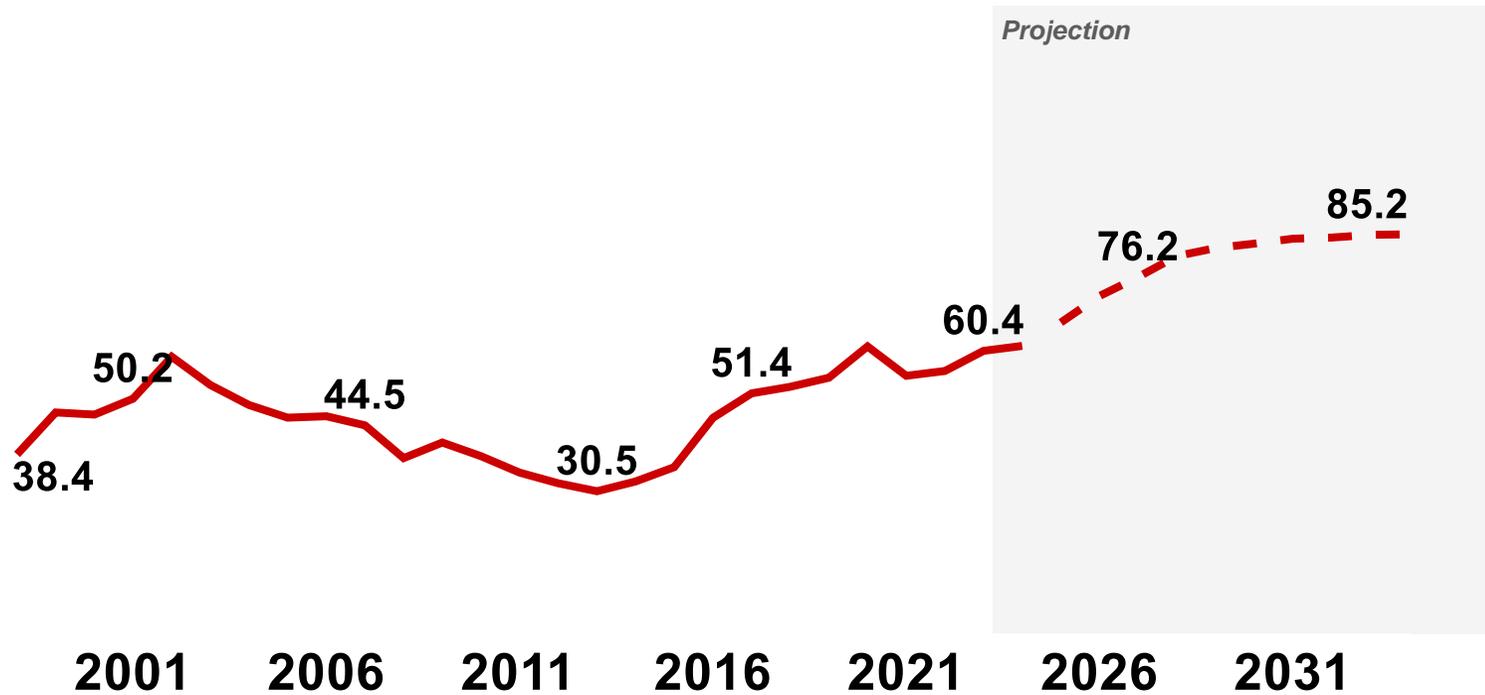
BACEN pioneered in banking modernization, most notably with PIX, increasing financial inclusion

# 2

## Although debt levels have been increasing, the country is taking action to contain public spending

**Brazil's public debt has risen in recent years, particularly following the COVID-19 pandemic**

**Net Debt of the Public Sector**  
% of GDP, 1998-2034



**Government is taking measures to reduce debt and stabilize public finances**

### EXAMPLES



#### New Fiscal Framework

The framework aims to **keep spending below revenue** and channels any surplus into **investments to sustain public debt**



#### Provisional Measure No. 1,202/2023

The measures comprise **restoring payroll taxes**, restricting judicially granted tax credits, and **resuming taxation** of the events industry to strengthen fiscal sustainability



#### Tax Reform

The reform aims to **simplify Brazil's tax system** by unifying multiple taxes and introducing a Selective Tax, **with the goal of improving collection efficiency and promoting greater tax fairness**

Note: The General Government Net Debt represents the net indebtedness (the balance of liabilities and assets) of the Federal Government (including Social Security), state governments, and municipal governments with the public and private financial systems, the non-financial private sector, and the rest of the world  
Source: Bain analysis, literature search (as of July/2025)

# 2 Brazilian currency has been volatile and above its theoretical value

**Nominal Exchange Rate vs. Theoretical Exchange Rate<sup>1</sup> (BRL/USD)**  
R\$; 2000-2024



Note: (1) Considers exchange rate adjusted for Brazilian and American inflation (IPCA, CPI)  
Source: Bain analysis (as of September/2025)

## Opportunities

- **Discounted Assets:** BRL depreciation creates attractive USD entry points
- **Export Upside:** Weaker currency boosts competitiveness of key sectors (commodities, agribusiness)
- **Currency upside:** Convergence toward “theoretical” rate offers dual return upside

## Risks

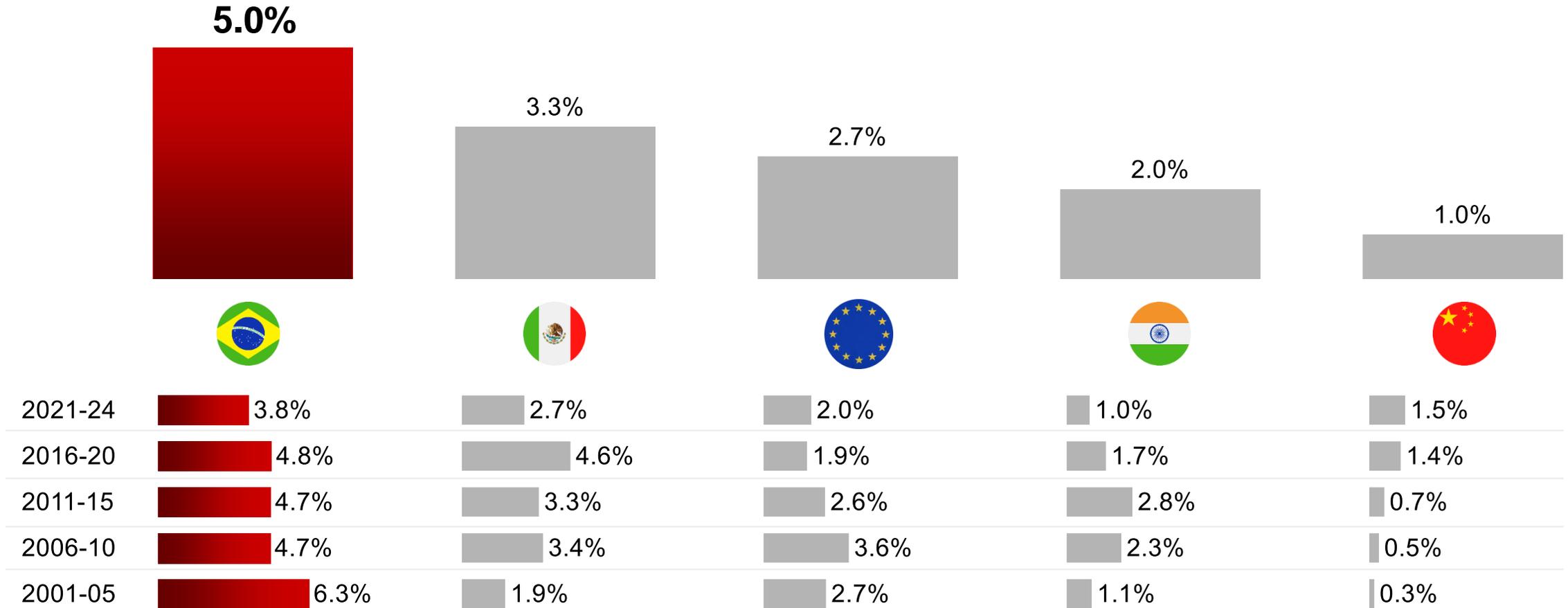
- **Prolonged Weakness:** Country risk might keep BRL undervalued
- **Macro Pressures:** Inflation may trigger tighter monetary policy and slower growth

# 2

## Historically, Brazilian Real has been more volatile than other currencies

### Standard deviation of monthly variation of foreign exchange in USD

%, 2001-24



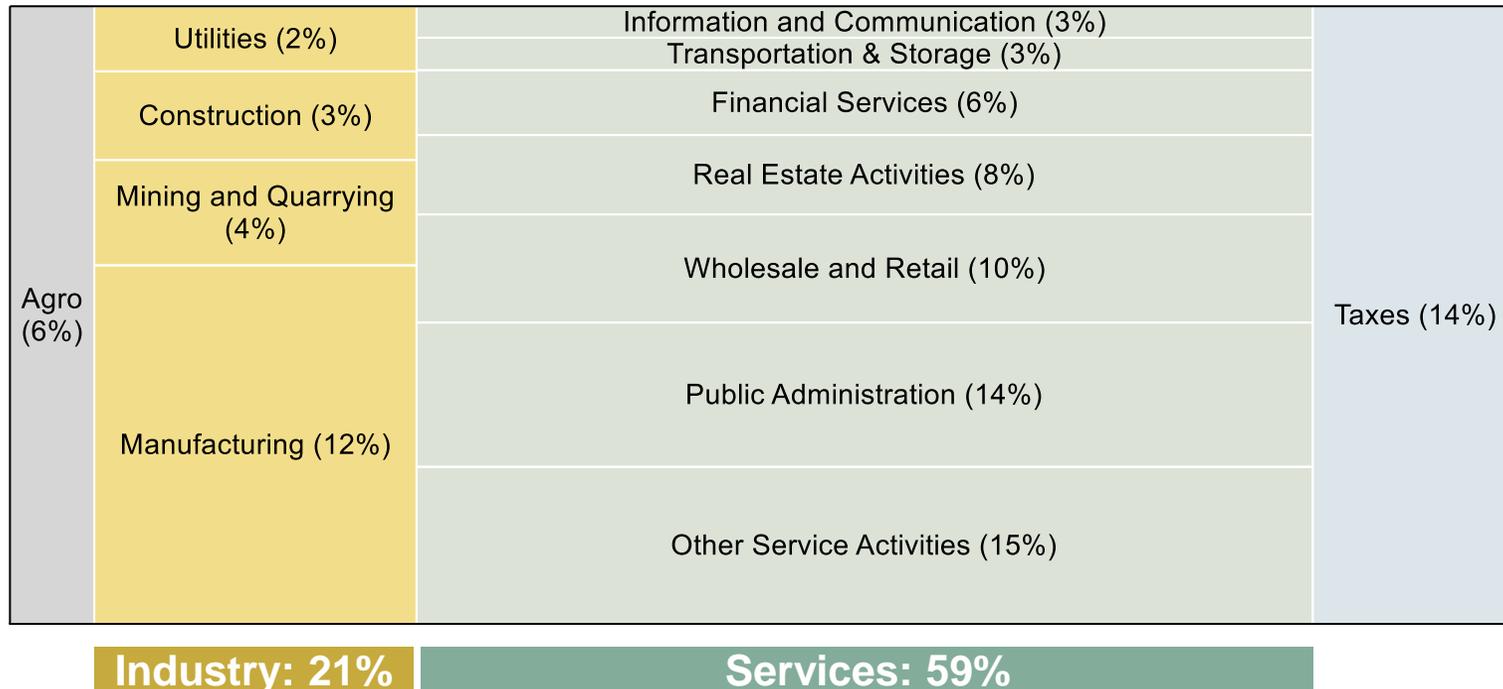
Source: Bain analysis

# 3

## Brazil has a diverse economic environment with key strongholds on natural resources and agribusiness

### Brazil has a diverse economy...

Gross Domestic Product  
%, 2024



Sources: IBGE (as of July 2025)

### And a great wealth of natural resources

#### EXAMPLES



**2<sup>nd</sup>** Largest Iron Ore Producer



**4<sup>th</sup>** Largest Agricultural Producer

*1<sup>st</sup> in coffee, 1<sup>st</sup> in orange, 3<sup>rd</sup> in maize, 3<sup>rd</sup> in bean, 4<sup>th</sup> in cotton, 9<sup>th</sup> in rice*



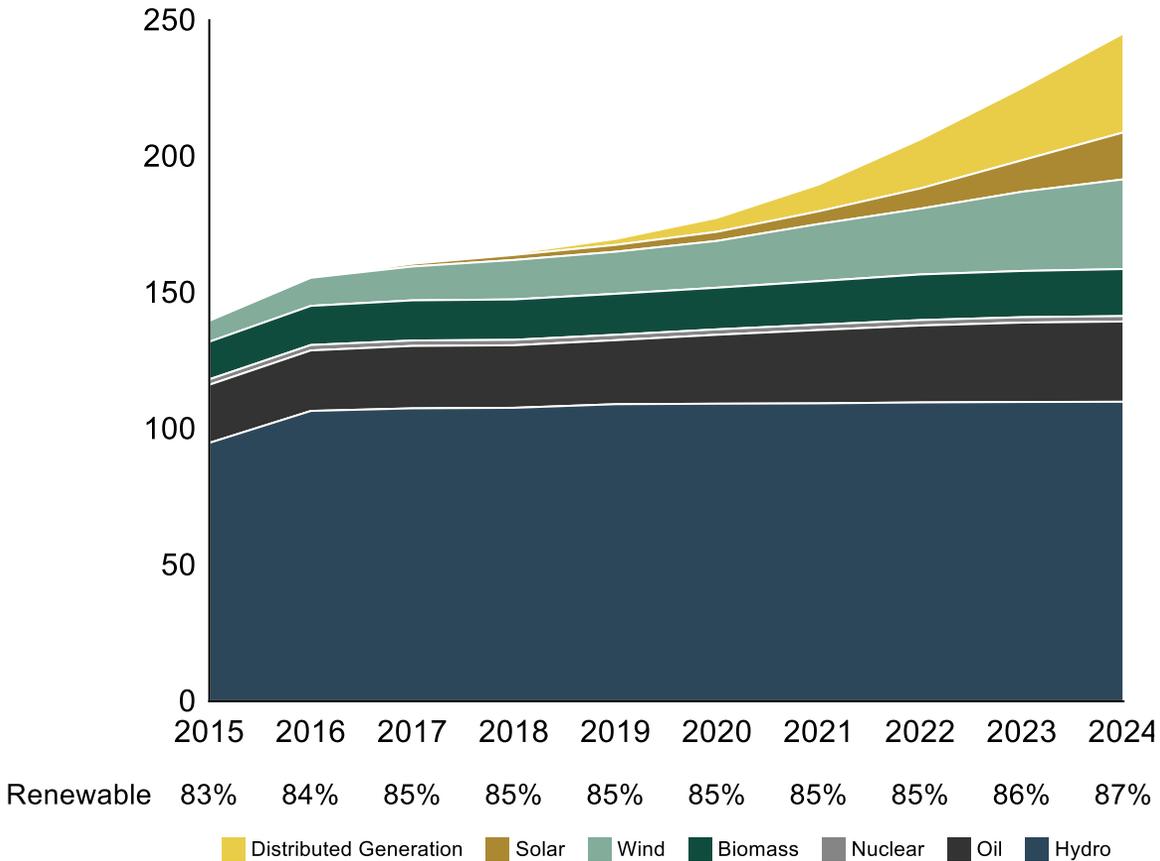
**9<sup>th</sup>** Largest Oil Producer

# 3

... and a diversified energy matrix with a strong share of renewables (~90%)

## Evolution of installed capacity

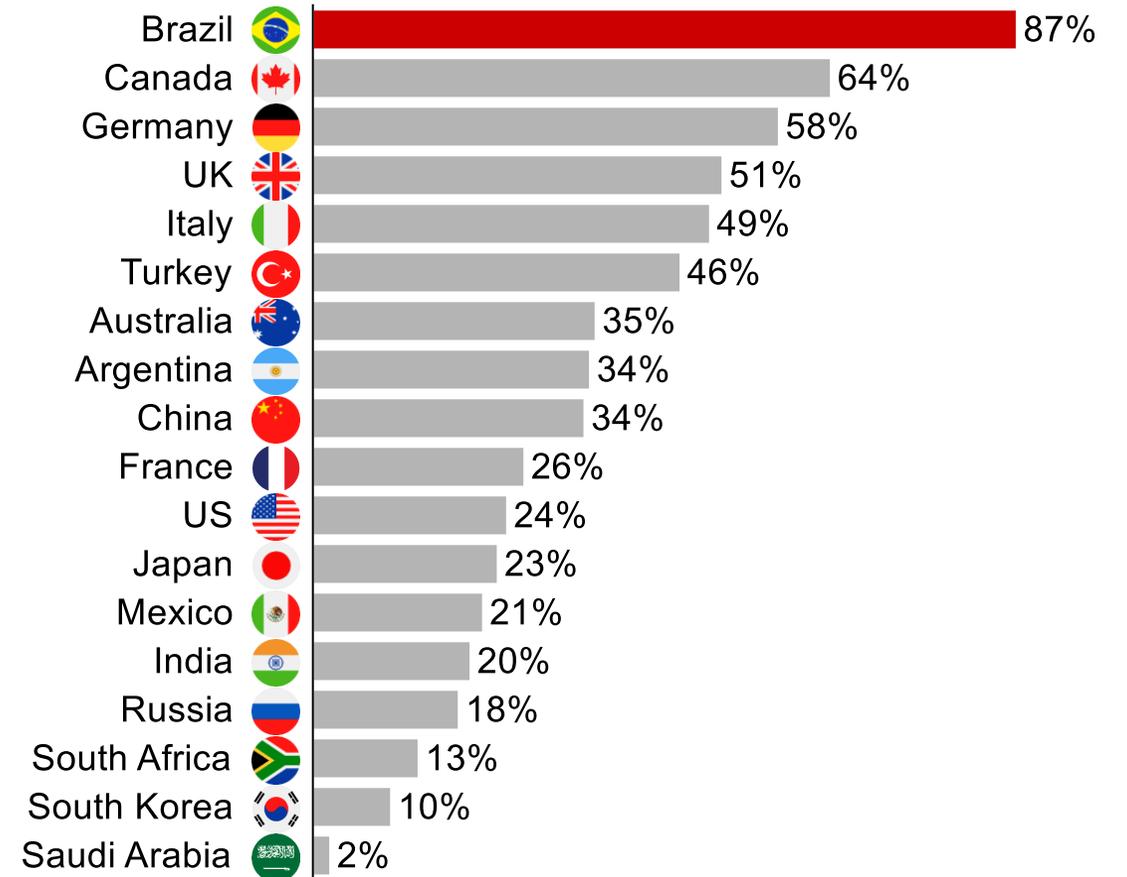
GW, 2015-2024



Sources: EPE, Ember (as of July 2025)

## Participation of renewables in electricity generation by G20 countries

renewables in % of total generation, 2024

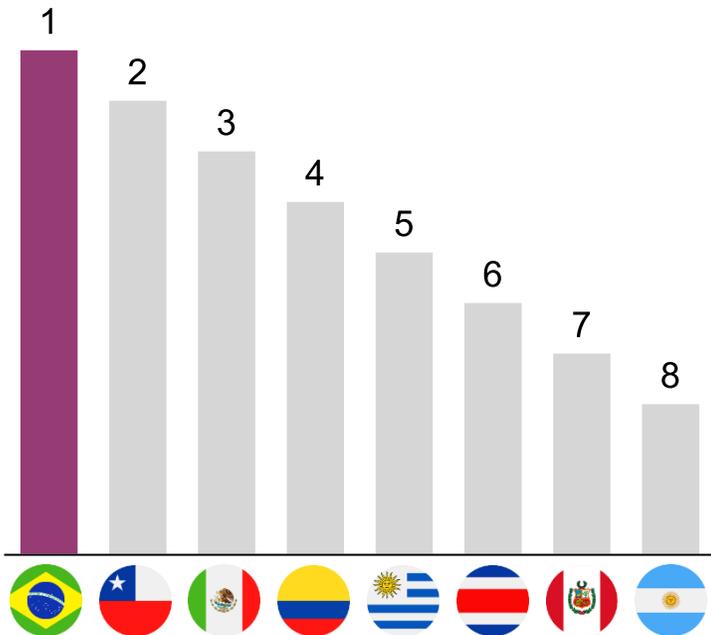


# 4

## Brazil is a well-established innovation hub with a significant number of Unicorns

Brazil is recognized as a well-established region in innovation

Global Innovation Index 2024<sup>1</sup>  
country position in latam



The country has launched 26 Unicorns...



A lot of startups grew focusing on addressing needs of classes D/E (e.g., Nubank)

...in multiple sectors, especially financial services

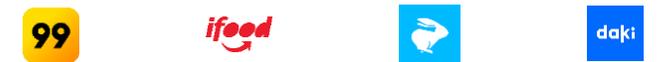
### Financial services



### E-commerce / marketplace



### Delivery



### Real estate



### Games



### Health



Note: (1) The GII measures countries' innovation performance by analyzing indicators such as infrastructure, human capital, technology and knowledge outputs, among others (2) Considers 10 unicorns were launched in 2021: MadeiraMadeira, Mercado Bitcoin, Hotmart, Daki, Olist, Unico, Cargo, cloudwalk, Merama and Facily  
Source: Distrito: Unicorn Race; Global Innovation Index 2024, literature search

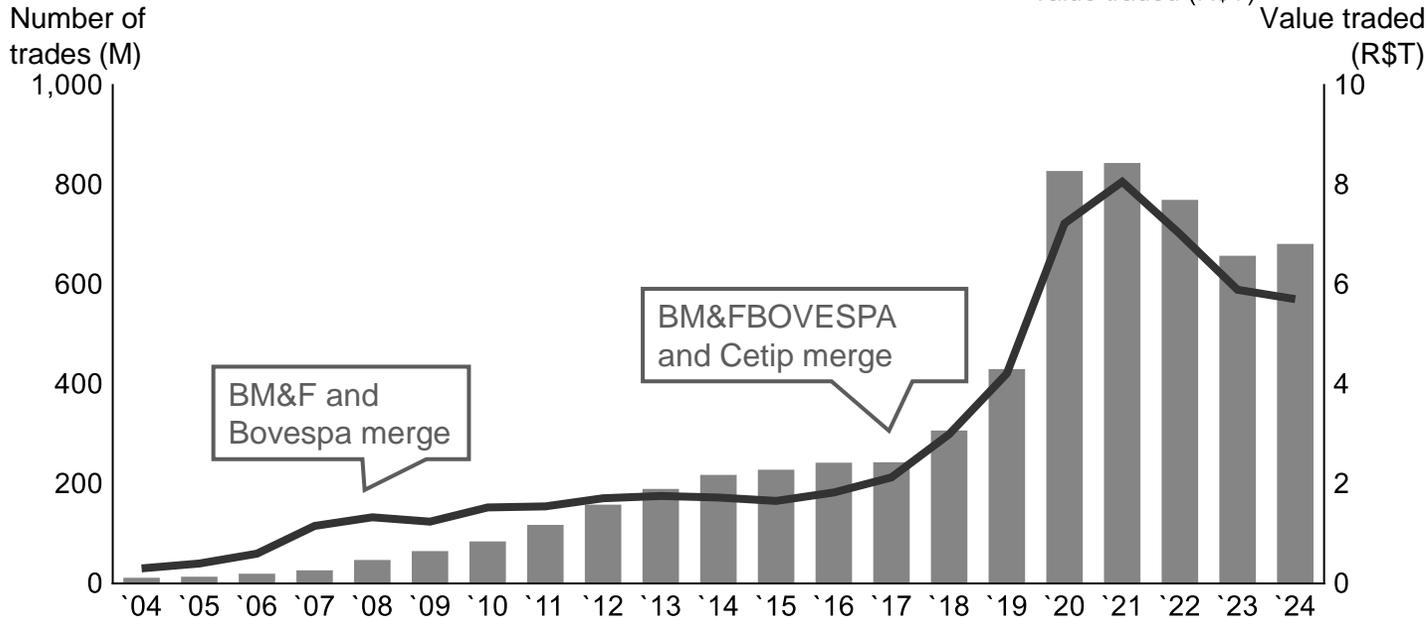
# 4 ... supported by an increasing equity and debt capital market

Equity capital market activity has been on the rise in the last 20Y with consolidation of stock exchanges and increase in trades

Debt capital market has more than doubled since 2018

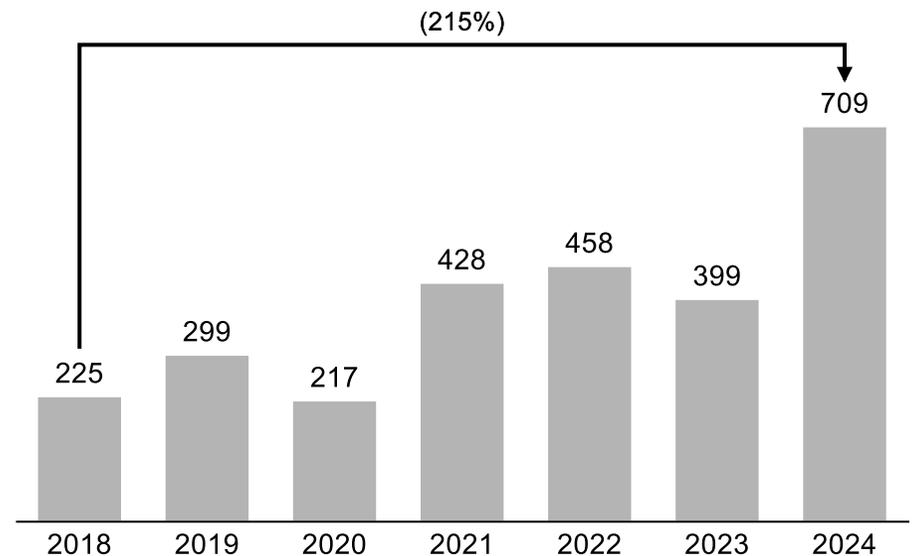
## Equity market evolution

2004-2024



## Debt market evolution

R\$B emitted; 2018-24



Source: Anbima (as of September 2025), Bain analysis

# 4

## ... supported by a maturing regulation

Legend Fund regulation Capital market regulation Macro regulation

ICVM 391 establishes FIPs as investment vehicle

Law 12.431 creates infrastructure bonds with tax privileges

ICVM 555 replaces ICVM 409 and modernizes fund regulation

Law 13.467 (Labor Reform) Introduces work arrangements and flexible hiring, lowering labor costs and reducing litigation

Law 13.874 (Economic Freedom Act) introduces limited liability for investors

Law 14.130 (FIAGRO) creates agribusiness investment funds with access to equity, credit, and real estate instruments.

RCVM 160/80 defines new rules for public offerings and issuer disclosure; streamlines issuance and standardized reporting

Law 14.754 (Taxation of Funds & Offshore Investments) rebalances fund taxation and aligned rules on foreign income with OECD standards



ICVM 409 organizes retail open-ended funds (equities, fixed income, etc.)

Law 12.846 (Anti-corruption Law) strengthens compliance and establishes responsibility against corruption

ICVM 578/579 modernizes FIPs, introducing multiple categories and asset flexibility

Law 13.709 (LGPD Law) strengthens data governance

Law 14.112 (Bankruptcy & Restructuring Reform) updates insolvency regime, improving restructuring tools and creditor recoverability in distressed cases

Law 14.286 (New FX Framework) modernizes foreign exchange rules; eased cross-border capital flows and repatriation.

RCVM 175/184 unifies fund regulation; introduces class segregation and insolvency by class, reducing time-to-launch

BCB/CVM Resolution 13 simplifies onboarding, custody, and FX rules for foreign investors, broadening access to Brazilian markets

# 4

... resulting in examples of private investments across multiple industries using different thesis, with several successful exits

/ NON-EXHAUSTIVE

## Sectors

### Financial Services



### Health



### Retail



### Consumer products



### Energy



### Sanitation



### Food & Restaurants



### Industrials



### Education



### Wellness



### Agribusiness



### Telecom



## Thesis

### Total market growth



### Market share growth



### Buy & Build



### Internationalization



### Operational improvement



## Exits

### Strategic buyer



### Financial buyer



### Market (IPO, follow-on, etc.)



### Management / founder buyer





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# 5

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Economic metrics:  Best  Worst



India



China



Indonesia



Brazil



Russia



Mexico



South Africa

	India	China	Indonesia	Brazil	Russia	Mexico	South Africa
<b>Population</b> (M, 2024)	~1450	~1410	~280M	~210M	~145M	~130M	~65M
<b>GDP</b> (US\$ tri, 2024)	~3.9	~18.7	~1.4	~2.2	~2.2	~1.9	~0.4
<b>Trade Relations</b> (export profile, 2022)	Diversified (EU is top export with ~20%)	Diversified (East Asia and Pacific is top export with <40%)	Mostly East Asia and Pacific (~60%)	Diversified (East Asia and Pacific is top export with <40%)	Mostly EU (~60%)	Mostly US (~80%)	Diversified (EU is top export with <30%)
<b>Democracy Index</b> (score, 2024)	7.3	2.1	6.4	6.5	2.0	5.3	7.2
<b>Global Peace Index</b> (position, 2024)	#116	#88	#48	#131	#157	#138	#127
<b>Avg. correlation of GDP growth<sup>1</sup></b> (1970-2024)	0.12	0.14	0.23	0.33	0.21	0.38	0.43

Note: (1) Avg. cross-correlation between local GDP growth and rest of the world; Considers real GDP for each country, in local currency

Source: IMF, literature search, WITS (as of mid 2025)

# 5 ... with no widespread internal conflicts - social movements are rarely violent; the country enjoys high democratization vs. other emerging economies

## No major internal conflicts

### ● No religious conflicts

Absence of religious conflicts in country's history  
Laic State with separation of religion from politics

### ● No terrorism

Historical absence of terrorist acts

### ● No ethnic conflicts

No ethnic conflicts disrupting society and economy, despite racism remaining relevant issue

### ● Non-violent social movements

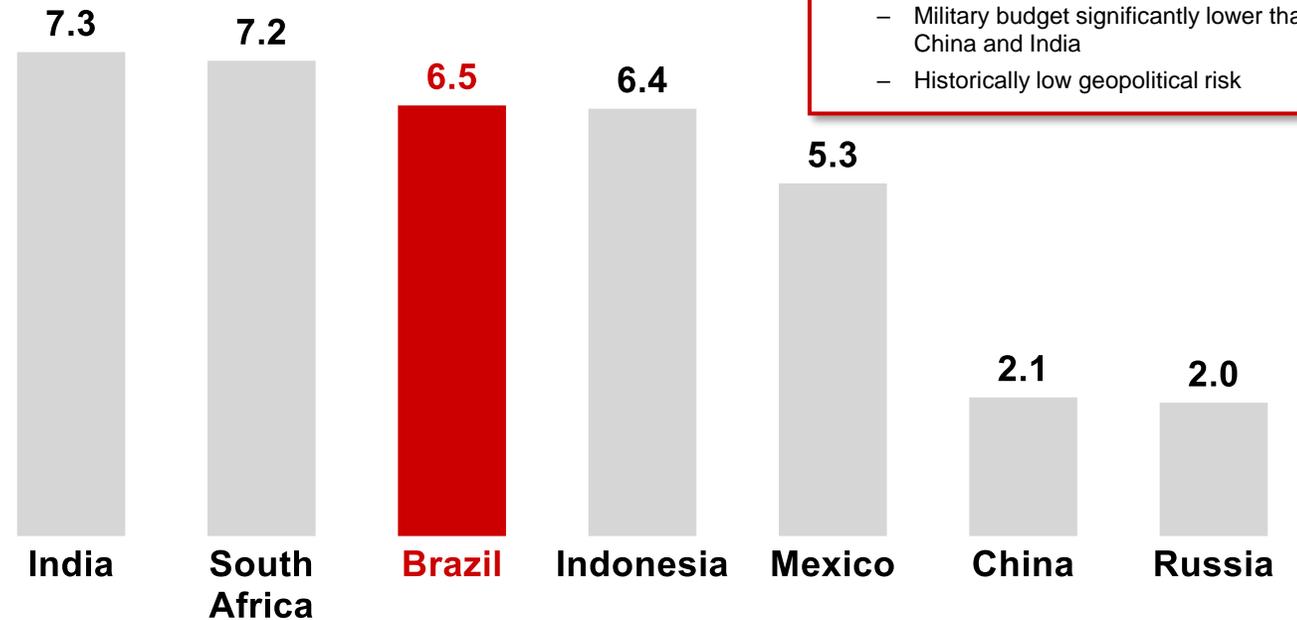
Currently, relevant social movements are primarily related to political polarization; yet, these movements are rarely violent and have never posed a threat to the democratic state



## Brazil ranks high in democracy vs other emerging economies

### Democracy index

0 to 10; the higher, the better; 2024



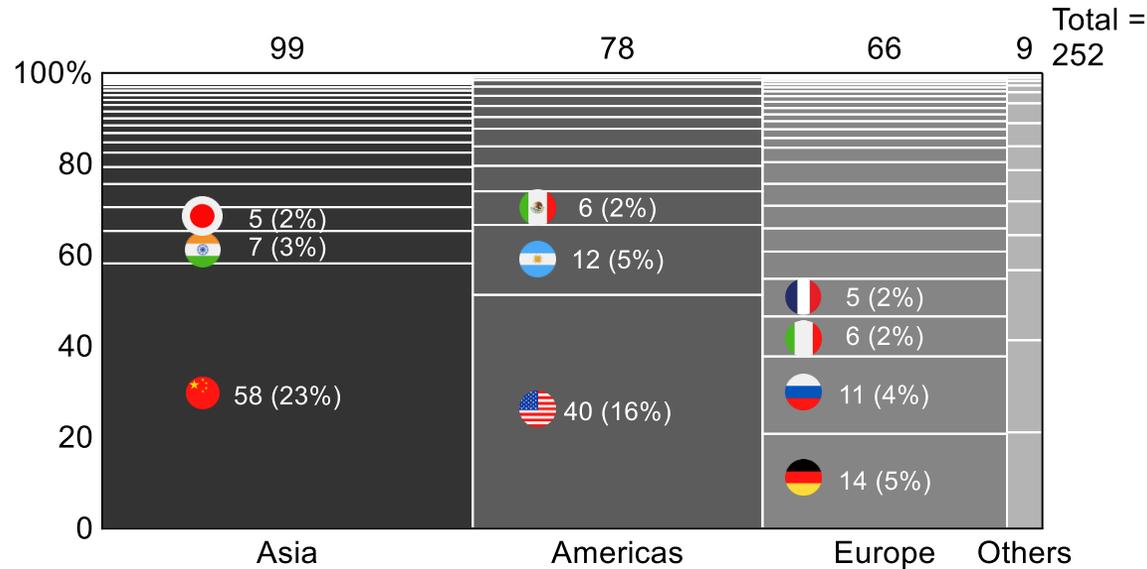
Additionally, Brazil is a **peaceful country**, with **no significant geopolitical tensions**:

- Military budget significantly lower than China and India
- Historically low geopolitical risk

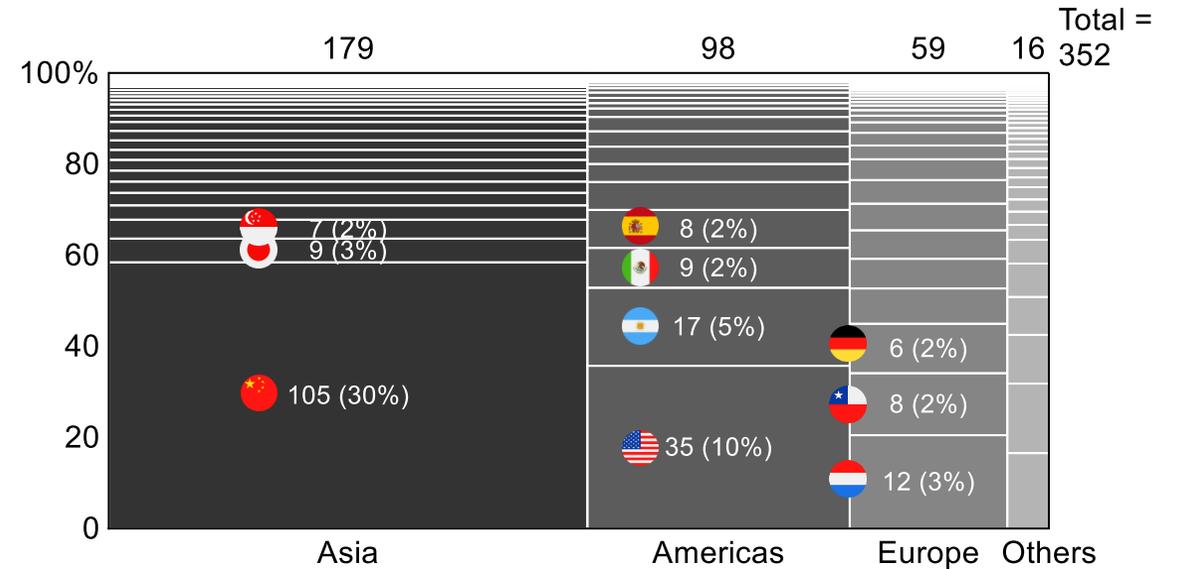
# 5

... and maintaining trade relations with different countries, with China as its largest trading partner and US representing 10-15% of trade volume

**Brazil Imports**  
\$ B, 2023



**Brazil Exports**  
\$ B, 2023



Broad and diversified trade relations reduce the short-term impact of isolated trade decisions (e.g., US tariffs)

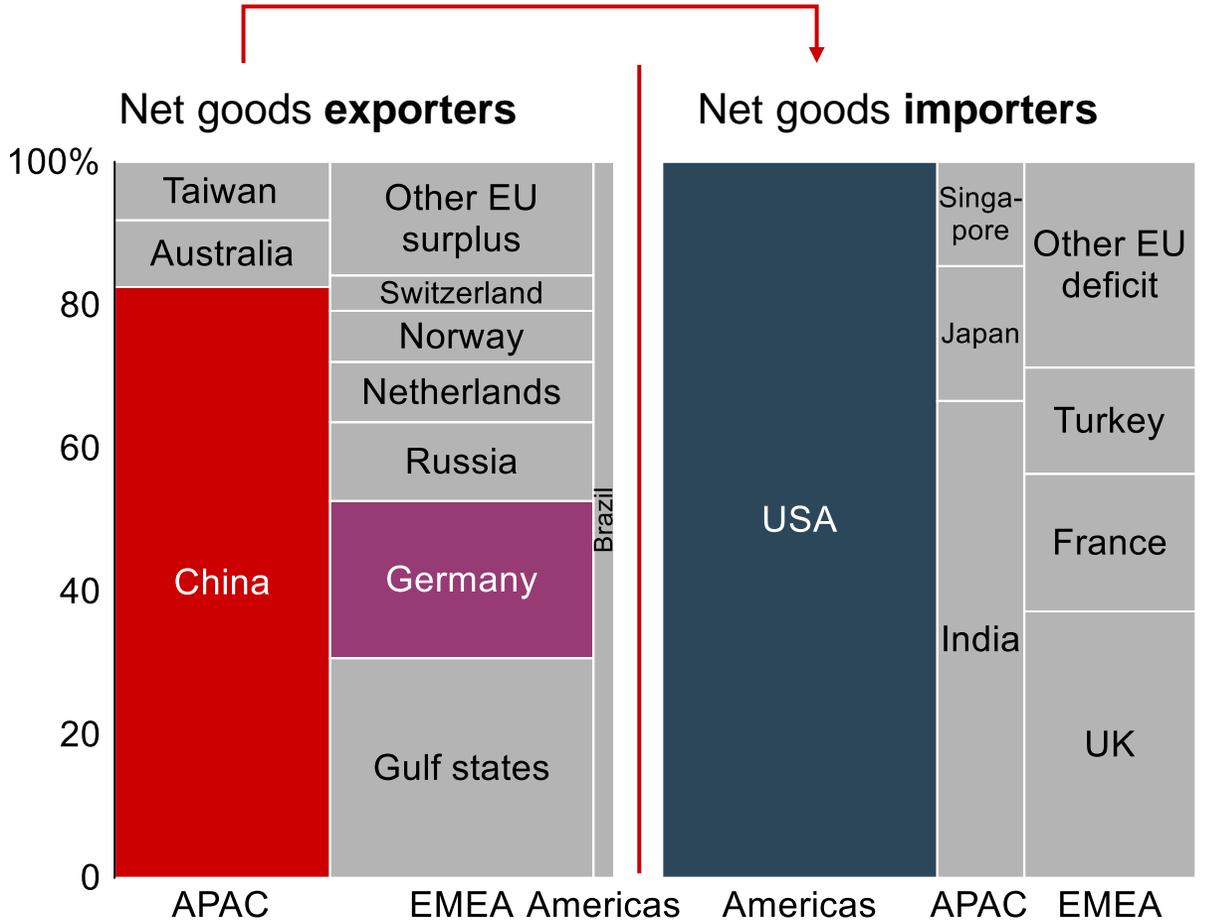
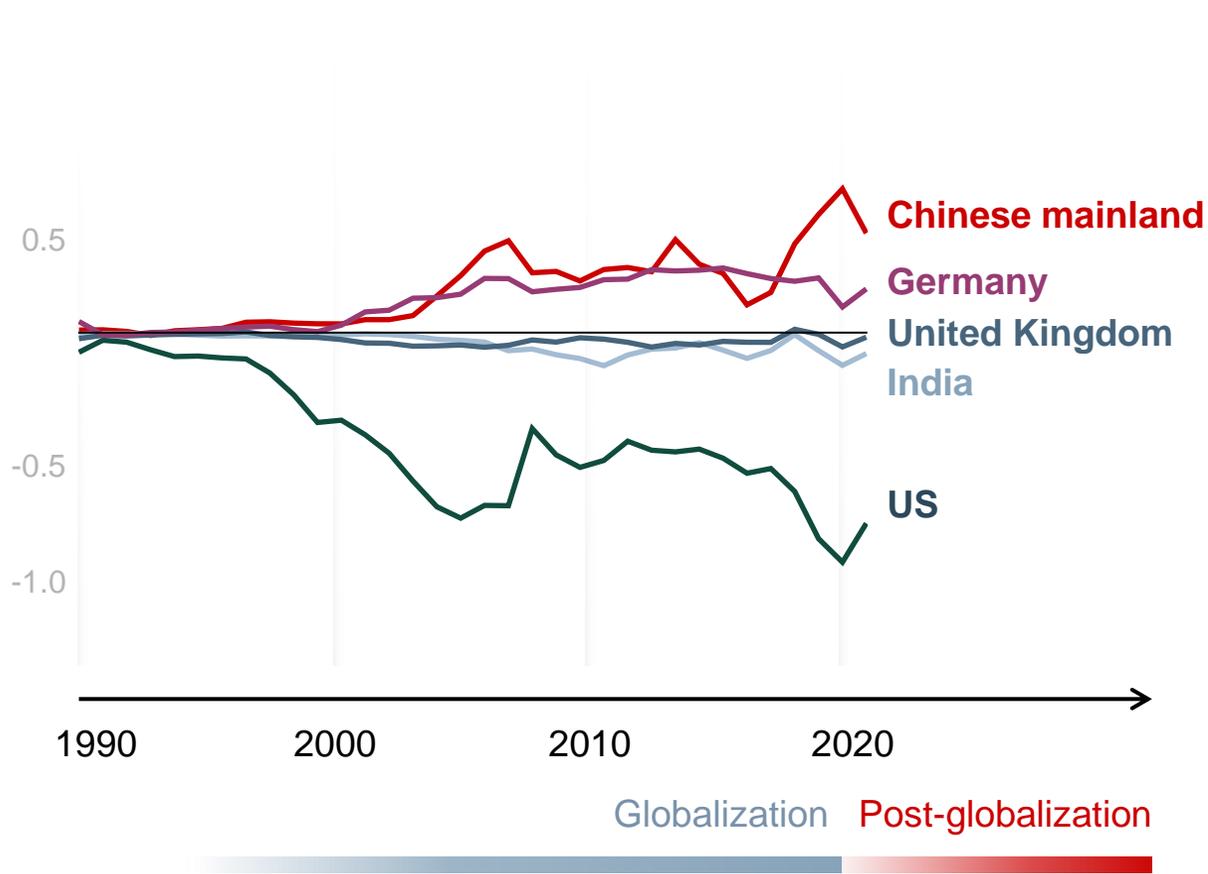
**This strategic neutrality, combined with institutional scale and predictability, positions Brazil as a potential partner in a new cycle of global industrial relocation**

Note: OEC (as of mid 2025), literature search

# 6

Globalization created trade imbalances, with a few countries such as the US enjoying negative balances over the years...

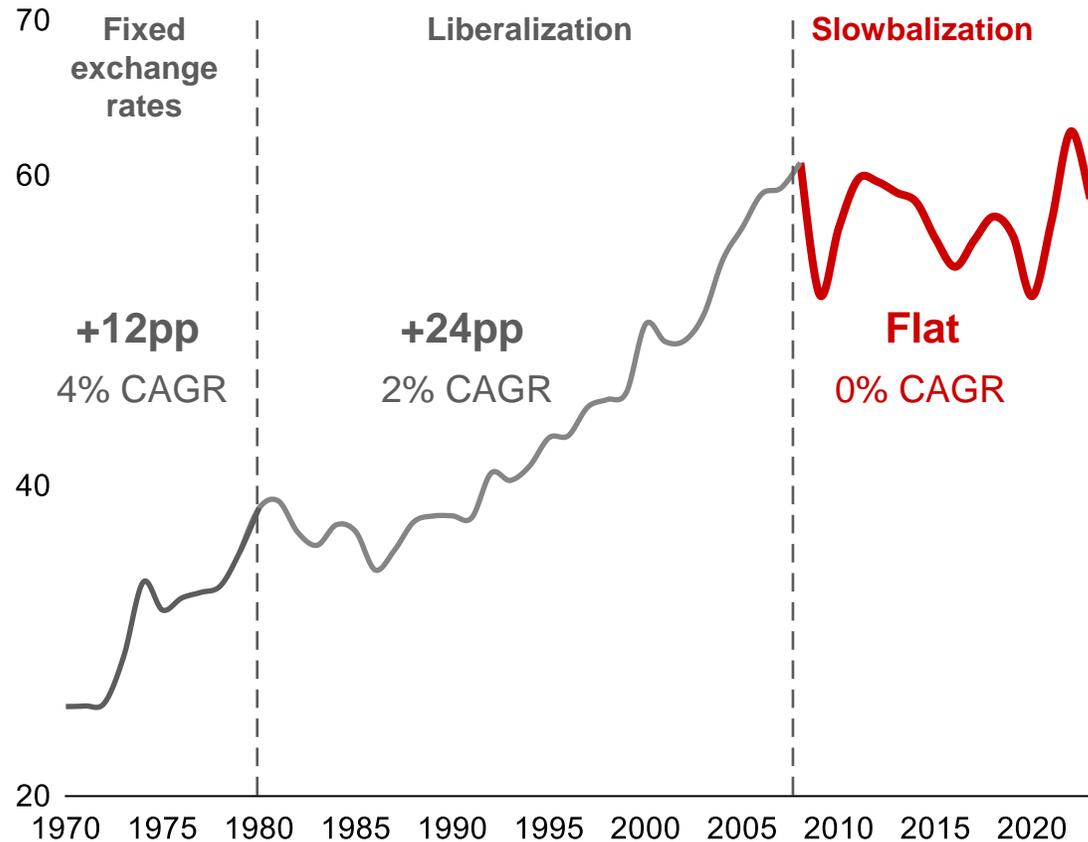
Annual net exports (\$T, goods and services)



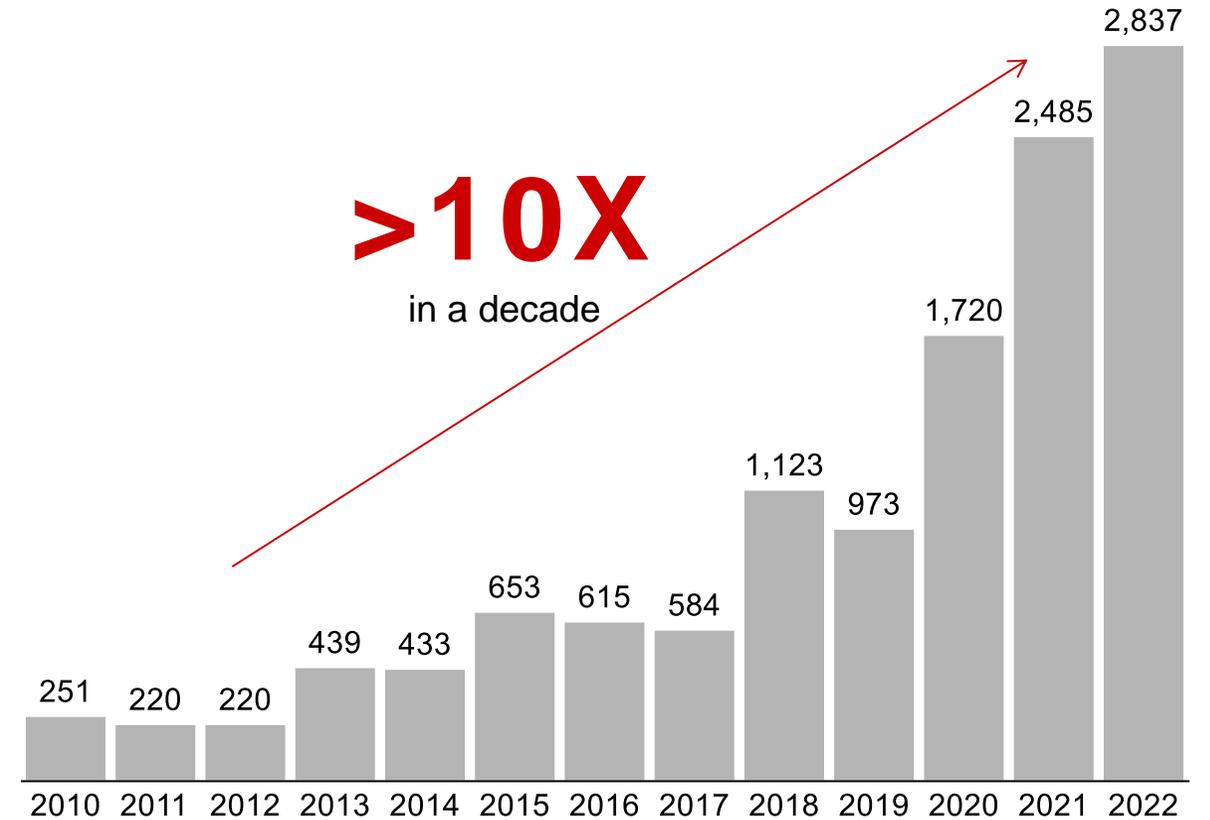
Note: Right chart excludes countries (outside of the EU and the Gulf States), with <\$50B net deficit or surplus, goods only  
 Source: The World Bank WITS database (as of end 2023); IMF

# 6 ... resulting in an increase of trade restrictions

World exports and imports as share of GDP (%)



Number of trade restrictions imposed annually (global)



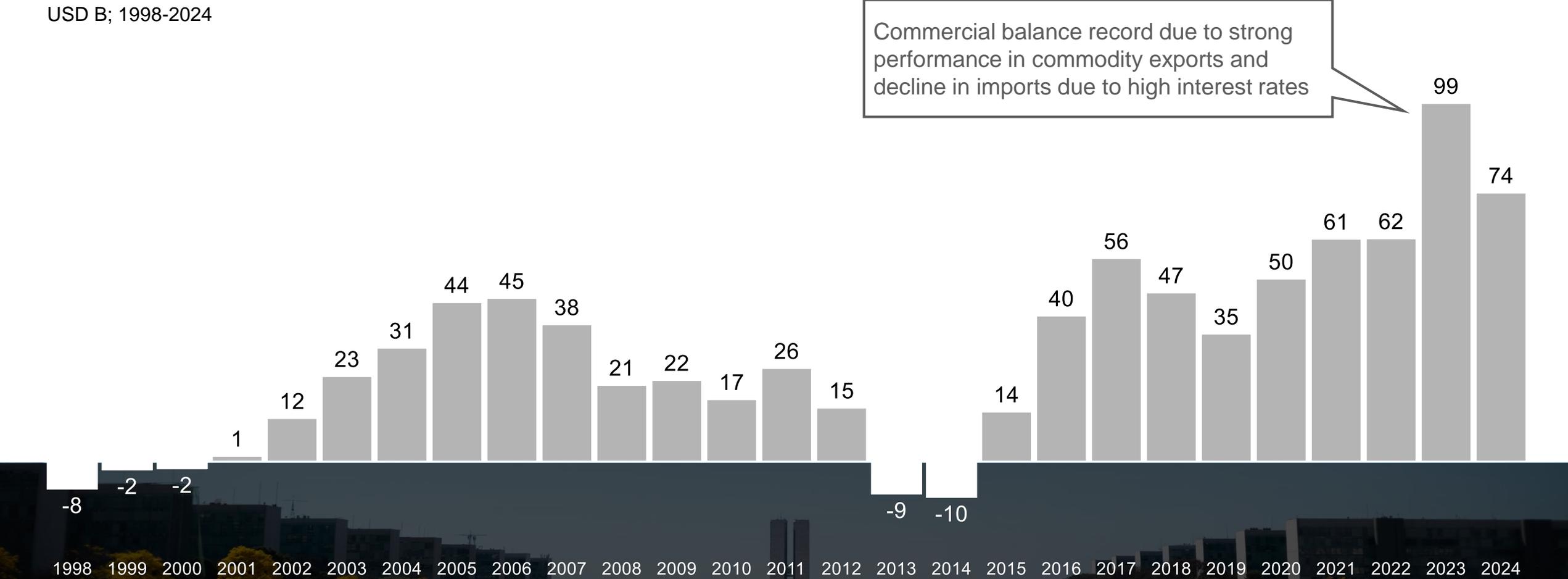
Source: Global Trade Alert and World Bank (as of end 2023)

# 6

## Brazilian commercial balance has constantly increased over the past decade

**Brazilian commercial balance<sup>1e</sup>**  
USD B; 1998-2024

Commercial balance record due to strong performance in commodity exports and decline in imports due to high interest rates



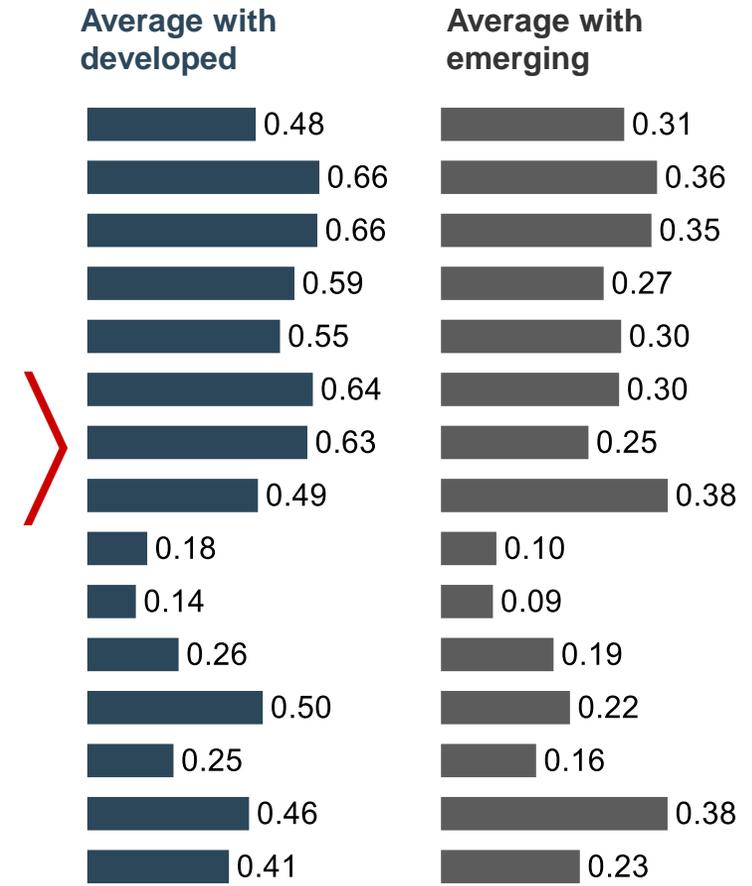
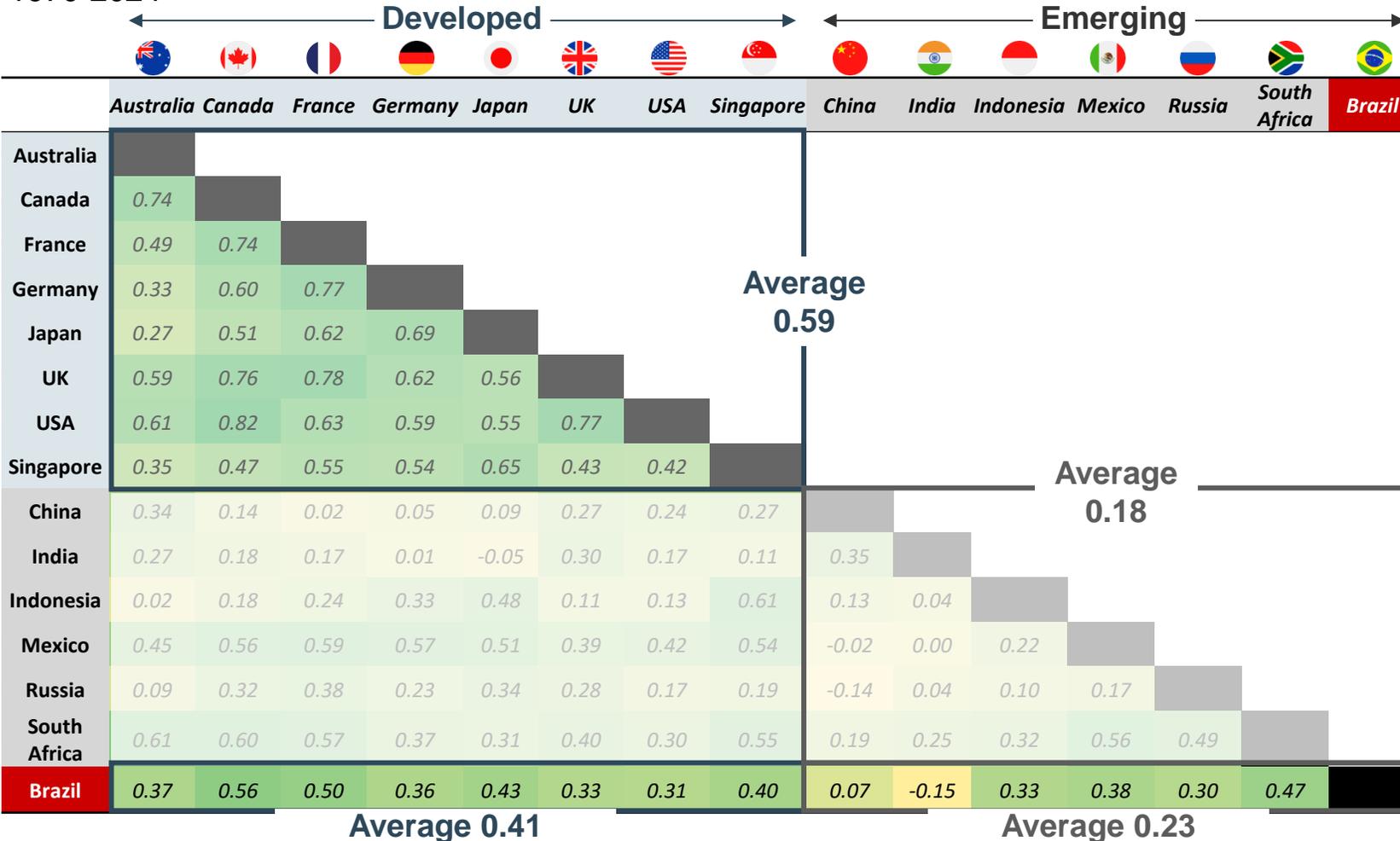
Note: (1) Considers difference between exports and imports  
Source: Bain analysis, literature search

# 6

## Moderate-to-low correlation with major economies makes Brazil a potential source of diversification from developed economies

Correlations of real GDP growth - between countries 1970-2024

Correlations of real GDP growth - countries average (1970-2024)



Note: Considers real GDP for each country, in local currency  
Source: Bain analysis



**Brazil offers a timely opportunity for investment given its strong economic and geopolitical standings**

1

**Brazil is one of the largest economies in the world** (5<sup>th</sup> in land area, 7<sup>th</sup> in population, and 10<sup>th</sup> in GDP). The country has experienced significant growth in recent years, with increases in education and access to financial services

2

**In the long-term, Brazilian public institutions have remained stable across different administrations – whether left- or right-wing – despite noise in the short-term.** Central Bank is responsible for inflation control and government is taking measures to stabilize public debt – yet Brazilian currency has been volatile and above its theoretical value

3

**Key strongholds of Brazil’s economy** include an abundance of natural resources, global-scale agribusiness (leading in several major commodities), a clean energy matrix with a strong share of renewables, a large consuming population, and a diverse economy

4

**Brazil hosts a well-established innovation ecosystem in Latin America, supported by a growing base of local and global investors,** an expanding financial market, a maturing regulation and a solid track record of successful investments

5

**When compared to other emerging countries, Brazil stands out** given its large scale, neutral diplomacy and relationships with multiple economic blocs

6

**Also, Brazil can be seen as a potential source of diversification** in a world marked by rising uncertainties and a shift toward deglobalization

7

**From a medium- and long-term perspective, Brazil has a pipeline of reforms that should continue to create opportunities for private investors,** as has been the case since the 1990s, even if, in the short term, fiscal imbalances exert pressure on the economy

# 7 | Brazil has been implementing several reforms and structural changes that have helped unlock its economic potential

1990-2010

- **Basel Index (1994)**  
Improved risk control and financial supervision
- **Credit Guarantee Fund – FGC (1995)**  
Created deposit insurance to protect investors
- **Financial System Restructuring (1995)**  
Stabilized banks post-monetary reform (Plano Real)
- **Privatizations (1990–2002)**  
Privatized state companies (e.g., Vale) to reduce state role and increase efficiency

Despite changes in political leadership, **no major company has been renationalized** in Brazil — **privatizations have prevailed**

2011-2020

- **State-Owned Enterprises Law (2016)**  
Improved governance and transparency in state-owned companies
- **Investment Partnership Program (2016)**  
Attracted private investment into infrastructure via concessions and PPPs
- **Labor Reform (2017)**  
Reduced legal uncertainty - modernization of labor laws via flexible contracts
- **Pension Reform (2019)**  
Lowered long-term fiscal pressure - set retirement age and tighter pension rules
- **Sanitation Legal Framework (2020)**  
Set targets for sector and enabled investments
- **Bankruptcy Law Reform (2020)**  
Modernized insolvency procedures to expedite restructuring

2021-2024

- **Central Bank Autonomy Law (2021)**  
Granted fixed terms to leadership, ensuring policy independence
- **Tax Reform (2023)**  
Unified indirect taxes into a dual VAT model to simplify the system
- **Fund Framework – CVM 175 (2023)**  
Streamlined fund rules in one regulation, improving governance and protection
- **FACIL Regime – CVM Fast-track (2023)**  
Simplified market access for repeat issuers, speeding up fundraising
- **Privatizations (2022-2024)**  
Privatized selected infrastructure companies (e.g, Eletrobras and Sabesp)

# 7

... and has a pipeline of reforms that should continue to bring opportunities for private investors

## Open Finance

## PIX

## DREX

## Tax reform

## Admin reform

### What it is

- **Data-sharing framework** giving consumers control over their financial information
- **Instant payment system** launched by the Central Bank in 2020
- Brazil's CBDC (**Central Bank Digital Currency**)
- Historic reform that simplified Brazilian tax structure, **unifying taxes into a dual-VAT model**
- Reform targeting **hiring rules, career progress and performance incentives** for public sector

### Why it is important

- **Increases competition and transparency** in credit, payments, insurance, and investments
- Promotes **financial inclusion and simplifies payments and transactions**
- Promotes **financial inclusion and makes credit more affordable**
- **Drives investments**, as it simplifies compliance and reduces distortions across states and sectors
- Essential to **contain long-term fiscal pressure and unlock investments**

### Status

- **Ongoing** evolution
- Currently operating on **Phase III and IV** simultaneously
- Recently **launched Automatic PIX**
- **Multiple improvements** on the **pipeline**
- **Pilots currently on Phase II**
- **Phase III** should start between **2025-26**
- **Release date not disclosed**
- **Approved** in 2023
- Will be **implemented between 2026-2033**
- Still under **debate in Congress**

# 7 The tax reform's dual VAT aims to simplify the country complex tax system, which currently has different rates across states and municipalities

According to the federal government, the tax reform has three main objectives

- 1 Promote a **sustainable growth of the Brazilian economy**, generating employment and income
- 2 **Ensure a fairer tax system** by addressing social and regional disparities
- 3 **Simplify the tax system while ensuring transparency** and fostering greater fiscal responsibility among citizens

AS IS



Taxation is not uniform across the country/industries as each federal entity may set a different value and tax exemption



Tax complexity due to the application of multiple levies, such as PIS, Cofins, ICMS, ISS, and IPI



The tax system lacks transparency due to base reductions, tax benefits, special regimes, cascading taxes, and complex rules on non-cumulativity and presumed credits

TO BE



Applies a **standard rate as the general rule**, as defined by the Federal Senate, potentially ending fiscal wars in Brazil



Replaces five taxes with a **dual VAT** aligned with international standards: **CBS – Federal** (replaces PIS, Cofins, and IPI) and **IBS – Subnational** (replaces ICMS and ISS)



**Defines preferential regimes for goods and services** (such as educational services), as well as specific regimes

This reform will be implemented gradually, starting in 2026 and fully effective by 2033

# 7 Open Finance agenda is evolving with important features yet to launch

Implemented  
 In Progress  
 Awaiting launch

**Nov. 2020**

## Open Banking

Brazilian Central Bank introduced Open Banking, creating a platform for consumers to share data between financial institutions.

**Aug – Sep 2021**

## Phase 2

Implementation of preliminary versions of client data APIs:  
(Permissions, resources, registry, accounts, cards, credit operations)

**March 2022 – Current**

## Phase 4

Implementation of interoperability model between open finance and open insurance  
 Implementation of improvements for consents and resources APIs  
 Open client data API  
 (Insurance, pensions, funding, accreditation and payment arrangements, exchange operations, term deposits and investment products)

**Feb. 2021**

## Phase 1

Implementation of a first version of open data APIs

**Oct 2021 – Current**

## Phase 3

Client-initiated backchannel authentication (CIBA) flow  
 APIs for Pix payments initiation  
 End-to-end Pix ID consistency  
 Payment initiation without redirecting  
 TED/TEF payment initiation API  
 Boletto payment initiation API  
 Debit payment initiation API  
 Credit proposal submission API

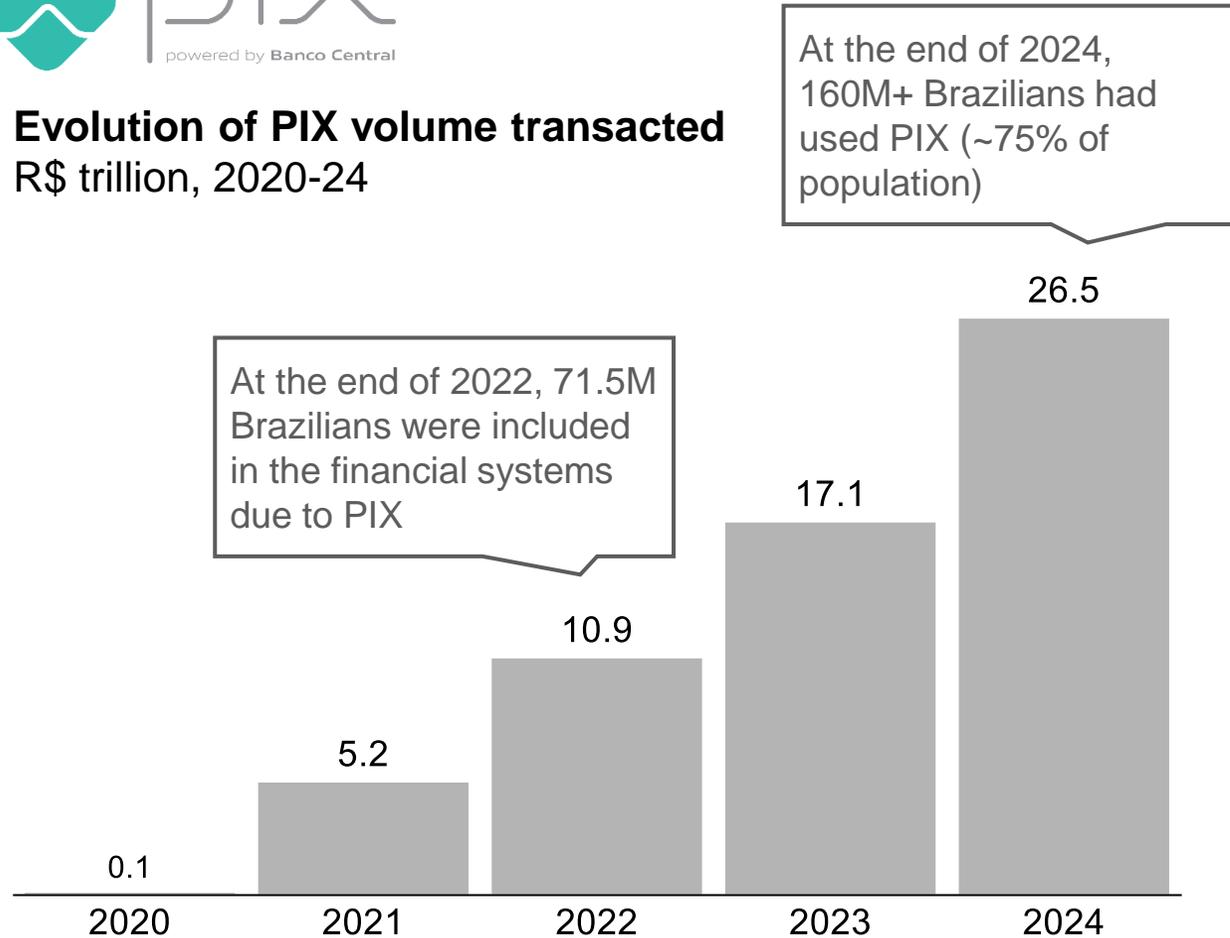
Brazil has shifted focus from “Open Banking” to “Open Finance” to reflect broader ecosystem agenda

Increased scope of Phase 3 due to new payment features

# 7 PIX is currently the biggest payment method used in Brazil and has contributed to the inclusion of 71M+ inhabitants in the financial system



**Evolution of PIX volume transacted**  
R\$ trillion, 2020-24



Source: Central Bank (as of mid 2025)

## PIX timeline

- 2020**  
Central Bank launches PIX as an instant payment method in November/2020
- 2021**  
PIX implements new features (PIX Account, QR Code, etc.) and hits **100M+ users 1 year** after launch (~50% of Brazilian population)
- 2022**  
PIX reached the mark of “**most used payment method**” in the country, including over 71M people in the Brazilian financial system
- 2023**  
PIX reaches **inclusion of over 71M Brazilians** in the financial system
- 2024**  
**Scheduled PIX** is launched
- 2025**  
**Pix by approximation** (small scale) and **Automatic PIX** (for enterprises) are launched
- 2026+**  
**Multiple features included on the roadmap** (e.g., International PIX, Offline PIX, PIX as collateral, scale of PIX by approximation, etc.)

# 7 DREX is the digital version of BRL – after launch, it should operate together with PIX to promote even more financial inclusion and credit access



- **Drex is Brazil’s Central Bank Digital Currency (CBDC):** a digital version of the real, issued and regulated by the Central Bank
- **It runs on a secure, distributed ledger platform:** allowing banks and institutions to issue “tokenized deposits” that can be used in smart contract-based transactions
- **It enables programmable money:** allowing automated financial operations like instant credit, escrow, or asset transfers with built-in logic
- **Benefits for Brazilians:** faster and cheaper credit, easier access to financial services, and new digital products integrated into everyday life
- **It complements, not replaces, Pix:** while Pix handles real-time payments, Drex will support complex and large-scale operations (e.g. mortgages, investments, tokenized public bonds)

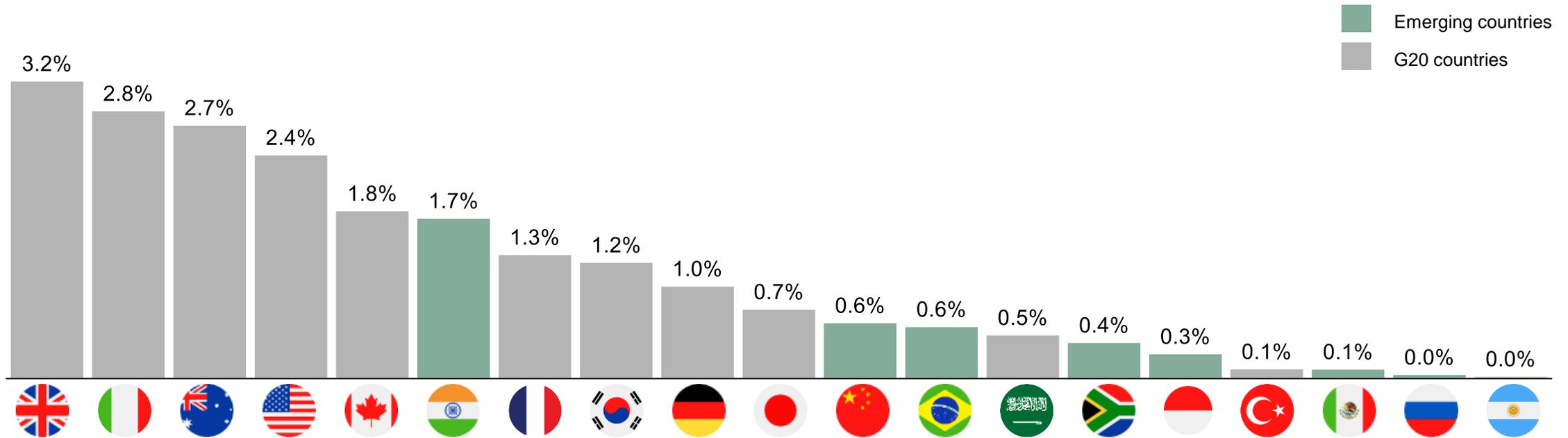
Source: Central Bank (as of mid 2025)

## DREX timeline

- **2023 Phase I**
  - BCB launched the Drex Pilot – a restricted-environment pilot to test the digital real’s platform with real financial institutions
  - 16 banks and fintechs were onboarded as pilot participants to experiment with tokenized deposits and transactions on a distributed ledger
  - First simulated interbank transfers in Drex by pilot participants, validating core functionalities in a test environment
  - Conclusion of Phase I was delayed due to the need for further refinement to ensure the platform meets privacy, data protection, and security requirements
- **2024 Phase II - Current**
  - Phase 1 participants submitted reports and results to the Central Bank
  - 13 topics were selected to be explored in Phase 2 of the pilot
- **2025 Phase III (to be started)**
  - Central Bank signaled a Phase 3 focused on developing collateral tokenization solutions to expand credit access and reduce borrowing costs

# 7 Brazil presents opportunities to increase Private Investment over the next years

Private Investments<sup>1</sup> as a share of GDP  
%, 2024



GDP (US\$B)	3,645	2,372	1,797	29,185	2,241	3,909	3,162	1,870	4,659	4,026	18,748	2,171	1,085	400	1,396	1,322	1,853	2,161	632
Investment (US\$B)	114.8	67.2	48.2	691.2	39.8	66.4	41.5	23.0	45.7	29.6	111.1	12.0	5.0	1.5	3.7	1.4	1.9	1.0	0.2

Note: (1) Considers PE and VC investments  
Source: IMF (as of mid 2025), Bain analysis

A wide-angle photograph of a cable-stayed bridge at dusk. The bridge's pylon is illuminated with a bright red light, and its cables are visible against the darkening sky. The bridge spans over a body of water, with a city skyline in the background. The sky is a mix of deep blue and orange, with scattered clouds. The city lights are beginning to glow, and the bridge's structure is reflected in the water below.

**THANK YOU!**

**BAIN & COMPANY** 