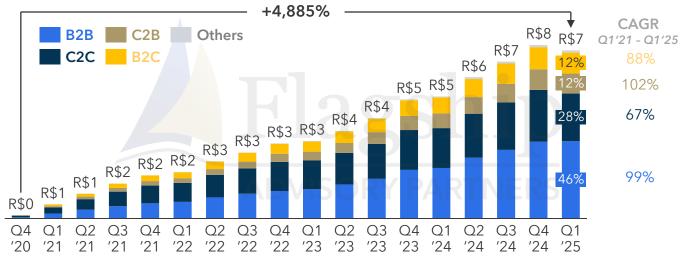
Pix is Redefining Brazil's Payment Mix

Pix Value of Transactions by Type of Flows (in trillions of R\$, by use case)



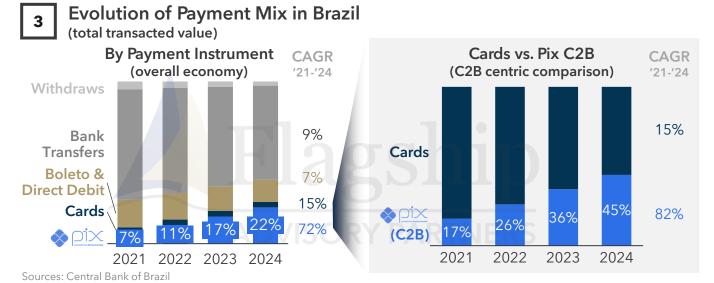
Sources: Central Bank of Brazil

Pix Product Evolution

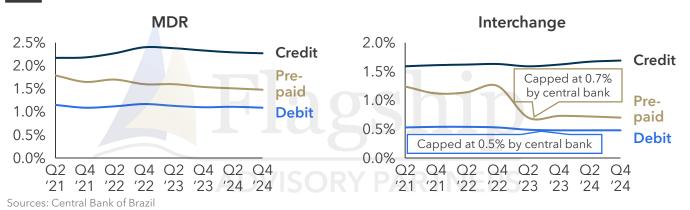
Launch 20 Nov. '2	20 Feature	Description
		Enables A2A transfers among individuals, businesses, and government entities.
2020 -	₽ Pix Payment	Supports purchases at physical points-of-sale and e-commerce through Pix A2A rails.
	Pix Collection	Enables recipients to generate payment requests by QR codes, inclusive of fees, interest, and due dates.
2021 •-	Pix Withdrawal	Permits cash withdrawals at participating merchants
	Pix Change	Enables cash change through Pix at participating merchants
2022 •-	Pix Installments	An innovation by banks and fintechs around Pix, allowing consumers to make installment payments using their credit card limit or approved credit line
2024	Recurring Pix	Facilitate repeated payments (e.g., subscriptions, tuition, utility bills) on a recurring schedule.
2025 -	Contactless Pix	Enables mobile point-of-sale payments via NFC.
	Automatic Pix (June 2025)	Direct debit feature enabling billers (e.g., utility companies, telecoms) to pull funds automatically from consumers accounts on due dates.
Future •	Pix Credit (September 2025)	Unlike Pix Installments, Pix Credit is a Central Bank-led feature (in development) that will allow installment payments with guaranteed payment to merchants
	International Pix (No date announced)	Enables cross-border payments by connecting Pix to international instant payment systems.

Sources: Central Bank of Brazil

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4 Average MDR and Interchange Rates by Type of Card



Select Key Observations

- Pix, launched by the Brazilian Central Bank in 2020, is transforming the payment system by increasing efficiency, lowering costs, promoting inclusion, and driving competition.
- •It is primarily replacing cash, boleto, and bank transfers, while also gaining ground against cards—mainly debit, given Pix's A2A nature.
- Pix P2P transactions are free. Merchant acceptance fees on Pix are typically lower than debit card fees but vary by merchant size and banking relationship. However, PSP net take rates on Pix can be better in spots due to the absence of interchange fees.
- •Cards, especially in credit and installments, remain highly profitable and continue to grow at ~15% annually, but face increasing structural pressure as Pix expands. The launch of Pix Credit may add further tension, as the same banks providing credit for Pix transactions also benefit from interchange revenues as card issuers.
- Pix has been extremely favorable as a tailwind for PSPs' volume growth. However, Pix yields lower net take rates than credit cards and installments, contributing to ongoing revenue margin pressure for Brazilian PSPs to the extent that Pix cannibalizes credit.
- Fintechs and payment companies that innovate around Pix and adjust their business models—such as PagSeguro's pivot toward a broader neobank offering—will be best positioned to capture growth and remain relevant in Brazil's evolving payments landscape.



NAVIGATING FINTECH INNOVATION

Flagship Advisory Partners is a boutique strategy and M&A advisory firm focused on payments and fintech. We serve clients globally and have a team of 40 professionals who have a unique depth of knowledge in payments and fintech.



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