

Press release

Usage of digital channels in the banking industry grows fast in Brazil

According to a report issued by Deloitte to the Brazilian Federation of Banks, mobile banking transactions grew 138% in Brazil in 2015. Technological innovations and the increased access to internet and smartphones are the main reasons for this fast change.

[In Press Porter Novelli](#)

Press office

+55 (11) 3323-1581 / +55 (11) 3323-1581

deloitte@inpresspni.com.br

The usage of digital channels in the banking industry grows quickly in Brazil, fueled by the increased expansion registered last year by mobile banking, which recorded 11.2 billion bank transactions, an increase of 138% compared to 2014 – when 4.7 billion transactions performed –, according to the FEBRABAN Banking Technology Survey, launched by the Brazilian Federation of Banks.

Conducted by Deloitte, under the supervision of FEBRABAN, the study had the participation of 17 banks, representing 93% of this industry's assets in the country, and revealed that mobile banking is the second channel preferred by customers for banking transactions: its participation in the operations total increased from 10% in 2014, to 21% last year. In 2015, Brazil already had 33 million active accounts with the mobile resource, a significant growth of 32% compared to the previous year.

"The number of transactions by mobile banking channel grew by more than 100 times since 2011. It is a significant advance", said Gustavo Fosse, director of Banking Technology and Automation of FEBRABAN – in that year, about 100 million transactions were recorded by this channel.

According to the survey, banking transactions made by internet banking and mobile banking exceeded more than half of the total, reaching 54%. Internet Banking was the channel responsible for the biggest number of transactions last year, with 33% of the total – equivalent to 17.7 billion banking operations. The accounts with internet banking jumped from 56 million in 2014 to 62 million in 2015.

"The growing use of digital channels has been driven by a few factors. The first one is related to the industry, since the banks have been acting as an important inductor in technological innovations, increasingly focusing on bringing convenience to their customers", says Gustavo Fosse. "Another factor is related to internet access in Brazil, which increased in this last year and is already accessible to 56% of the population", he adds. "The smartphones use has also leveraged this increase; if we look to the global scenario, we are above the world average, which is 37%".

Investments

The study also brought important data on technology investments. Besides a challenging economic environment, Brazilian banks are still investing massively in IT. Compared to the 10 major economies, Brazil occupies, on the basis of the GDP (Gross Domestic Product) ratio, the 7th place in information technology investments in the banking sector, and it is the country among the BRICs that most invests in IT proportionally to the economy size.

According to FEBRABAN Survey on Banking Technology 2015, investments and expenditures in IT totaled R\$ 19.2 billion in 2015. From this total, 44% were intended for software, 35% for hardware, and 20% for telecom. In Brazil, the banking industry is responsible for 13% of investments and expenses made in information technology, the same percentage than the world statistic.

Physical points

Despite the digital channels fast growth, the physical points and other service channels are still playing an important role in banking customer service. According to the study, the total transactions made in bank branches, POS (commerce points of sale), ATM (self-service) and related was 23.6 billion, which represents 45% of the total.

The study also revealed that, in 2015, the universe of physical branches had a slight reduction, what was also noticed, more intensely, in banking correspondents, PABs and PAEs. In the case of the branches, the total registered in 2015 was 22.9 thousand, against 23.1 thousand in the previous year. The total PABs (banking service points) and PAEs (electronic service points) registered by the survey was 44.5 thousand in 2015, compared to 51 thousand in 2014. And the banking correspondents changed from 346.5 thousand in 2014 to 293.8 thousand in 2015.

"These adjustments are related to three main factors: the economic situation experienced by the country, which culminated in the closure of a number of establishments; the operational efficiency policy of some banks, which chose to make a review to solve overlaps of existing service points; and to the diversification of service channels", adds Fosse.

The survey and the adopted methodology

Conducted for 24 years by FEBRABAN, in 2015, FEBRABAN Banking Technology Survey 2015 realized for the first time in partnership with Deloitte. The study was performed by applying an online pool to financial institutions, interviews with experts, public data consolidation and also using Deloitte international surveys for expanding and deepening the data analysis.

"We could put together – through the data reported by financial institutions, interviews with experts, public data consolidation and Deloitte researches – information and analyses that showed us how Brazil is globally positioned regarding the banking technology, evidencing, once again, the pioneering profile that the country historically occupies in great transformation movements in the industry", says Paschoal Pipolo Baptista, Deloitte partner and specialist in the financial services industry.

For more information about the survey, visit: www.febraban.org.br or www.deloitte.com.br. The full report was launched in Brazil at CIAB FEBRABAN 2016, from June 21 to 23 (further information on www.ciab.org.br).

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About FEBRABAN

The Brazilian Federation of Banks (FEBRABAN) is the chief entity representing the Brazilian banking sector. It was founded in 1967 in the city of São Paulo for the purpose of strengthening the financial system and its relations with society and contributing to the economic, social and sustainable development of the country.

The Federation's goal is to represent its associates at all levels – the Executive, Legislative and Judicial branches and entities representing the society – for improvement of the regulatory system, continued improvement of production and reduction of risk levels. It also seeks to concentrate efforts that promote the public's growing access to financial products and services.