

Chapter 9

FinTech in Brazil: Opportunities or Threats?

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ABSTRACT

To accompany the development and advancement of new means of access and service, banks have sought the adoption of friendly and efficient digital platforms so that they can contain the advances of fintechs. The research approaches topics that are aligned, such as the current context of the economy, the National Financial System, and the scenario of start-ups in Brazil. It was also observed that there is a need to regulate the sector so that it can grow with more freedom and thus be able to add to the country this technological wealth, but it analyzes the need to be less bureaucratic like the financial institutions that operate in the market. The study allowed the authors to understand how large companies already established in the financial market identify fintechs and their business models, identifying opportunities, threats, and how this understanding permits the fintechs to prepare for a competitive market, and for large companies to understand how this model can be characterized as an ally.

INTRODUCTION

With the technological advancement and the emergence of entrepreneurial ideas for new business models, innovative, creative, and profitable possibilities arise to facilitate the life of the consumer. In this scenario, startups, a model of companies that work with transformative activities and that seek a business that adds value to the customer are evidenced.

Startups are usually small companies that create a lean model, but that contribute with impact in the society, generating in the short term a profitable business. However, in order to do so, one must create a well-organized development planning, because, with a scenario where uncertainties are predominant, immediate success or failure cannot be predicted. This scenario of profitable and innovative new companies has been growing considerably in Brazil and in the world. Nubank exemplifies this situation. The company, successful in Brazil in the area of means of payments, which at first was considered an uncertainty, grew and attracted great results for both the company and its final consumer.

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Among the startups are FinTech. A model that proposes to add technological innovations to companies of the financial area, arose to challenge the current financial model that is slow and bureaucratic.

According to the Brazilian Association of Fintechs - ABFintech, this model is growing in Brazil, having tripled in the last two years. Rodrigo Libaldo, president of ABFintech, comments that there are 244 FinTech in the country (RODRIGUES, 2017).

In addition, these small organizations emerged to challenge large financial institutions already consolidated in the market as there were no new models that could compete with this system. With a modest beginning, the model achieved expressiveness in the financial market and became a bet for institutions interested in technological and social advancement.

The service brought by these FinTech tends to reach market with their products which can offer from credit card to personal loans without bureaucracy, challenging banks with their efficient business differentiation. These companies invest in technology and work more quickly and transparently.

In view of the above, the article seeks to answer the following research problem: Are FinTech configured as opportunities or as threats to large financial institutions in Brazil?

To respond to the proposed problem, the general objective of this research is to identify how FinTech constitute opportunities or threats for large financial institutions in Brazil. And as specific objectives: analyze the perceptions about FinTech; observe the partnerships that may arise between financial institutions and FinTech; identify the challenges of FinTech with the market; identify how is the fintech market in Brazil.

The academic relevance of this work is justified by the current relevance of the topic, by the small amount of research related to the subject and by the exponential growth of FinTech in the market. Therefore, research will add to the academic environment as an incentive to scientific study. Socially and economically the study will bring more knowledge to these types of organizations that seek to undertake through FinTech that are in great expansion.

Therefore, the following will be presented the theoretical reference and all its scientific base to reach the proposed objectives

THEORETICAL REFERENCE

Entrepreneurship

Entrepreneurship means willingness to add values, know how to identify and idealize opportunities (AURELIO, 2010). Mações (2017) states that entrepreneurship is to plan projects to transform a profitable business economically and involves innovation and risk. However, for Dornelas (2016), entrepreneurship is the continuous search for development.

For Saraiva (2015), entrepreneurship is the description of processes, of creation and capture of new ideas and methodologies, in which the sources of inspiration can lead to the formation of new business models, thus generating a greater competitiveness.

Going further, Mações (2017) explains that entrepreneurship is the process of seeking and reaching new opportunities, in which they are usually responses to market demands. Entrepreneurship is also linked to the process of starting a new business, where entrepreneurs take risks and analyze the benefits brought by their visionary and innovative ideas, with the production of new concepts of services and products.

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