



# Fintech Deep. Dive Survey 2023



**ABFIN  
TECHS**  
associação brasileira de fintechs



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# Betting on resilience

## **Fintechs prioritize profitability to drive sustainable growth**

The Fintech Deep Dive Survey 2023 shows that Brazilian fintechs are directing their strategic priorities towards sustainable financial growth in a scenario with limited financing options. By prioritizing profitability, they adopt a resilient approach to navigate the current uncertainties and position themselves for long-term success.

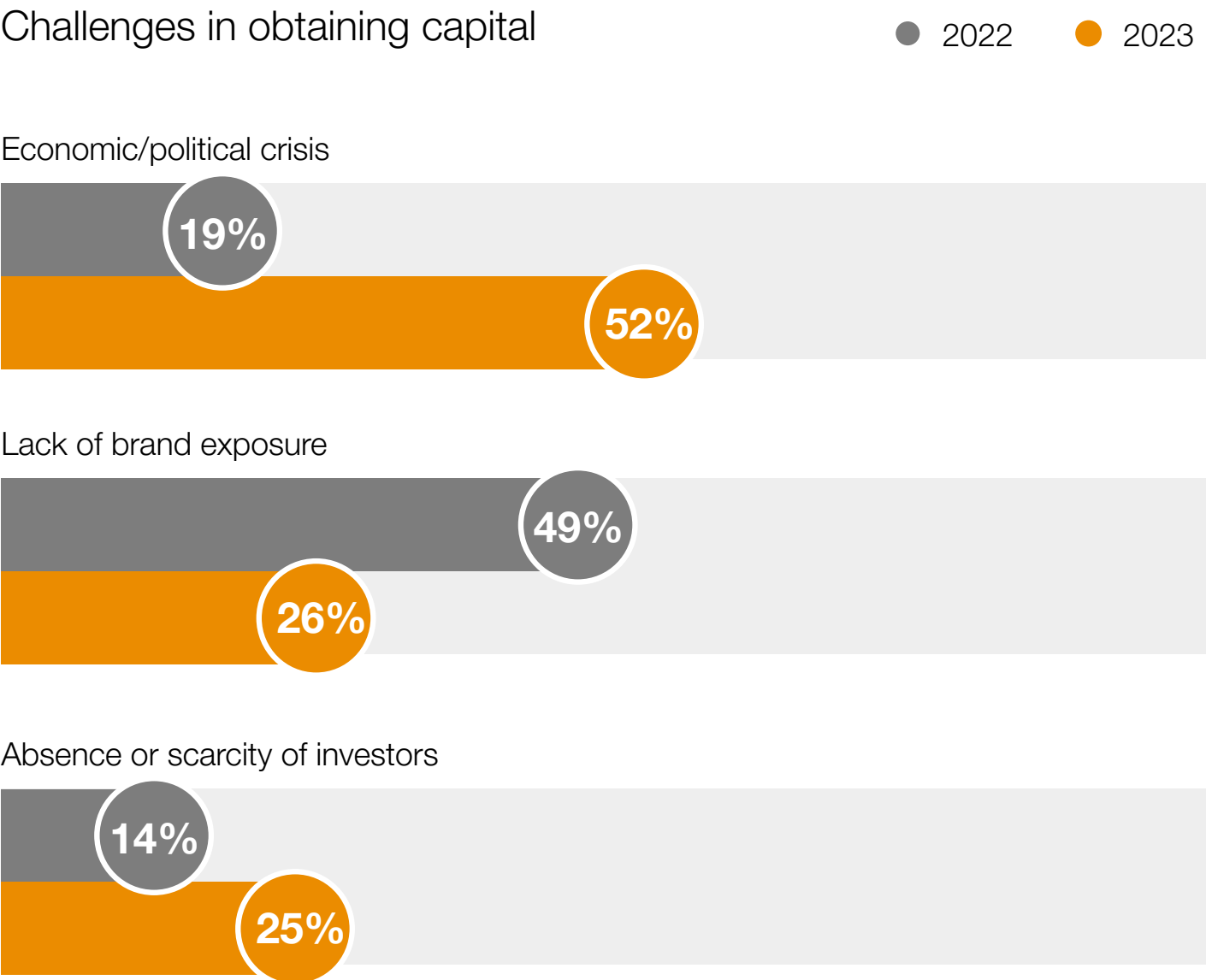
To achieve this, they are customizing their products to specific market niches, optimizing their business models for consistent revenue, targeting higher-profit corporate client segments, and being more cautious about public listings.

The situation is challenging yet also promising. After all, the shift toward a profitability-driven mindset not only allows fintechs to weather the decrease in investments but also sets them apart in an intensely competitive market by emphasizing cost-cutting and automation. Moreover, they can be well-situated to flourish as the investment landscape improves.

Conducted by the Brazilian Association of Fintechs (ABFintechs) and PwC Brazil, the fifth annual edition of the survey offers an insight into the innovation and entrepreneurship landscape within Brazil’s financial services arena, drawing from data gathered from 108 fintechs across diverse sectors.

Highlights from this edition

- The economic/political crisis surged as the main difficulty in obtaining capital.



- The percentage of companies without revenue, which reached 38% in 2020, dropped in 2022 to the lowest rate recorded in the five editions of the survey at 7%.
- The group of companies experiencing zero or negative growth have seen a decline: from 21% in 2021 to 19% currently.
- 43% of participating fintechs have reached break-even. This is up from 35% in 2022.



- More than half of the companies (**56%**) are exclusively focused on the B2B segment (solutions for businesses), which is more profitable. This represents a significant increase compared to the 40% in the previous edition of the survey. Meanwhile, the exclusive focus on B2C (end-consumer solutions) dropped from 10% to 6%.
- **21%** plan to keep the company privately held, compared to 13% recorded in 2022—a sign that valuations are not as attractive as before.

- Credit and payment methods remain the primary areas of operation for fintechs. They are now followed by financial management instead of digital banks.



**17%**

Credit



**16%**

Payment  
methods



**14%**

Financial  
management

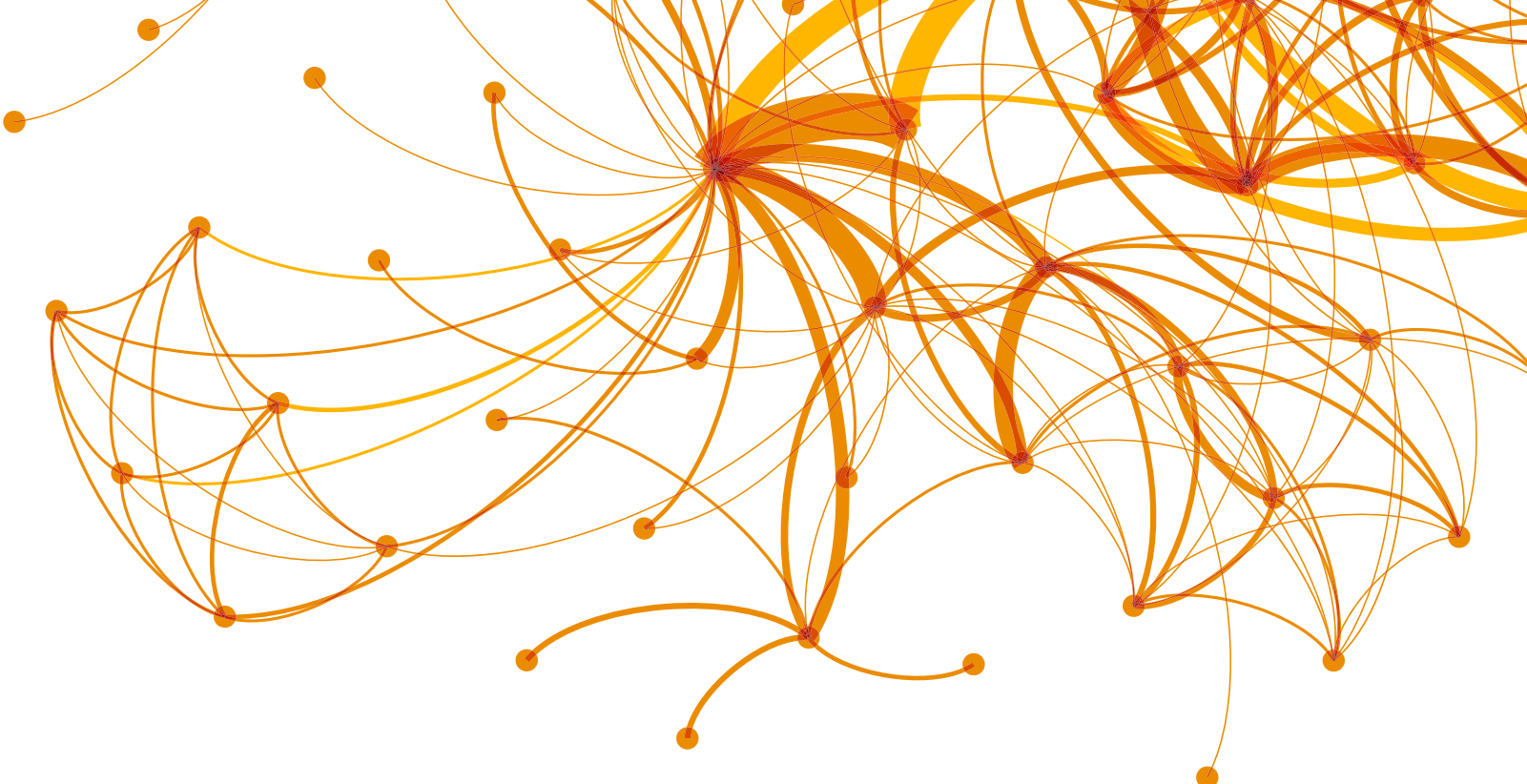


“

*In this survey edition, the noticeable pivot of fintechs toward the B2B segment is striking. At first, many companies ventured into the B2C domain, heavily emphasizing consumer experience. However, it became evident that monetizing this market is quite challenging. Fintechs then began to see small and medium-sized enterprises as an underserved audience with specific needs. Numerous niches still grapple with substandard services. By transitioning to B2B, these fintechs aim to seize opportunities in response to the more pressing needs of small and medium-sized businesses, which are often still treated as retail banking by larger financial institutions.”*

**Willer Marcondes**, Partner and Head of Financial Services Consulting



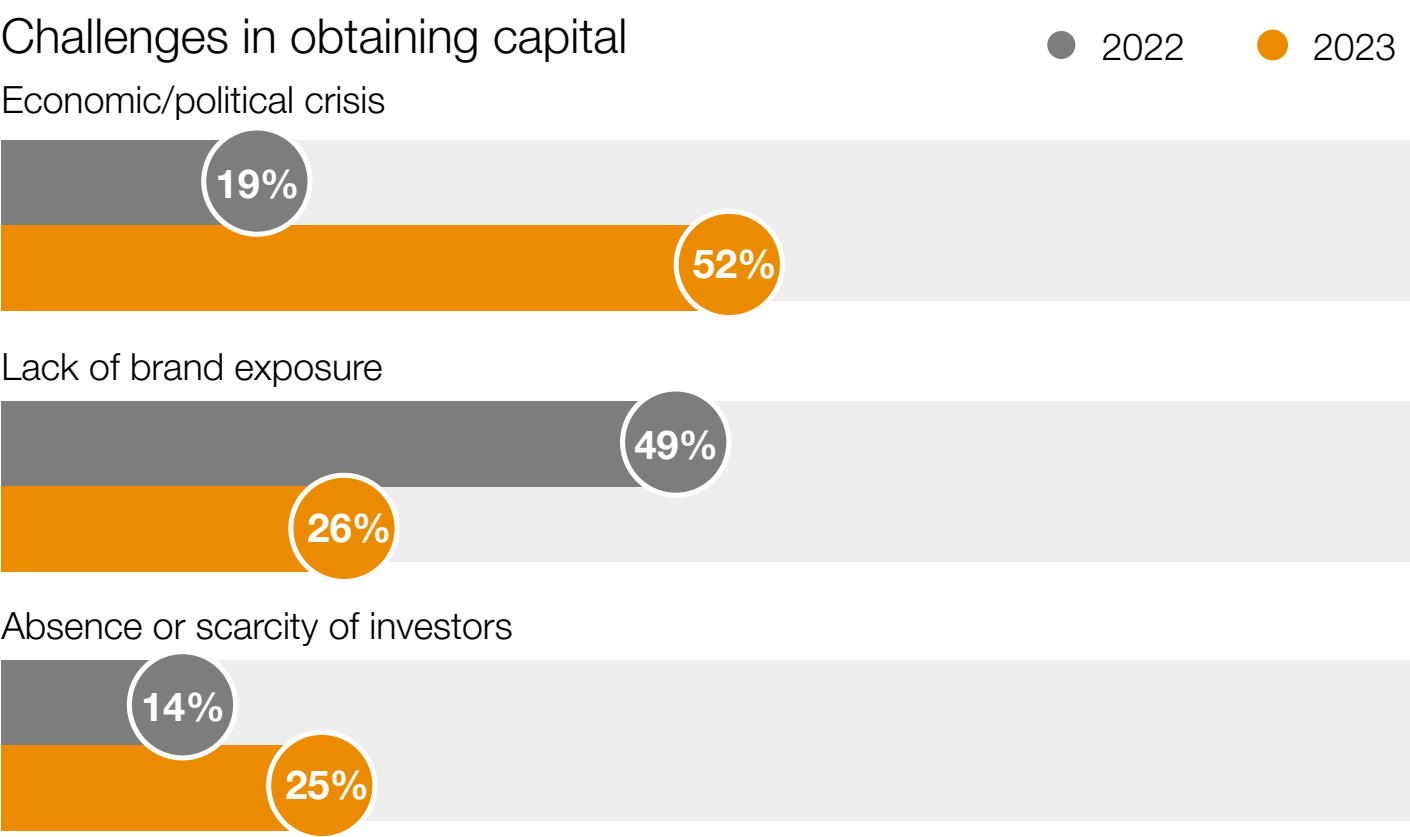


# More selective investors

The uncertainties stemming from the COVID-19 pandemic, coupled with rising interest rates aimed at curbing inflation in key economies and heightened geopolitical instability—notably underscored by events like the war in Ukraine—have in recent years shaped a challenging environment for entrepreneurs seeking to raise funds.

Investors’ heightened risk aversion has led to increased selectivity in granting financing, with more conservative investments and higher borrowing costs.

The **Fintech Deep Dive Survey** participants are acutely aware of this uncertain climate and highlight the economic/political crisis as the primary obstacle to securing investments. This concern is cited twice as often as the next item on the list and far surpasses the results recorded in the previous year.

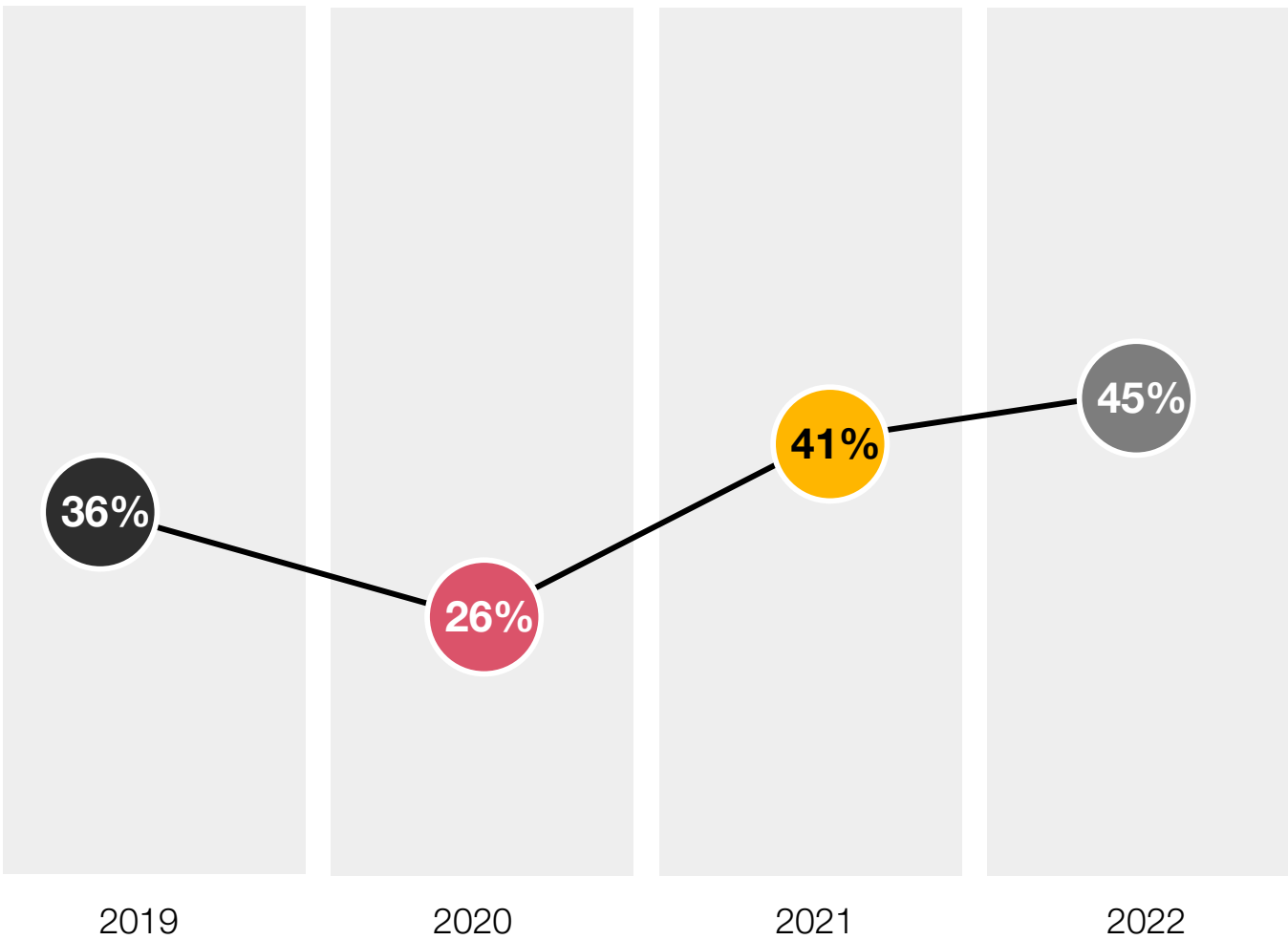


Even within this context, the fintech sector appears less impacted by investment scarcity than startups in general.

- The share of companies that received funding increased from 41% to **45%** from 2021 to 2022.
- The proportion of companies raising more than BRL 10 million rose from 21% to **31%**.
- The money primarily came from venture capital funds (**36%**) and angel investors (**35%**).
- In **24%** of the cases, the funds were sourced internationally.
- The share of companies participating in at least one investment round jumped from 44% to **62%**. For credit fintechs, this percentage rises to **74%**.

The reason for this trend could lie in the perception that fintechs are better equipped to weather economic crises than other startups. With an expansive market yet to be fully tapped and a heightened ability to leverage economies of scale, they stand out in their resilience.

Fintechs that received new investments





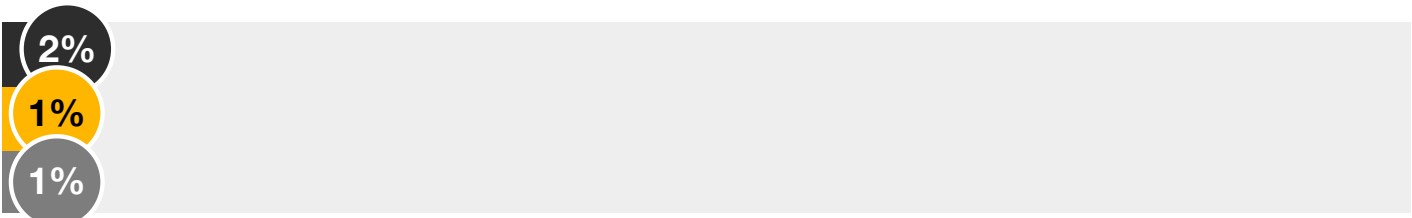
Amount raised

● 2019

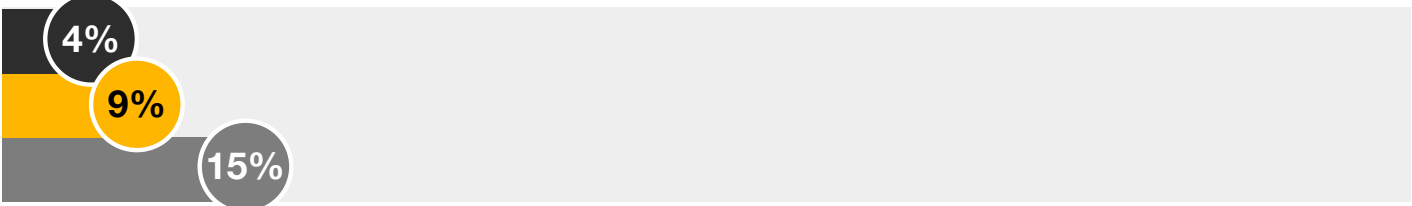
● 2021

● 2022

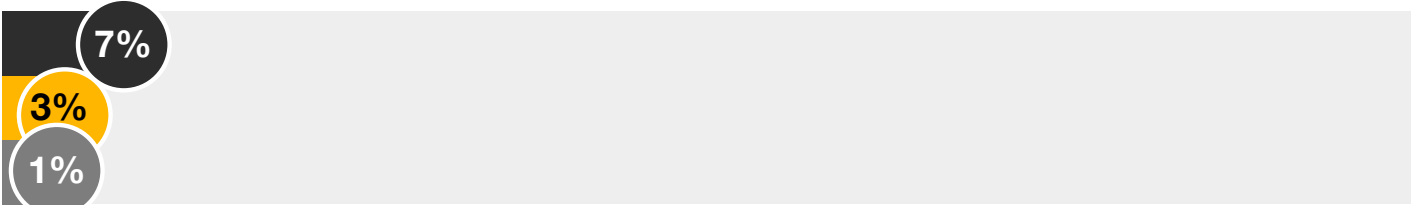
> BRL 200 million



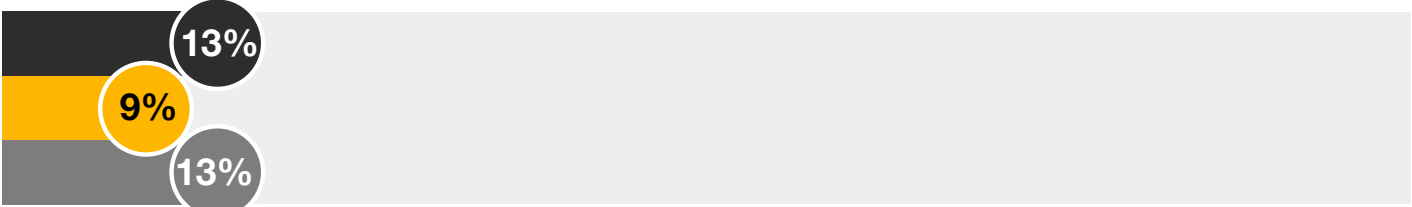
BRL 50 million-BRL 200 million



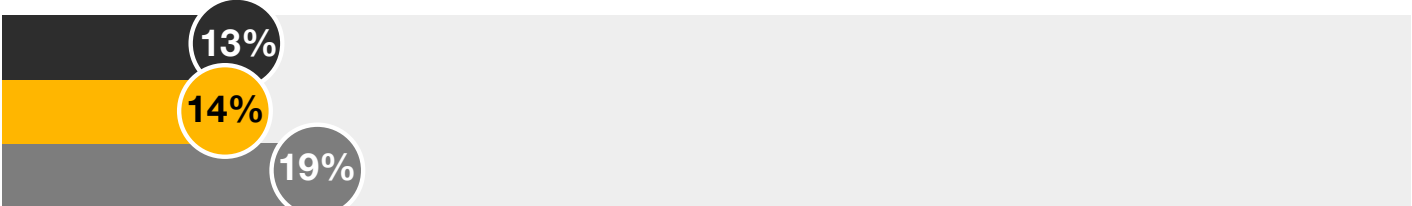
BRL 30 million-BRL 50 million



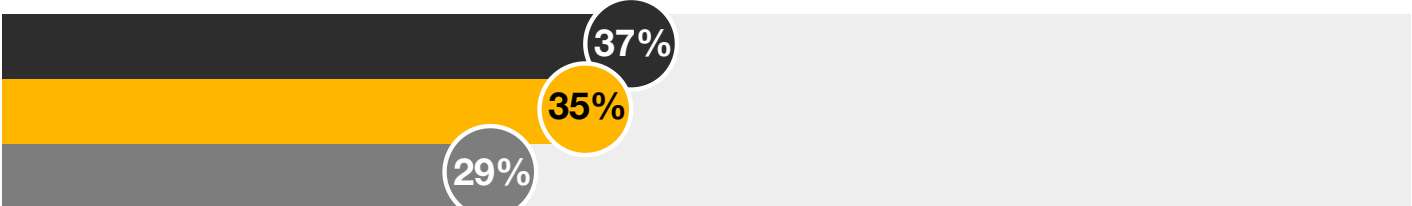
BRL 10 million-BRL 30 million



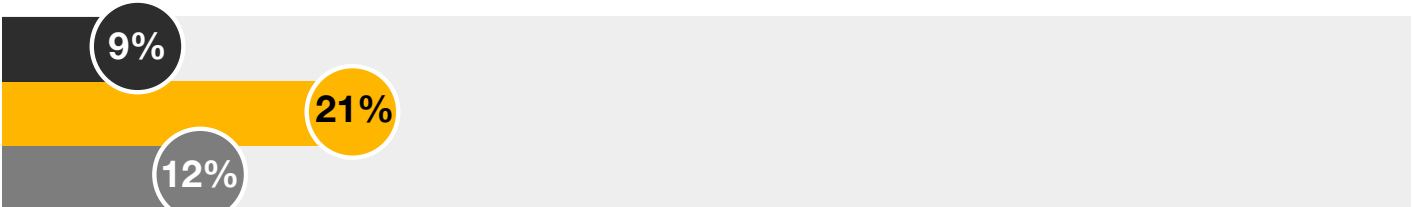
BRL 5 million-BRL10 million



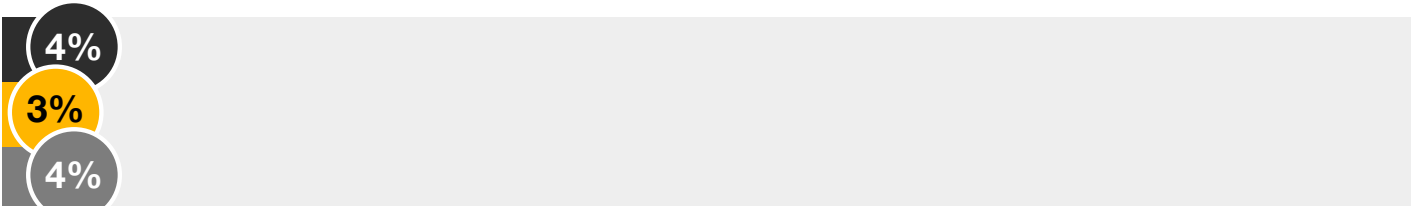
BRL 1 million-BRL 5 million



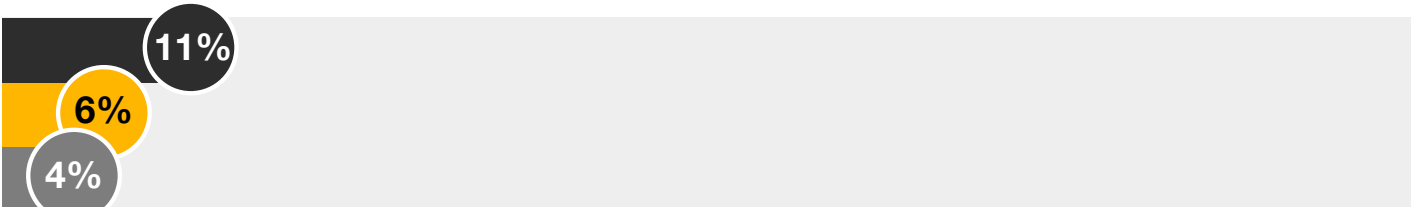
BRL 500,000-BRL1 million



BRL 350,000-BRL 500,000



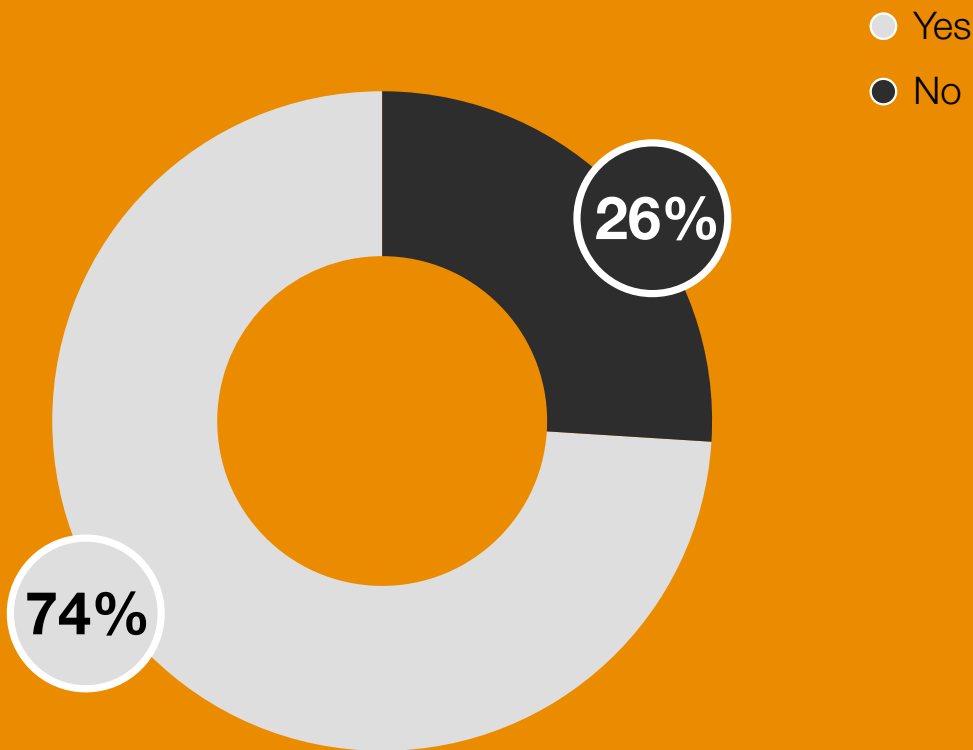
< BRL 350,000







Are they seeking investments?



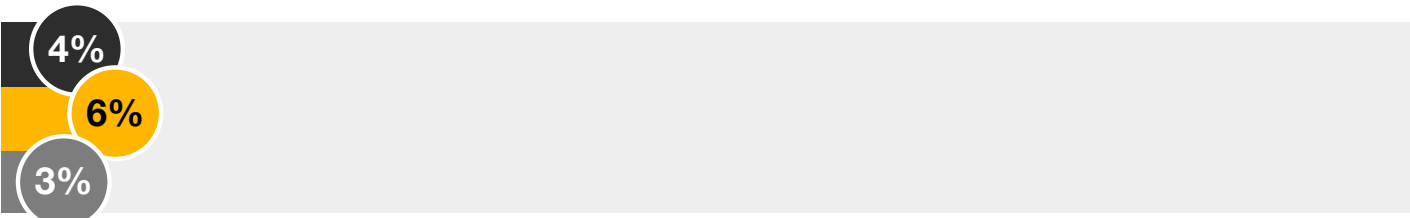
Companies also appear more measured in their fundraising ambitions:

 **55%**

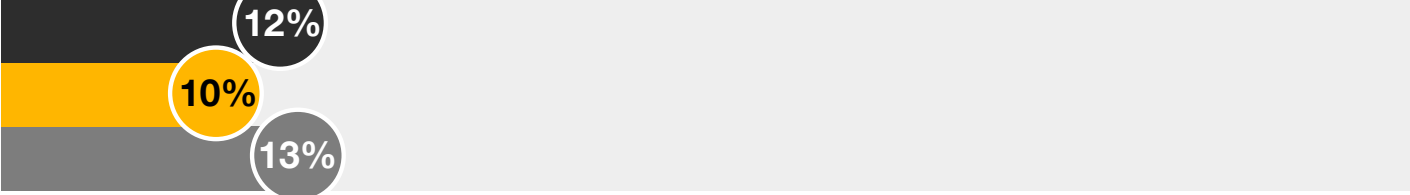
are seeking investments capped at BRL 10 million. The percentage is slightly higher than the 52% from last year, even when considering the effects of inflation.

How much do companies want to raise? ● 2019 ● 2021 ● 2022

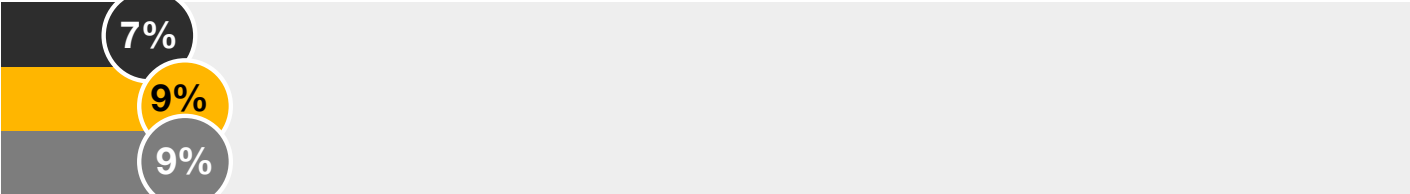
> BRL 200 million



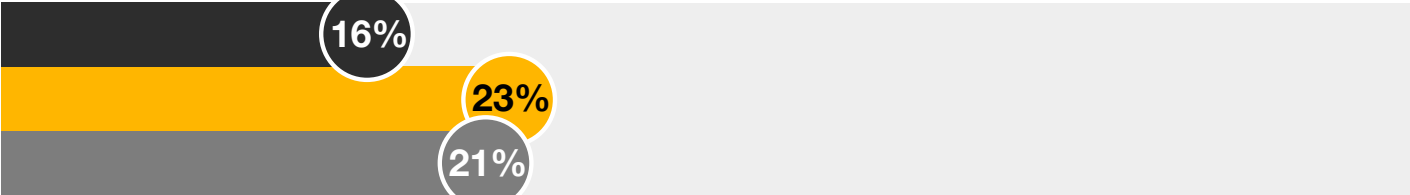
BRL 50 million-BRL 200 million



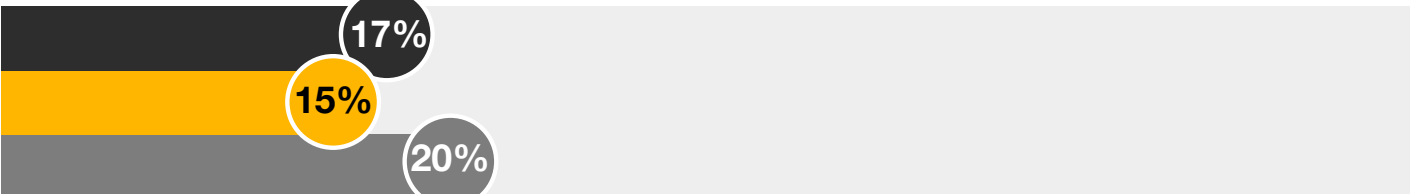
BRL 30 million-BRL 50 million



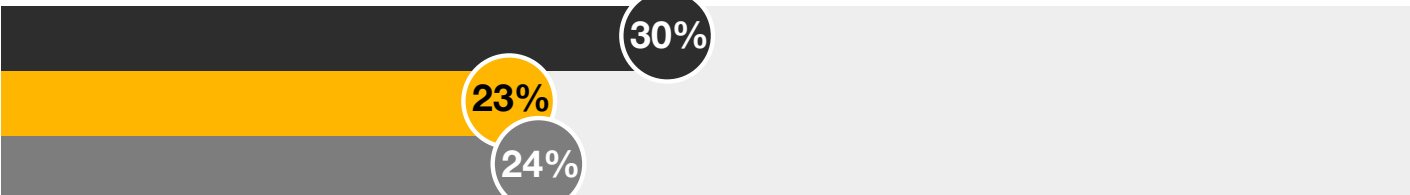
BRL 10 million-BRL 30 million



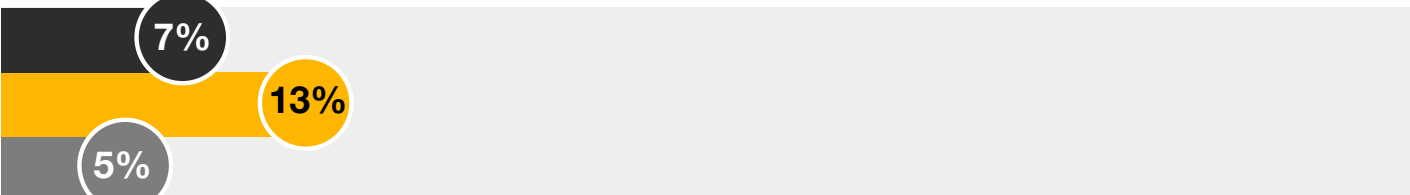
BRL 5 million-BRL10 million



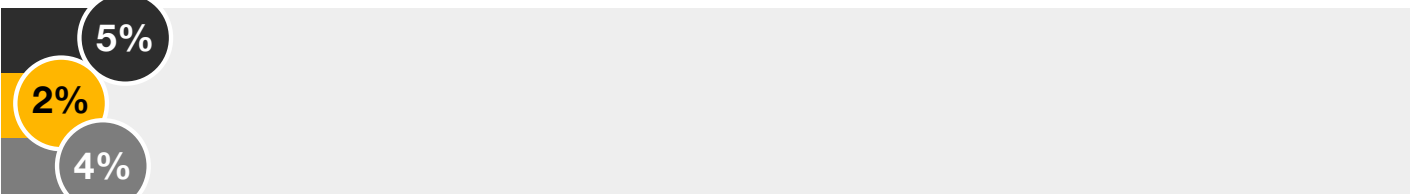
BRL1 million-BRL 5 million



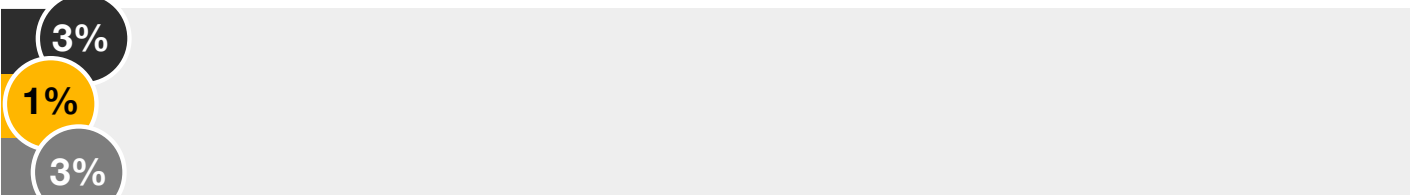
BRL 500,000-BRL1 million



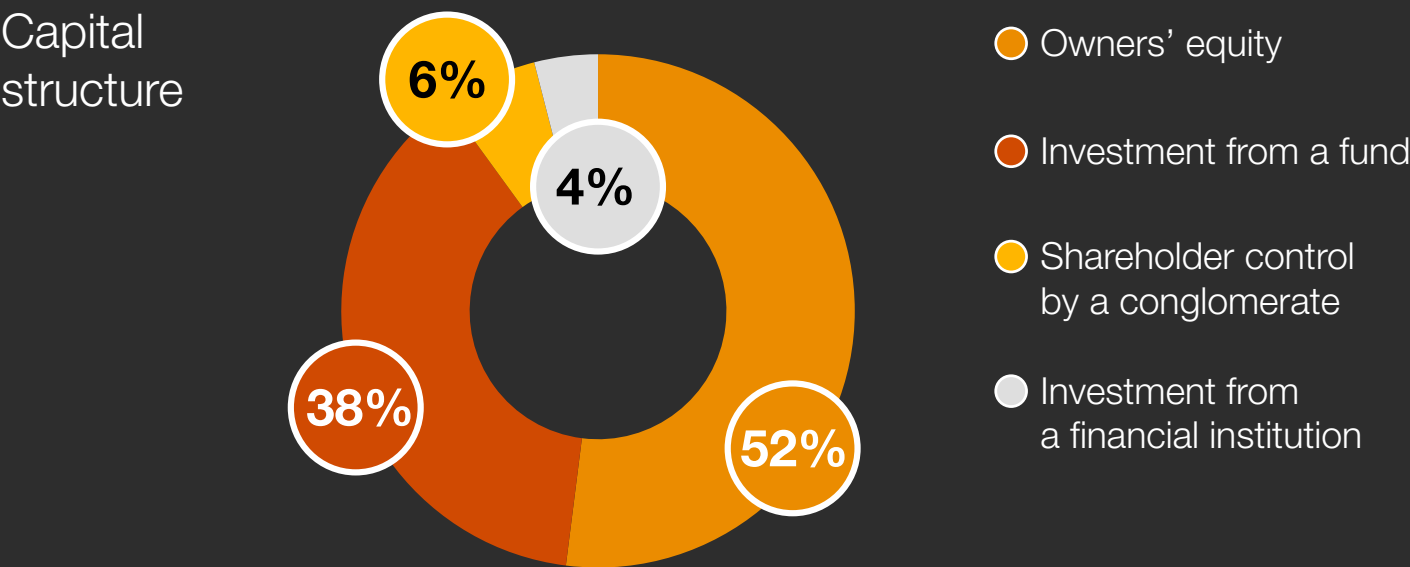
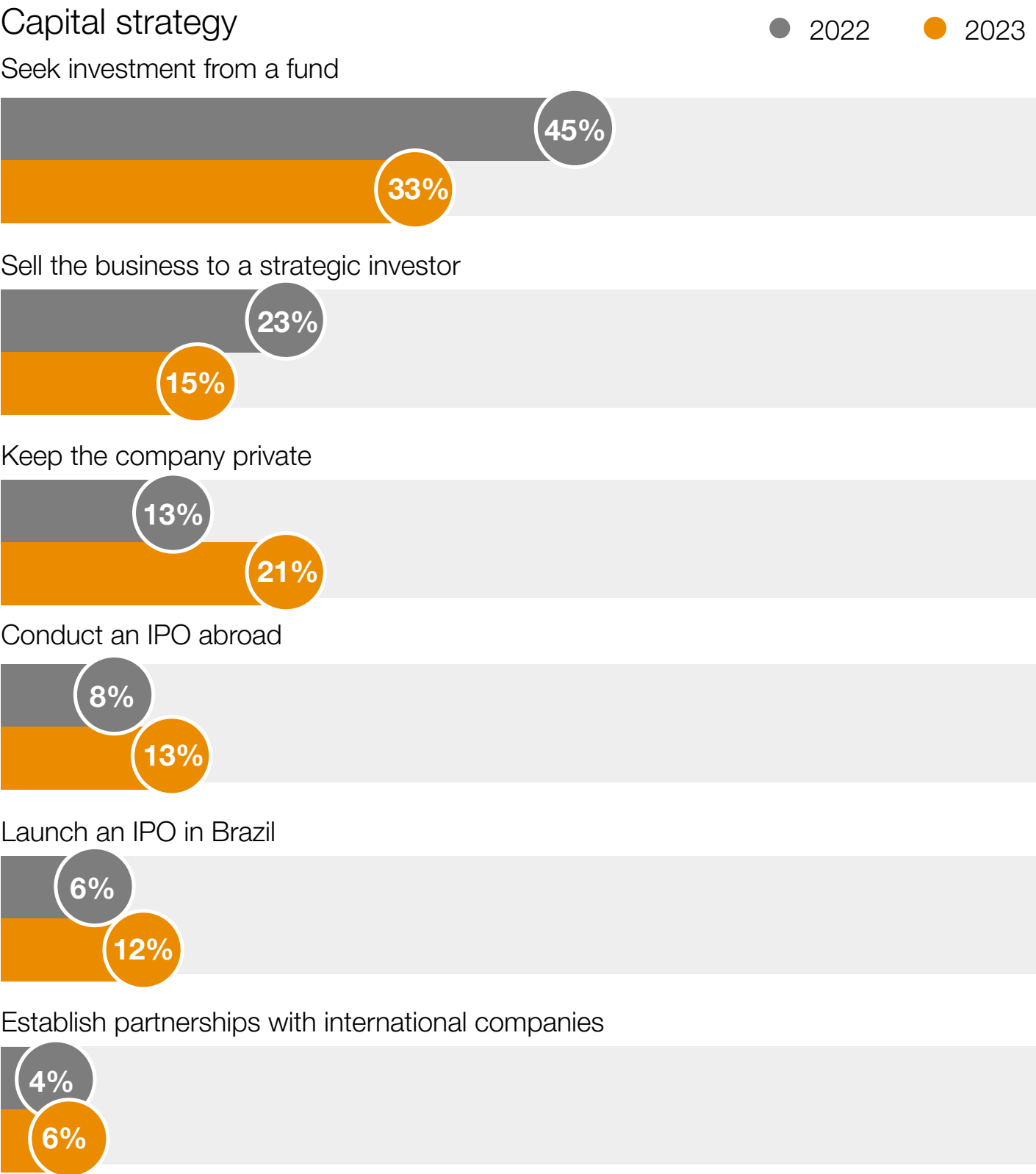
BRL 350,000-BRL 500,000



< BRL 350,000



A telling sign that fintechs are exercising caution in an unsettled environment is their primary capital strategy. There's an increased percentage of companies aiming to preserve their private structure, and fewer are looking to secure investments from funds or sell their business to a strategic investor. Currently, more than half of the companies in our sample operate solely on their own capital.

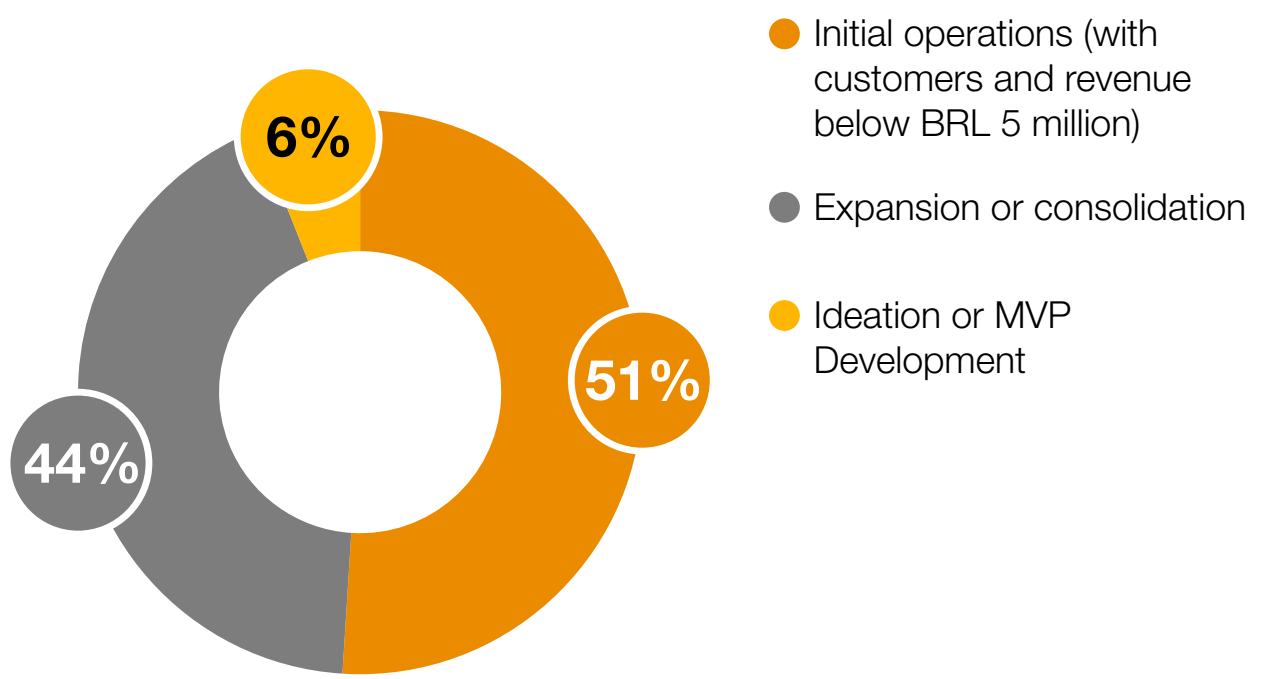




# Focus on profitable growth

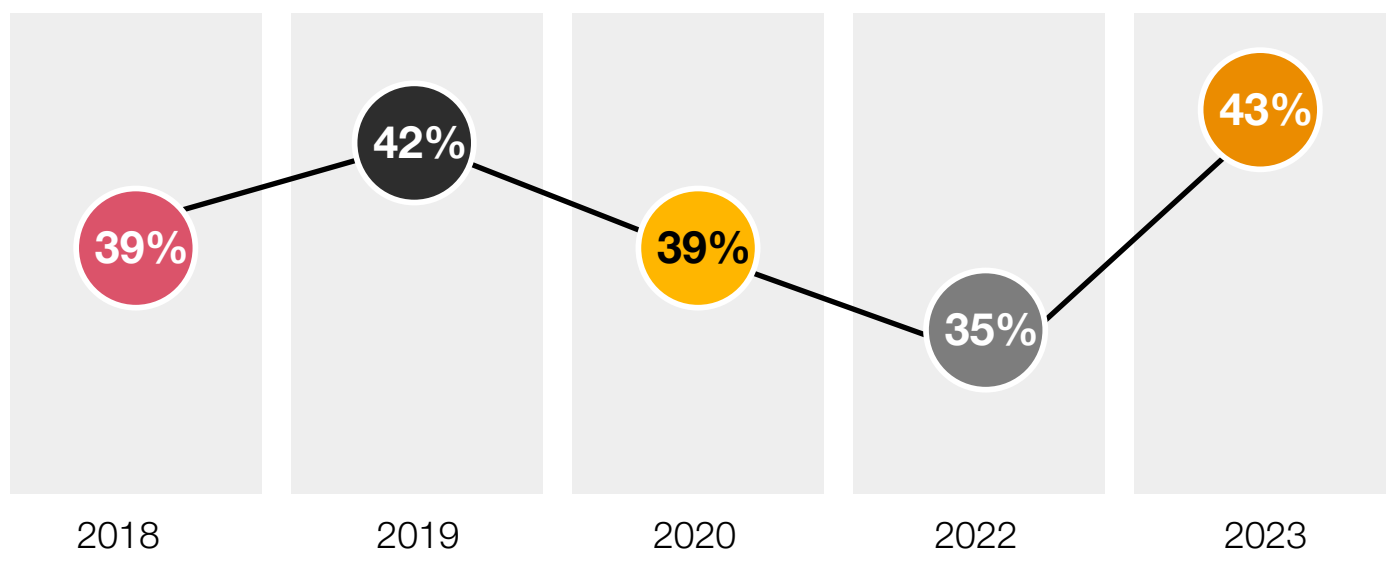
While most companies are still in their early stages of operation, the proportion of fintechs in the expansion or consolidation phase has risen from 31% to **44%**, indicating a maturing industry.

Current fintech phase

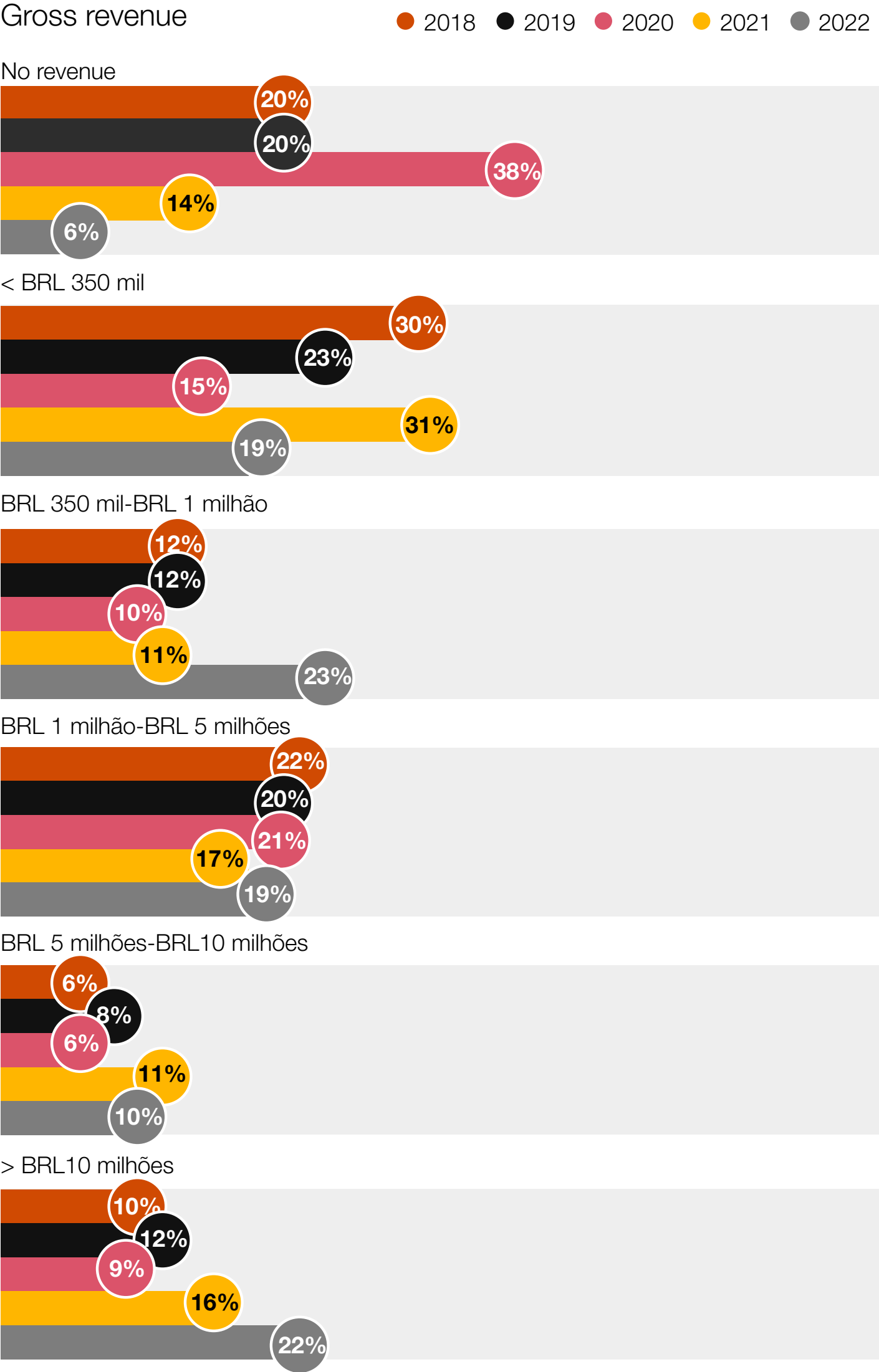


The proportion of fintechs that have reached their break-even point has also surged, currently standing at **43%**, the highest percentage in all five editions of our study.

Achieved break-even point



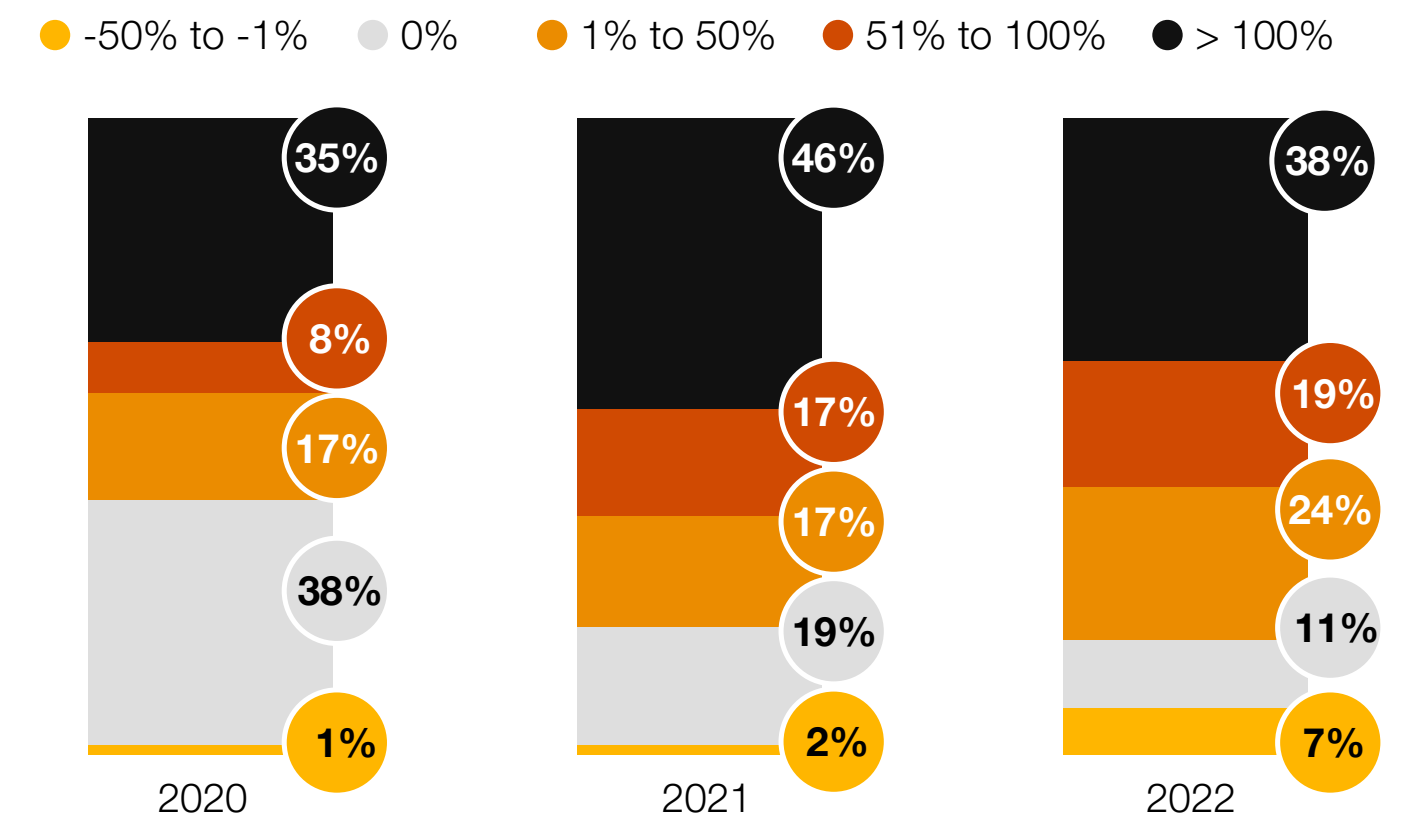
Regarding gross revenue, only **6%** of fintechs reported no revenue—the lowest in our historical data series. There’s also been a decline in those reporting earnings under BRL 350,000. In contrast, the higher revenue brackets have witnessed growth or stabilization: 22% of surveyed companies report revenues above BRL 10 million. This figure jumps to 33% for fintechs in the payment methods sector.





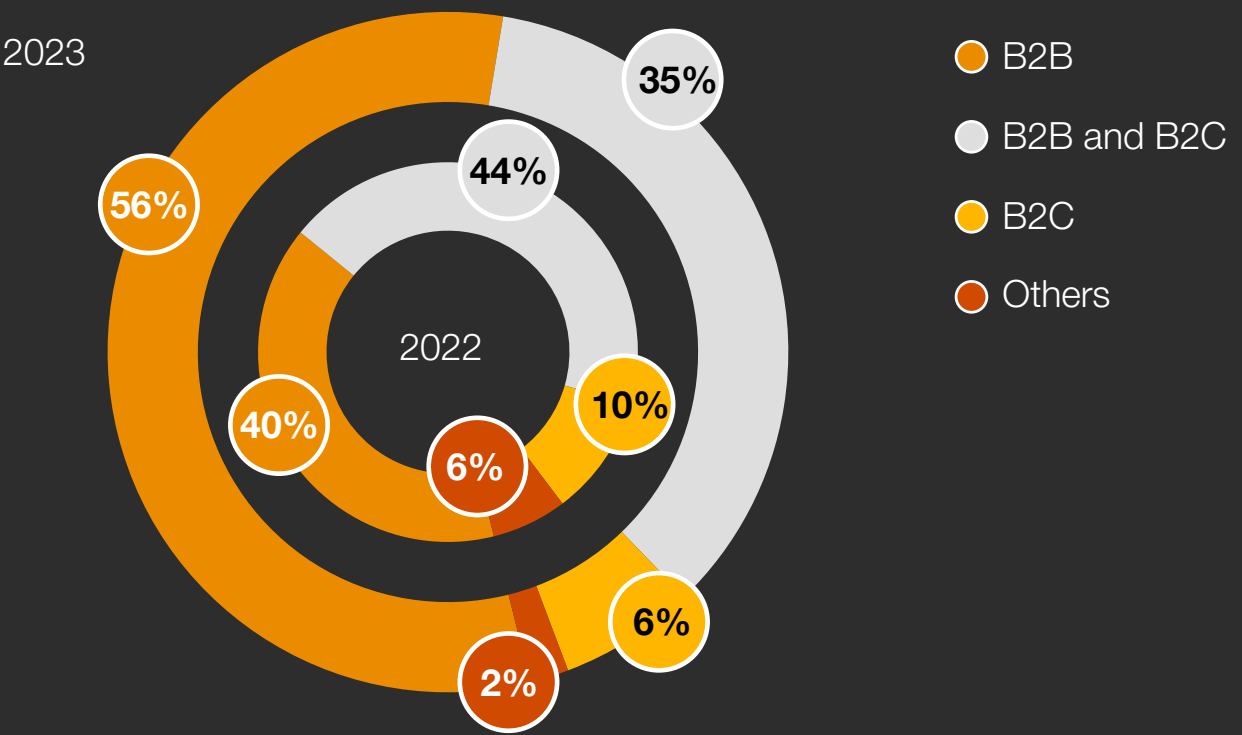
The data reveals that more companies experienced **negative growth**—**7%** in 2022, compared to 2% in the previous year. Moreover, fewer fintechs are witnessing growth rates above 100%. Among these, fintechs operating in the payment methods segment outperform those that provide lending: 50% report doubling their revenue, compared to 29% for the latter.

Revenue growth



To enhance their prospects, fintechs are focusing on more profitable market niches. For instance, the business-to-business (B2B) segment has seen a 16-percentage point leap in the past year. In tandem, the exclusive focus on B2C (end-consumer solutions) has dipped from 10% to 6%.

Business focus



There’s also a heightened focus on small to medium-sized enterprises (SMEs), which face challenges primarily regarding costs to access services that major financial institutions offer.

In recent years, fintechs have been moving forward in providing more accessible and swift solutions for SMEs as an alternative to the traditional banking model. With more tailored services, competitive rates, and streamlined processes, they aim to cater more efficiently to the needs of this market.

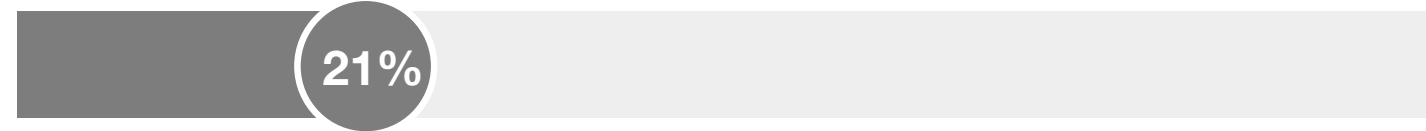
Over half of the fintechs surveyed (**52%**) say their clients are SMEs. In the previous year, the percentage was 38%.

### Client profile

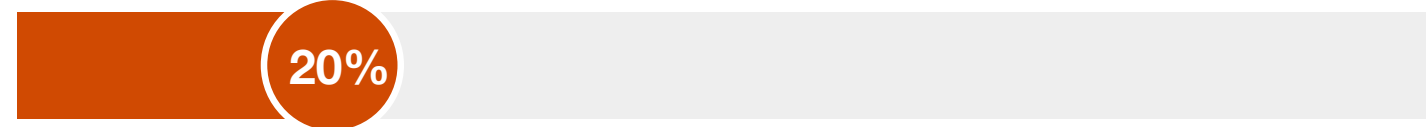
Small or medium enterprise (revenue between BRL 2.4 million and BRL 90 million)



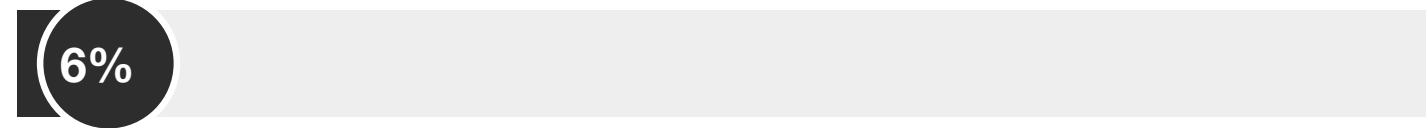
Corporate entity (revenue over BRL 90 million)



An individual with a formal contract (CLT) or freelancer

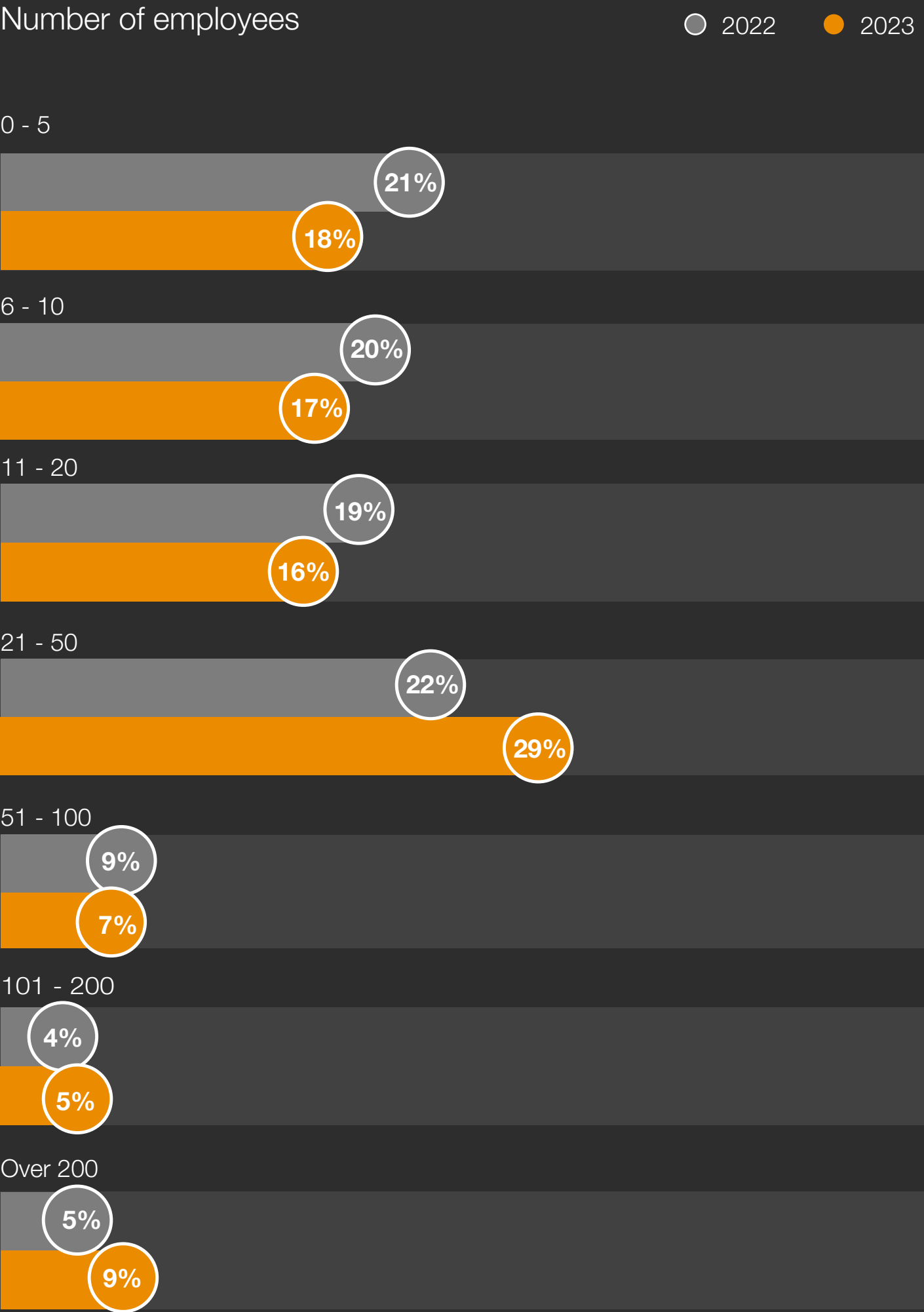


Individual Microentrepreneur (MEI)



Another sign of the maturity of the fintechs participating in the study is the drop from 60% to **51%** in the proportion of **companies with fewer than 20 employees**, usually those in the early stages of development. However, they still make up much of our sample.

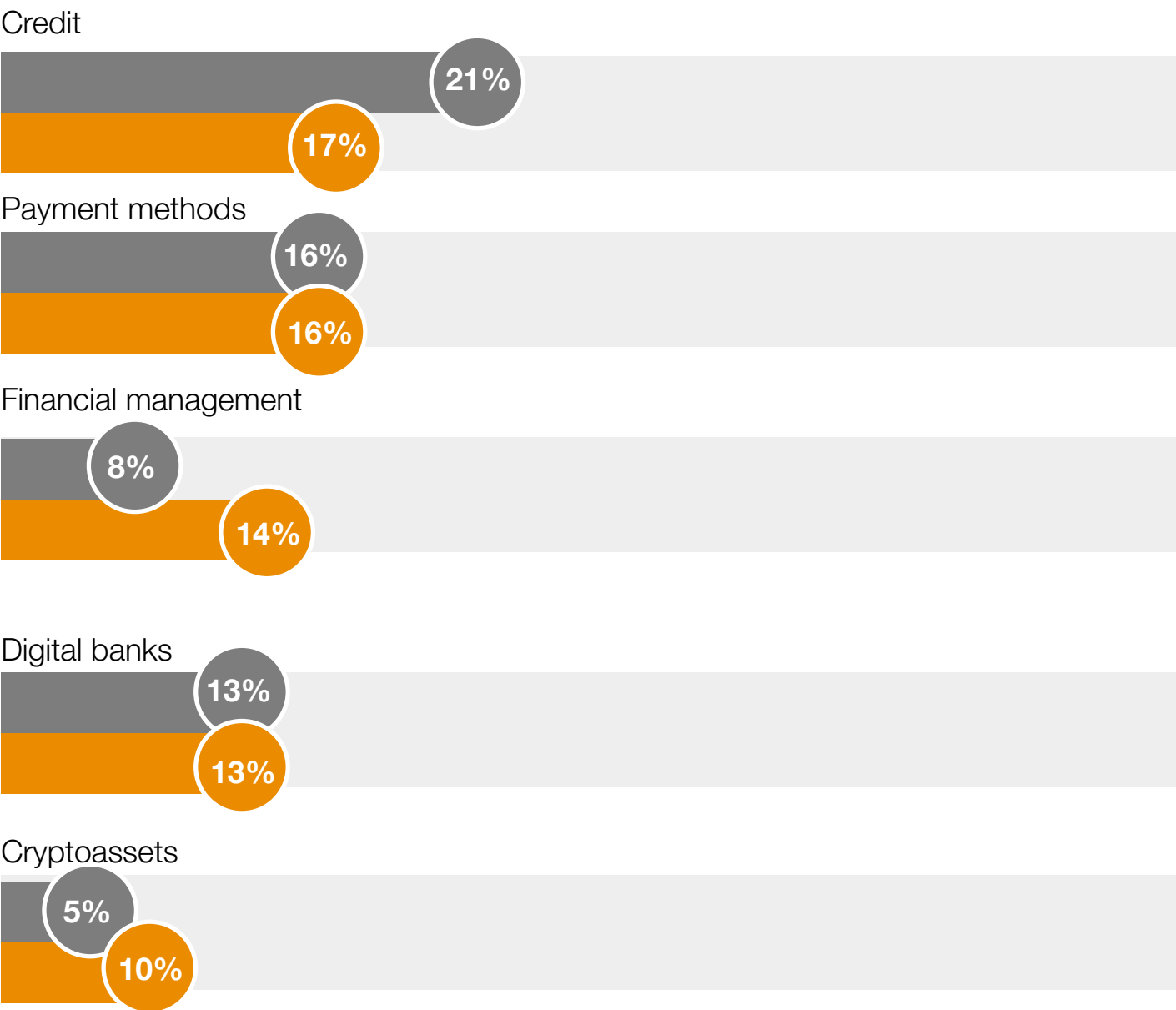
Additionally, **69%** of the participating companies were **founded less than five years ago** – a percentage similar to the sample used in the previous edition of our survey.



The credit and payment methods sectors remain the most prominent among fintechs. Regarding the third place, there was a shift among survey participants, with the financial management sector surpassing digital banks. This shift can be seen as a natural progression following the significant expansion of these banks' customer base during the COVID-19 pandemic and potential market saturation.

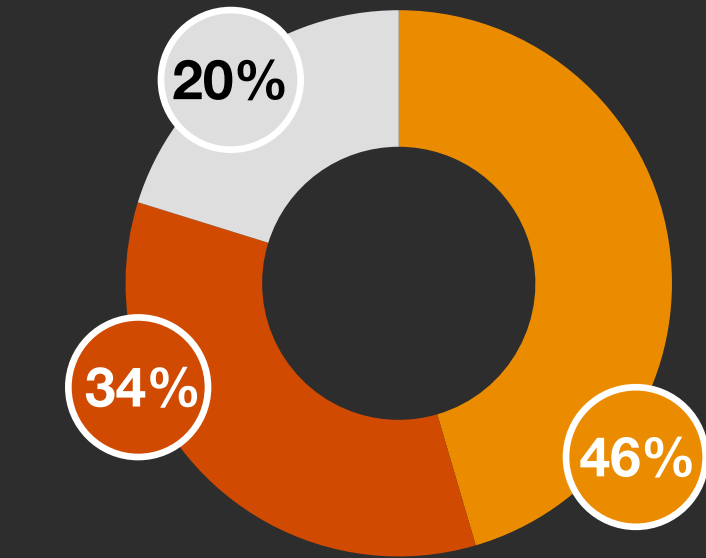
Primary business segments

2022 2023

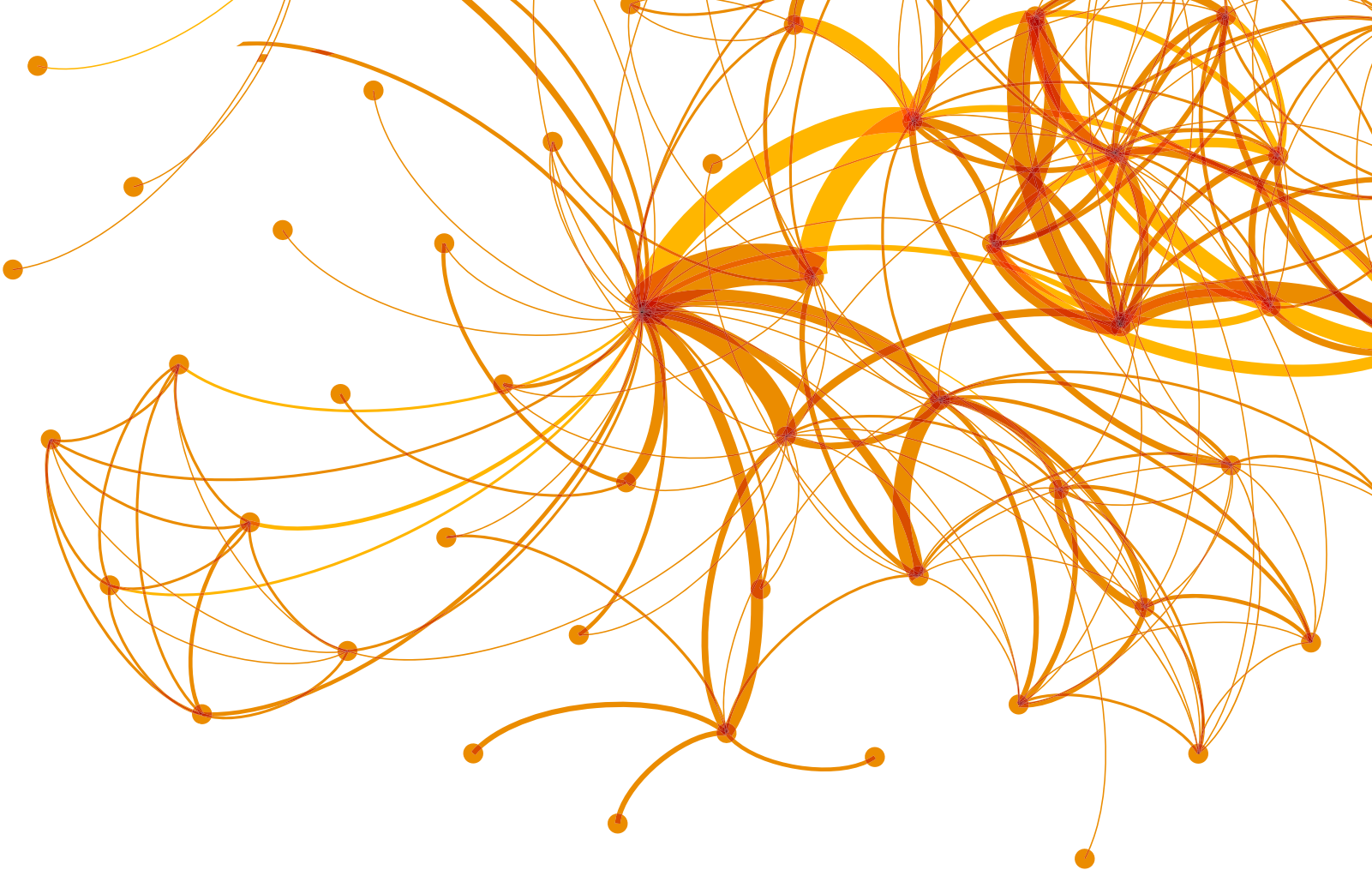


Operational presence abroad

No, but intending to operate Yes No



Over half of the surveyed fintechs operate or plan to operate internationally. Furthermore, 29% have an overseas holding.

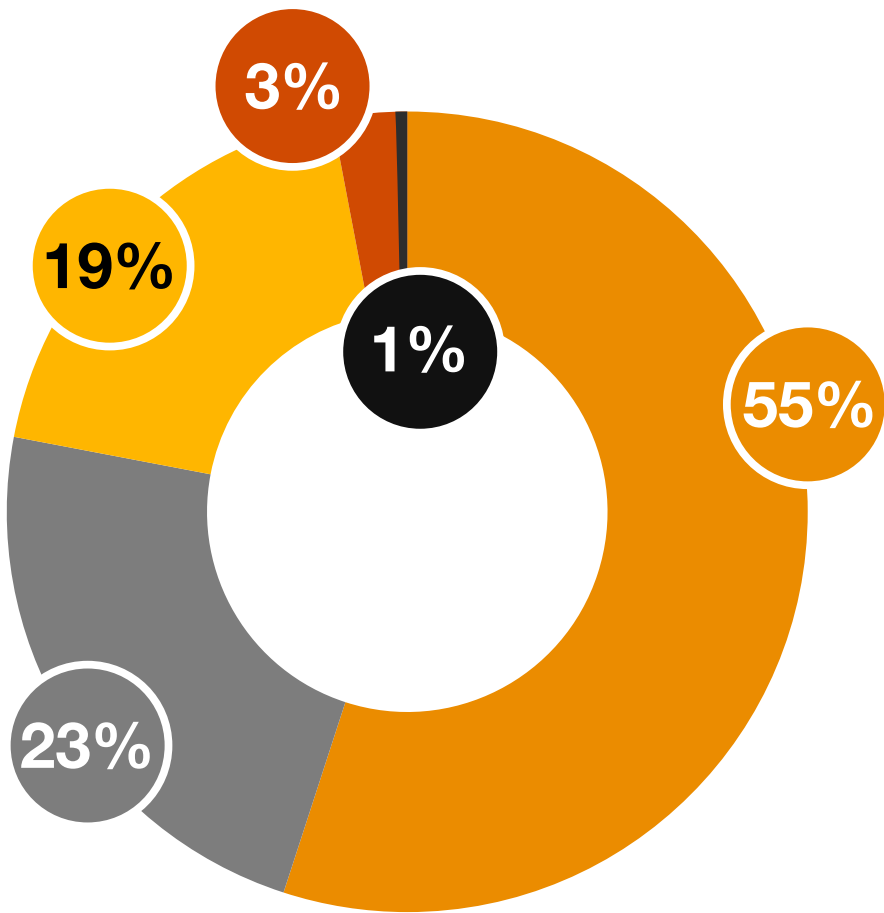


# Trends and opportunities

Most companies surveyed (**55%**) anticipate more than doubling their revenue in 2023. While this outlook is highly positive, it falls short of the 65% registered in the report’s previous edition. Only 4% forecast zero or negative growth.

## Expected growth in 2023

● Above 100%    ● 51% to 100%    ● 1% to 50%    ● No growth    ● -1% to -50%

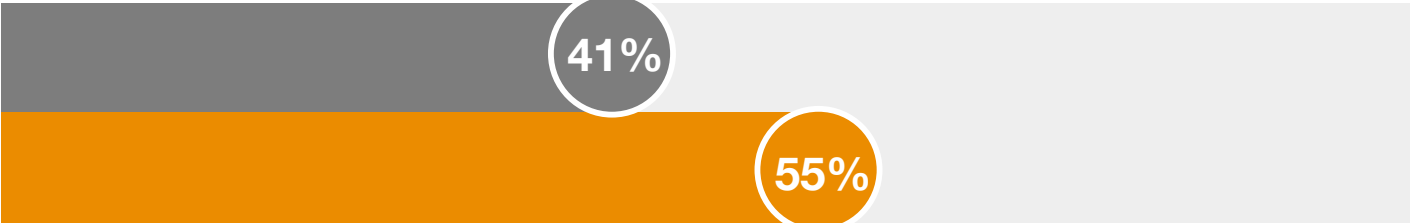




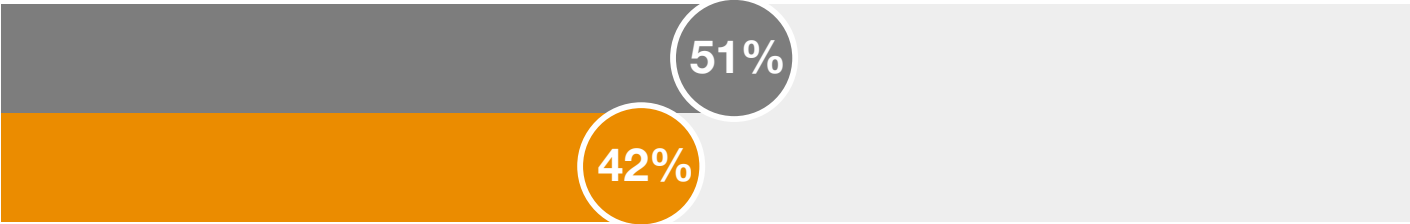
Until the previous edition of the survey, attracting qualified talent was the primary challenge faced by fintechs to ensure the growth of their businesses. Now, this issue has dropped to fifth place on the list of management challenges. This decline reflects how deeply the recent crises has impacted the market landscape for these companies. Scaling up and securing investments have become the most pressing concerns, and these challenges are felt more acutely among credit-focused fintechs than those in the payment methods segment.

Management challenges ● 2022    ● 2023

Achieving the necessary operational scale



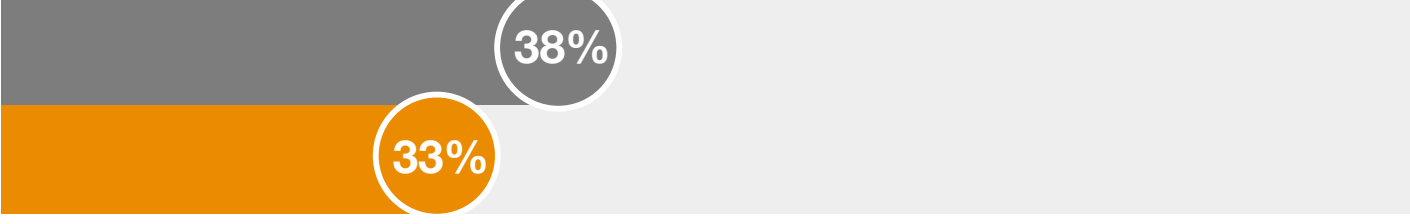
Securing investments for the business



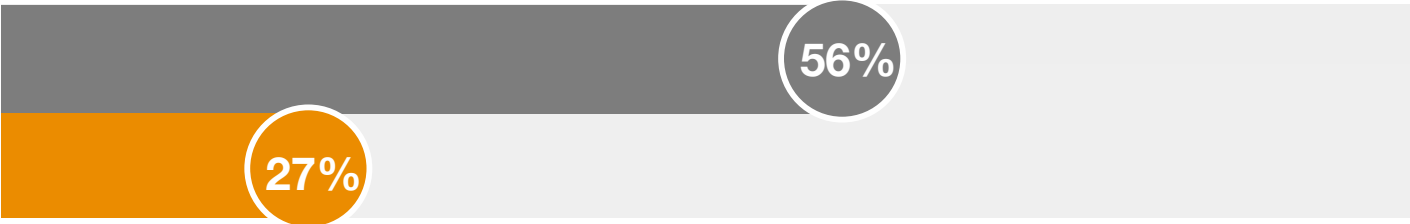
Generating revenue



Building brand awareness

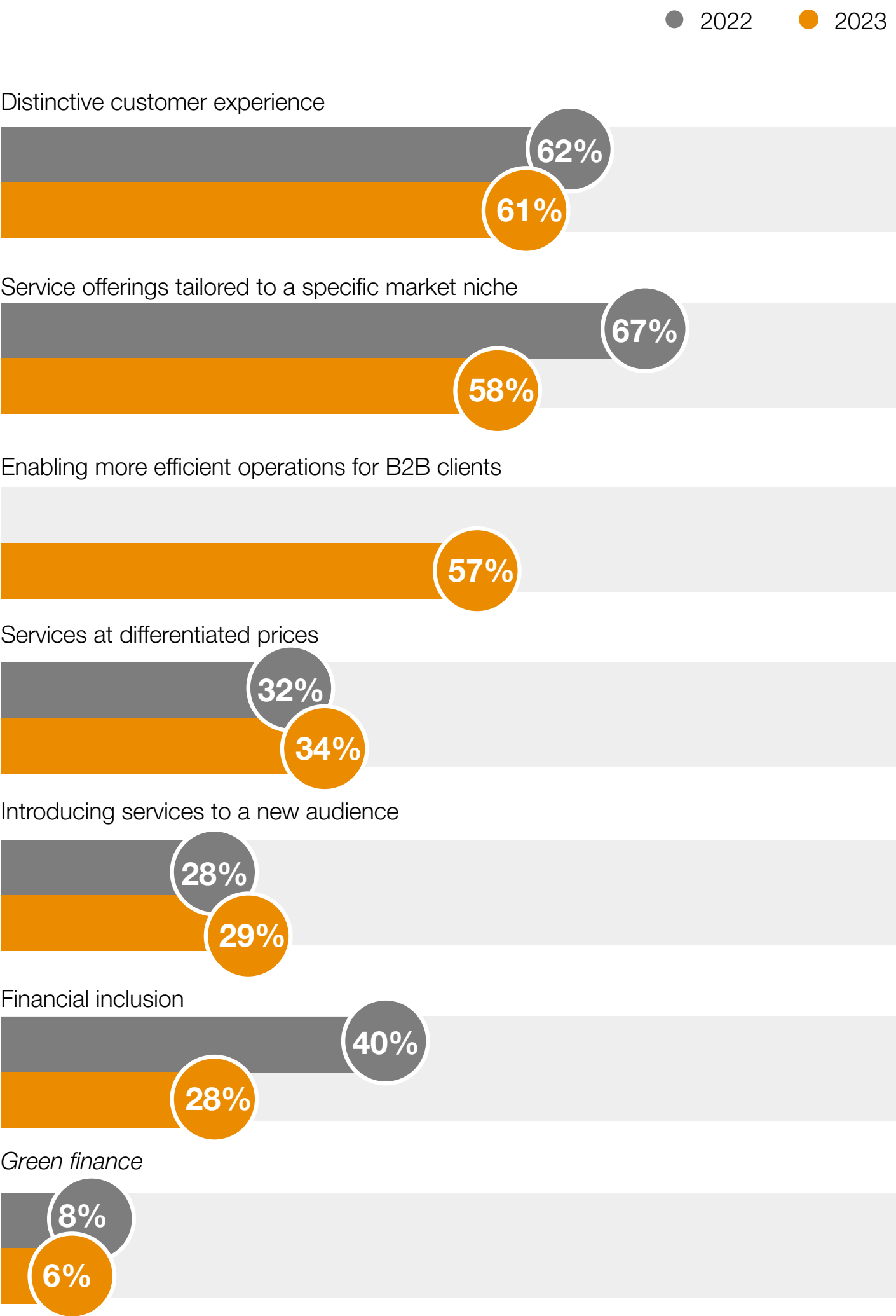


Attracting qualified human resources



Offering a unique customer experience has become the primary problem that fintechs aim to solve. For the first time, we inquired about enhancing operational efficiency for B2B clients, and this option has already secured the third position in the survey. Notably, mentions of financial inclusion as an issue to be addressed have dropped from 40% to **28%**, with almost half of this percentage stemming from the credit segment.

Key user issues addressed by fintechs



Fintechs' competitive edges



Cost  
reduction



Process  
automation



Integration into  
partner ecosystems

In this year’s edition, we asked fintechs at which stages of the customer journey and experience they perceive the most friction or barriers.

According to credit and payment fintechs, clients face the most challenges when trying to resolve an issue. For the investment sector, the main barrier lies in obtaining advice or recommendations. Meanwhile, for the insurance segment, product cancellation is the most problematic step.

Core pain points along the customer journey

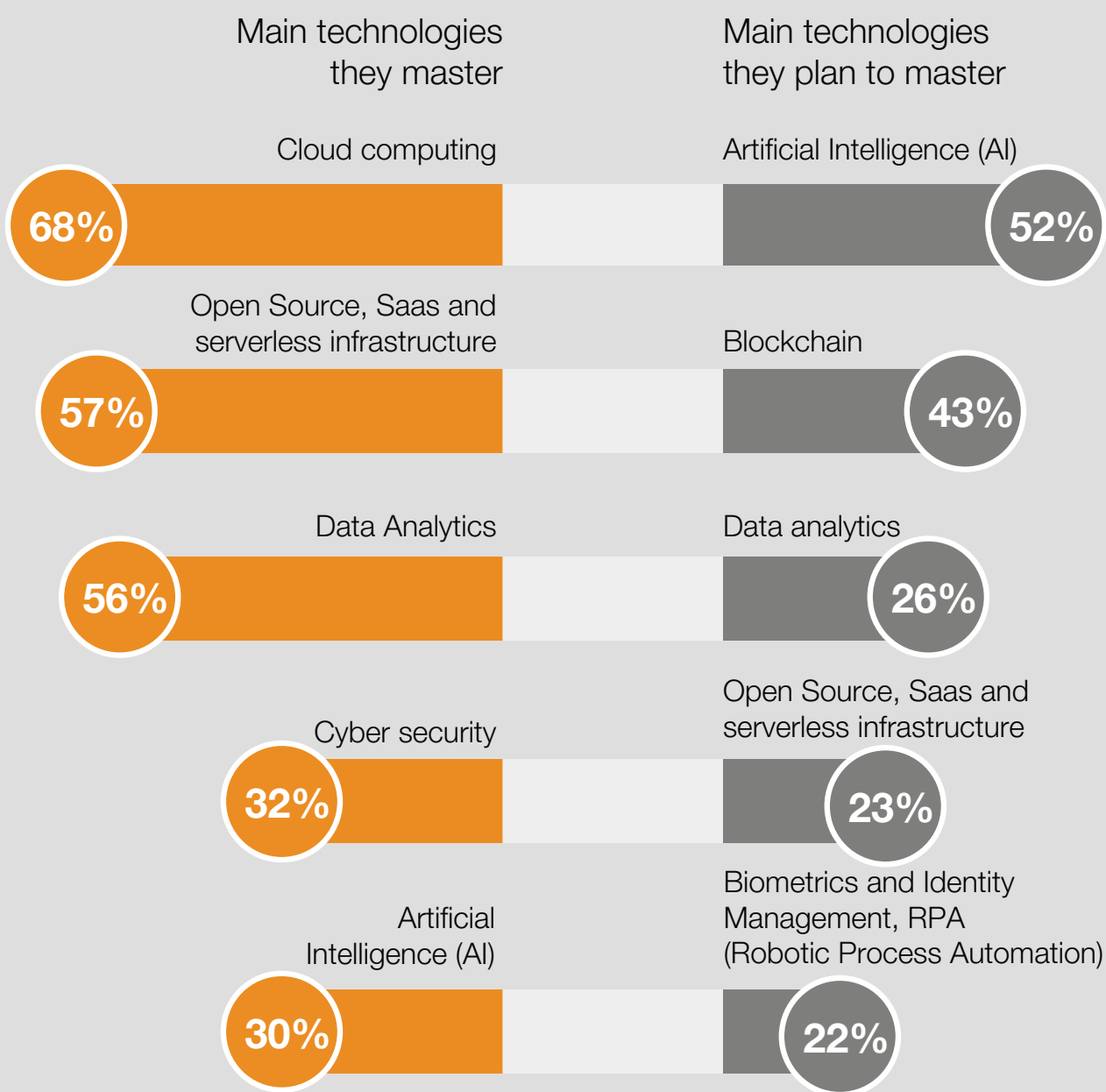
Credit and loans	<div>1º</div> Activate a new product <div>2º</div> Obtain product information <div>3º</div> Operationalize the product
Investments	<div>1º</div> Obtain advice or recommendations <div>2º</div> Obtain product information <div>3º</div> Update account or product data
Payments	<div>1º</div> Resolve an issue <div>2º</div> Cancel the product <div>3º</div> Activate a new product
Insurance	<div>1º</div> Cancel the product <div>2º</div> Obtain product information <div>3º</div> Activate a new product

There are significant business opportunities and competitive gains for fintechs in overcoming these challenges, with technology playing a pivotal role in this journey.

Artificial Intelligence (AI), a technology over half of the companies aim to master, holds potential for task automation, advanced data analysis, and fraud detection. It’s fundamental for enhancing customer experience by understanding their preferences and needs, addressing queries, and providing support through natural language processing, thus elevating the overall interaction with financial services

However, AI currently ranks fifth among the technologies that fintechs have mastered. It lags behind other crucial tech areas like cloud computing, open source, SaaS (Software as a Service), serverless infrastructure, data analytics, and cybersecurity, which now offer more immediate returns to businesses. When looking at the technologies companies plan to master, the top three remain unchanged from the previous survey edition.

Fewer than one-third have mastered the use of artificial intelligence







“

*Artificial intelligence will undoubtedly disrupt the market and could spell the end for some companies. The catch is, if you deploy an inefficient AI application, you might also meet your demise. Is it worth pouring significant funds into AI now when capital is scarce, and there are other immediate return areas to focus on? I recommend starting with AI as an experiment, a non-strategic pilot, preferably in partnership with a larger corporation that has more resources to shoulder responsibilities in case of setbacks. Don't rush headlong trying to pioneer; it'll only drain your funds.”*

**Diego Perez**, President of ABFintechs





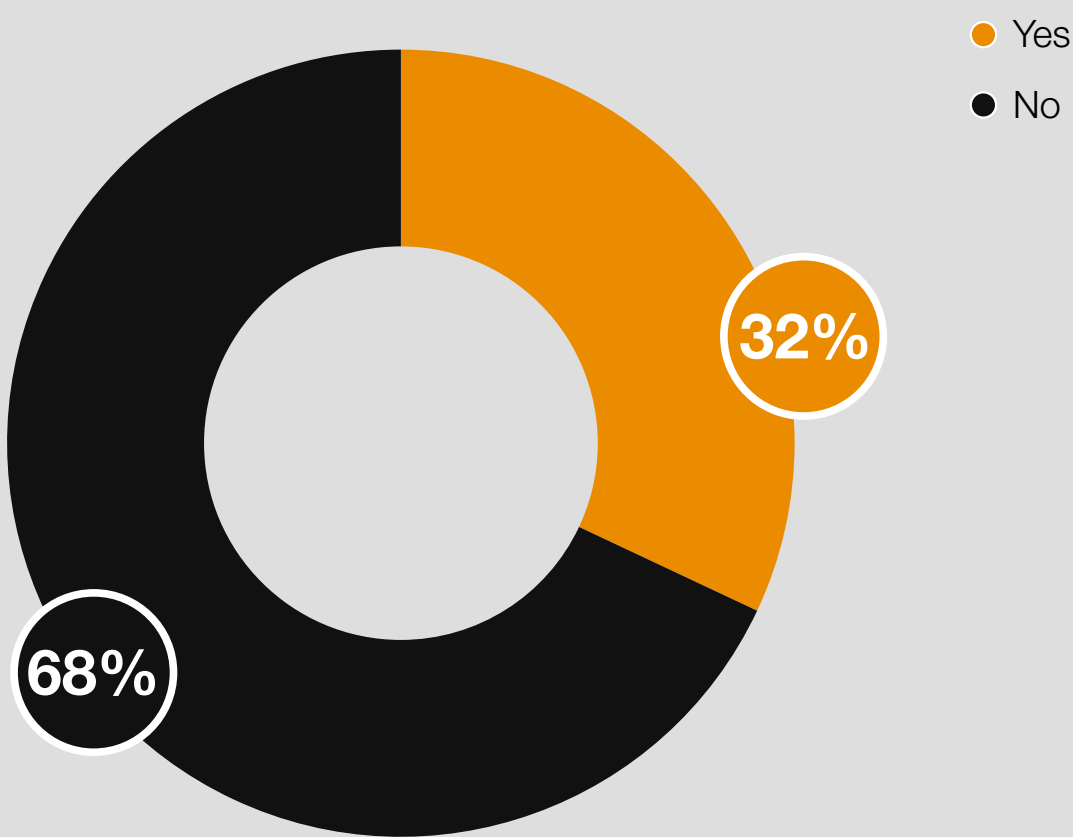


### Keeping an eye on cryptocurrencies

With the discussion on cryptocurrencies and digital assets among the regulatory priorities of the Central Bank of Brazil, the percentage of companies claiming to operate in the cryptoasset segment has increased from 5% to **10%** in a year.

Furthermore, nearly a third of fintechs are developing solutions focused on this area.

Developing solutions for the new regulatory frameworks of cryptocurrencies/creation of centralized digital currencies (CBDC)



# Looking ahead



42%

anticipate that the increased availability of information through Open Finance will significantly expand **credit and loan offerings for underserved individuals and companies.**

27%

do not develop any solution for **Open Finance or Pix.** This percentage rises to 40% among credit fintechs. Additionally, 43% already reap the benefits of these regulatory themes, a result that is even more prominent among payment fintechs (61%).

35%

believe that B2C markets are already extensively explored in Brazil. Yet, there is significant room for B2B offerings to grow in the payment sector.

34%

recognize the consolidation of Open Insurance as an evolutionary factor in insurance underwriting and pricing, which can reduce the end price for customers.

32%

believe that personalized advisory will emerge as the key value proposition in the investment sector, given that digital brokers, platforms, and portfolio management bots have commoditized traditional investment management.

# Seeking support for innovation

The surveyed fintechs seldom utilize acceleration programs and regulatory sandboxes for their development. While more than half are part of some innovation ecosystem, few leverage the government’s tax incentives for technological innovation or hold registered patents.



75%

do not participate in acceleration programs



88%

have neither participated in nor applied to any regulatory sandbox.



55%

are involved in innovation ecosystems.



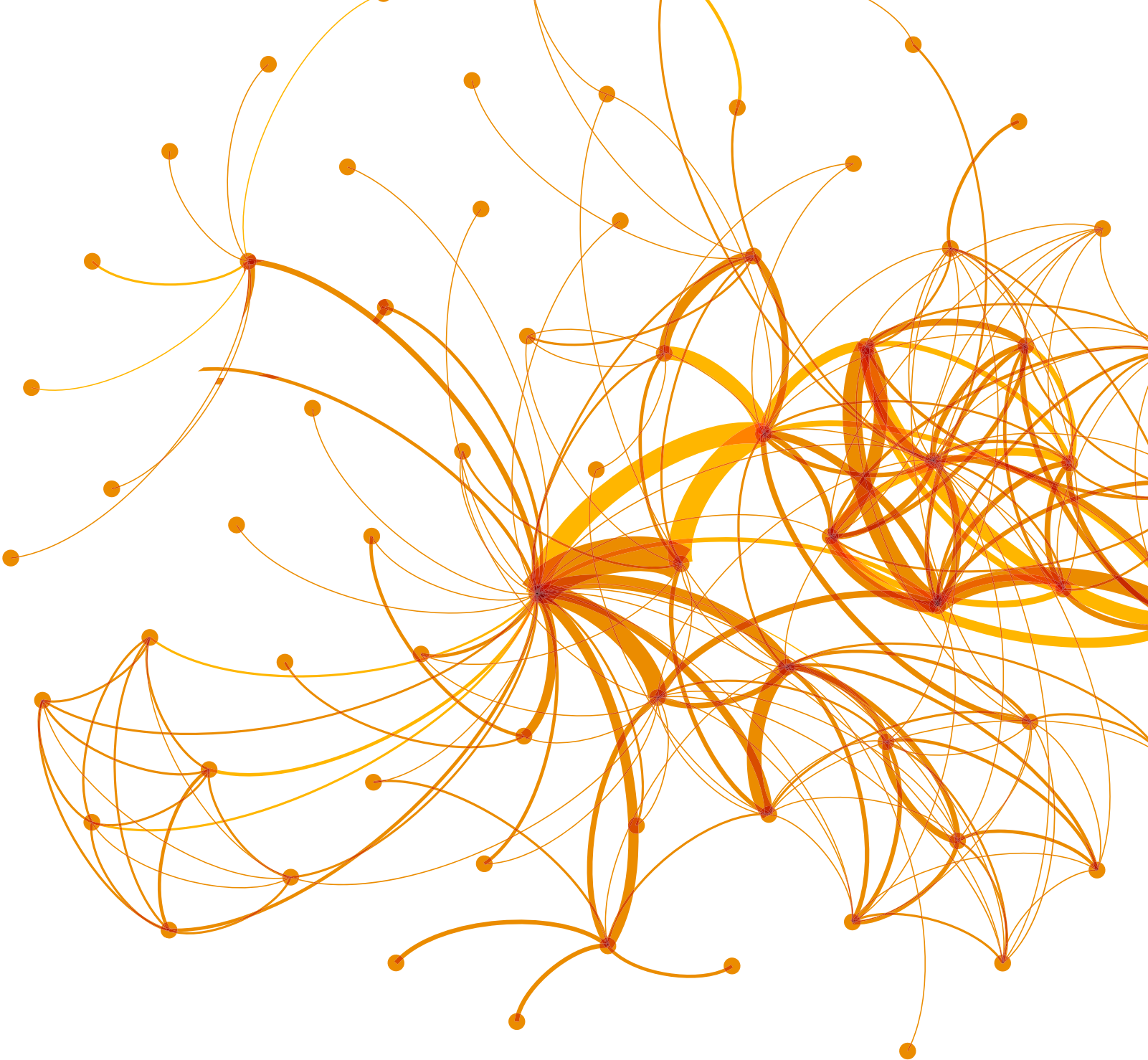
87%

do not hold registered patents.



Only 8%

have benefited from technological innovation tax incentives of Law No. 11,196/05 (“Lei do Bem”). However, this figure is twice that recorded in the previous survey.



# Methodology

The Fintech Deep Dive Survey 2023 was conducted by the Brazilian Fintech Association (ABFintechs) and PwC Brazil based on responses provided in an online questionnaire sent to representatives of technology companies specializing in financial services in Brazil.

Between February and April 2023, we received responses from 108 fintechs. Our sample includes companies of various sizes and sectors. Experts from ABFintechs and PwC carried out the data analysis. The answers were handled with strict confidentiality and were collectively analyzed. No reference to individual companies is made in the results or the data analysis.

We sincerely thank all the companies that participated in our survey, contributing to a richer insight into the landscape of Brazilian fintechs.

# Contacts

## PwC Brazil

We are a network of firms operating in 152 territories, with over 320,000 professionals committed to delivering quality services in audit and assurance, tax and legal consulting, business consulting, and transaction advisory.



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# ABFintechs

Established in October 2016, ABFintechs brings together more than 630 members. Its mission is to ensure that the highest possible number of fintechs becomes a business reality and to position Brazil as a reference in financial sector innovation, emerging as a global provider of disruptive financial innovations.



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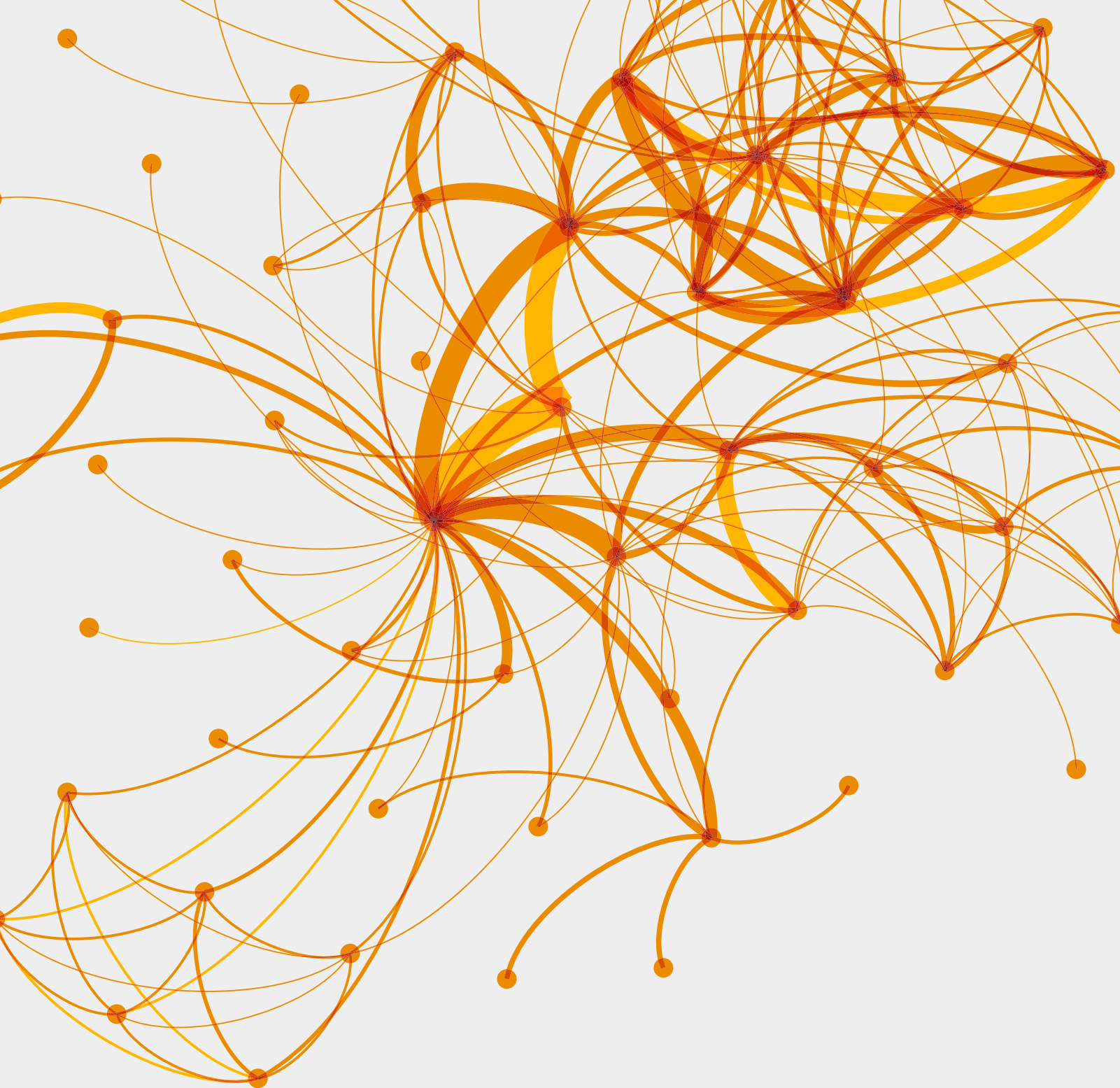


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