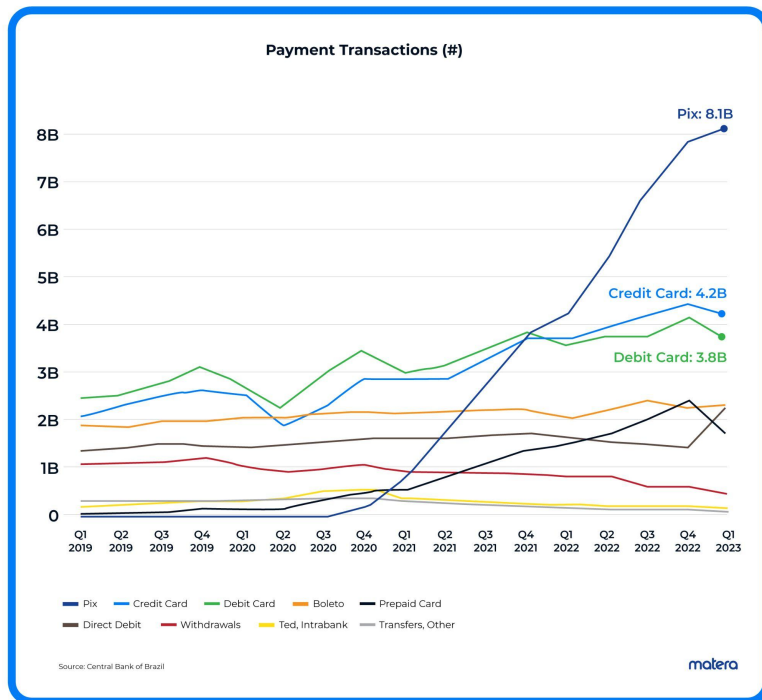


Pix by the Numbers | Q2 2023

Pix secures its place as the dominant tender type

Even the venerable credit card industry is feeling the impact

Number of credit card transactions may have peaked in Q4 2022



The seemingly untouchable credit card may have met its match with Pix.

In Q1 2023 (the most recent data comparing Pix with credit/debit), there were 8.1 billion Pix transactions vs. 4.2 billion credit card and 3.8 billion debit card transactions. This is the first quarter where the number of Pix transactions was more than credit and debit combined.

Credit and debit share of transactions has been declining since Pix launched.

Pix accounted for 35% of all transactions in Q1 2023, up from 23% a year ago. Credit card transactions were 18% of total, down from 20% one year ago. Debit card transactions were 16% of total, down from 20%.

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P2B continues to be the fastest growing use case of Pix.

Merchants and billers are highly motivated to get consumers to pay by Pix since it's less than 1/10th the cost of credit. On average, merchants pay 2.34% to accept credit cards, 1.13% for debit and .33% for Pix.

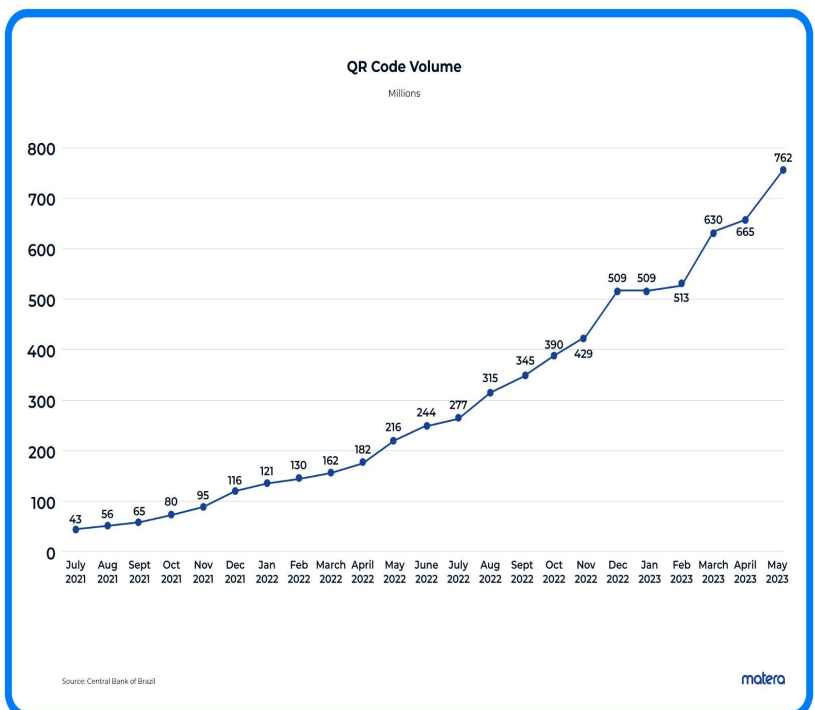
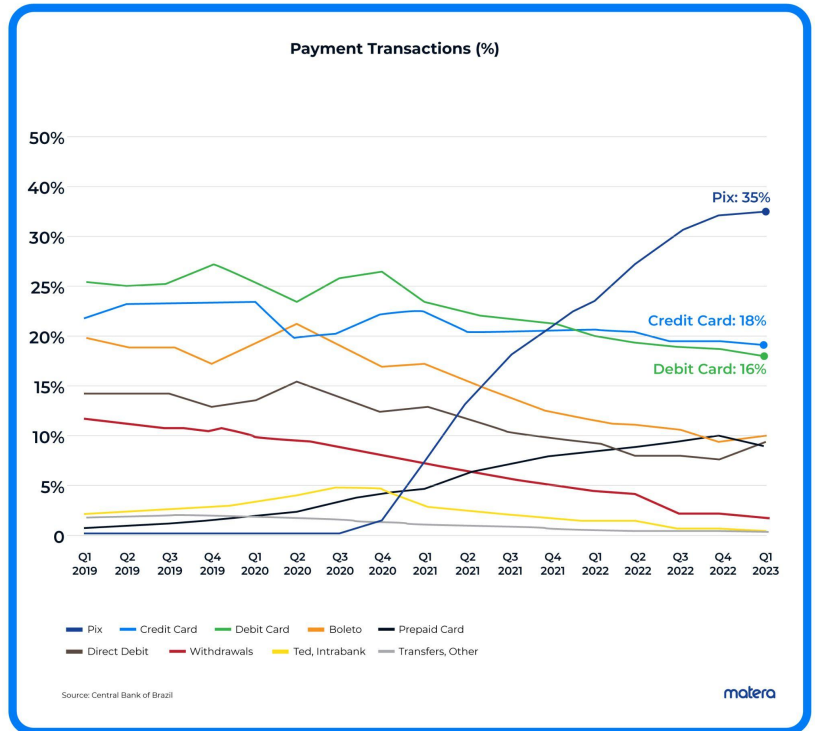
To encourage Pix, businesses are prompting them at checkout, marketing to them online and in-store, giving discounts and presenting Pix as the default or top payment option when given a choice at checkout.

Nearly 30% of Pix transactions initiated by QR Codes.

QR codes play a critical role in the growth of Pix given the ease of payment. Billers and merchants simply present a QR code to consumers that can be scanned and paid by mobile phone. Consumers don't need to get out their wallet, dig out a card or share sensitive financial information.

The average value of a Pix transaction is approximately \$84 (USD).

In the merchant/biller space, the average value of a P2B Pix transaction was approximately \$32 (USD) in June 2023 which is down more than 30% compared to June 2022. As more businesses encourage consumers to pay by Pix, the average value of a Pix transaction has been declining.



Our Take

Pix presents a clear challenge to the credit card industry and will continue to take share from credit cards. Account-to-account instant payments facilitate an open network that solves many issues common in payments today.

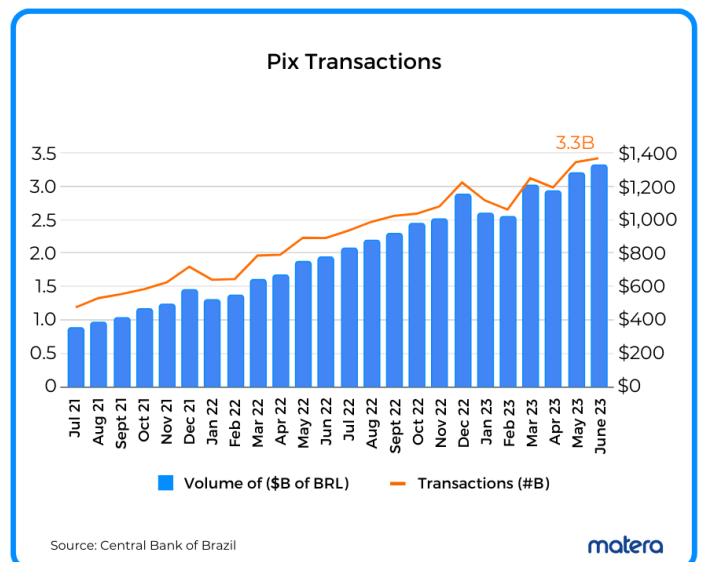
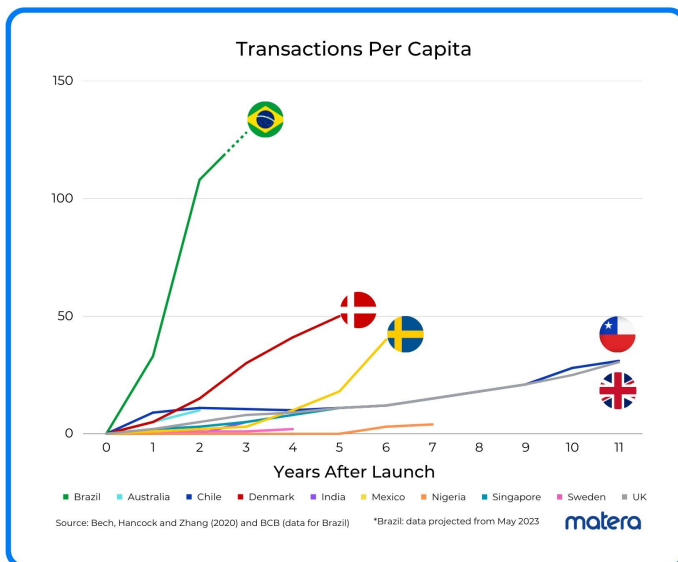
They remove the complexities of cards, tokenized numbers, processors, and acquirers, and move money from one financial account to another financial within seconds. In the case of a consumer paying a merchant, once a merchant sees an approved transaction, the funds are already in their bank account, eliminating the need for reconciliation.

The U.S. is in a position to take advantage of new opportunities in instant payments, similar to Pix, with the existing RTP payments rail, as well as the debut of the FedNow payments rail.

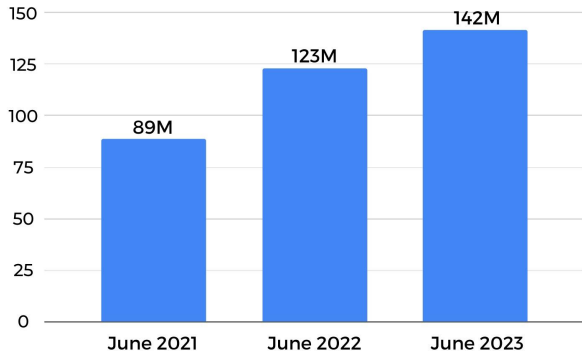
At a minimum, Pix credit is a blueprint for what billers and merchants can do in the U.S. to move away from costly interchange. It's also a product financial institutions can offer that mimics credit cards - the consumer experience and the commercial opportunities.

With recurring payments on the Pix roadmap as well as the adoption of Pix credit underway, the impact on the cards business will continue. The next twelve months will likely reveal who will adapt their credit card business model in Brazil to stay relevant in the age of Pix.

U.S. financial institutions and card companies alike should be taking note. The lesson from Pix is clear: Innovation and disruption are coming.



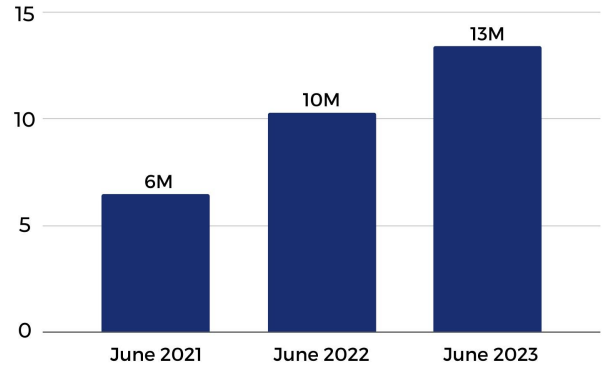
Number of Consumers Using Pix
in Millions



Source: Central Bank of Brazil

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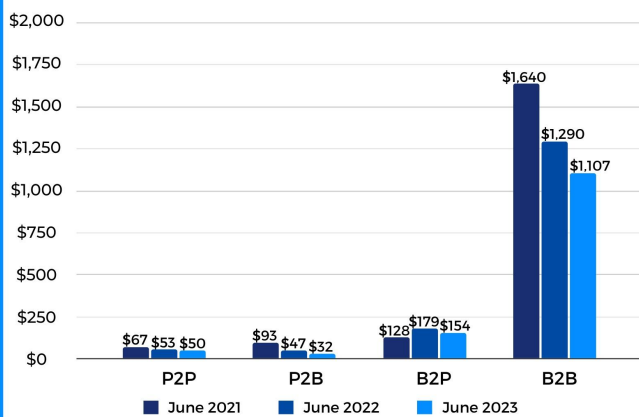
Number of Businesses Using Pix
in Millions



Source: Central Bank of Brazil

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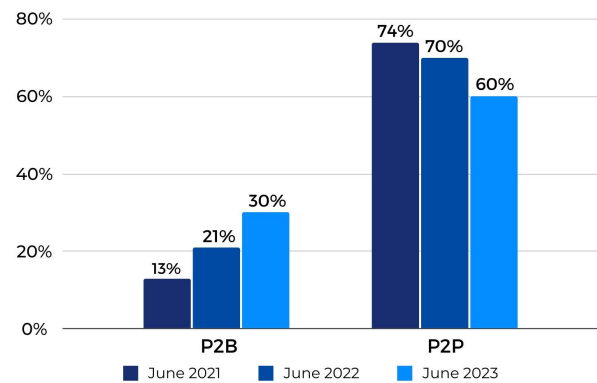
Average Value per Transaction
in US Dollars



Source: Central Bank of Brazil

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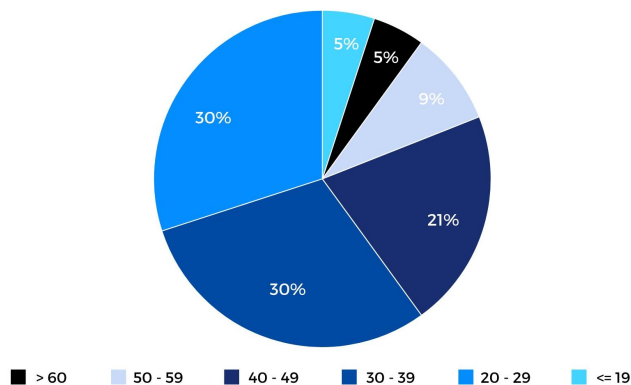
% Pix Transactions by Type
P2B vs. P2P



Source: Central Bank of Brazil

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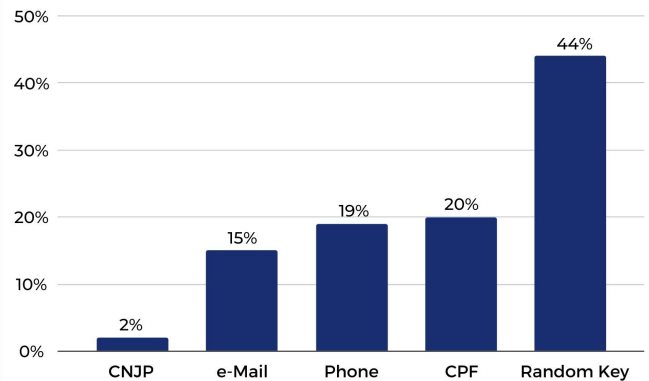
June 2023 Transactions by Age
(%)



Source: Central Bank of Brazil

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Aliases by Type
(June 2023)



Source: Central Bank of Brazil

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