

Brazil-based Creditas buys bank and raises additional funding to enhance profitability

Article

The news: Brazilian lender **Creditas** has raised funding and is buying a bank as it aims to increase profitability, [per](#) PYMNTS.

More on the deal: The online consumer loan platform raised \$200 million and is set to purchase a Brazilian banking license from **Andbank**, a Brazilian bank with roughly \$30 billion in assets under management.

- Creditas will begin accepting deposits immediately, stating that retail deposits will help improve the platform's margin.
- The deal is worth \$100 million, but it is still awaiting approval from the Brazilian central bank and CADe, Brazil's antitrust regulator.
- The lender also purchased mortgage marketplace **Kzas**, which will allow it to offer even more loans from various lenders.

More about Creditas: The 10-year-old Brazilian fintech has continued to take on the country by storm. In January, it raised \$260 million, part of which came from major investor **Fidelity**, and was valued at \$4.8 billion.

- The fintech specializes in auto loans, insurance, and used cars.
- Unlike most fintech companies, it provides transparency into its financials. Creditas doesn't hold loans on its balance sheet, but rather securitizes them and sells them.
- It prides itself on offering cheap finance—something that is rare in Brazil.

Super app status? Creditas has been strategically using its revenue—which increased 233% to \$48.6 million from Q3 2020 to Q3 2021—to build out its platform.

- In 2021, the fintech acquired four companies, including credit and financing provider **Bcredi**, and auto insurance firm **Minuto Seguros**.
- Creditas also operates **Creditas Auto**, a car marketplace; **Creditas Store**, an ecommerce platform with a payroll-deductible buy now, pay later (BPNL) model; and **Voltz Motor**, which offers electric motorcycles.
- The new funding will be used to develop all of Creditas' technology in-house to run its operations.

Creditas has said it desires to be “a one-stop solution for those seeking a digital-first experience in everything related to their house, car, motorcycles, and salary-based benefits.” Its continued acquisitions and new ventures beg the question of whether it's striving to become a super app.

Neobank App Share of Total Mobile Finance App Downloads in Select Countries, Q3 2021*

% of total

Brazil	25.5%
France	13.1%
UK	9.9%
Russia	9.6%
US	7.1%
Mexico	6.8%
Singapore	6.1%
South Korea	4.3%
Canada	3.9%
India	3.8%
Australia	2.4%
Germany	2.3%
Japan	1.6%
Indonesia	0.8%
China**	0.5%
Turkey	0.3%

Note: Android and iOS; reflects downloads for 12-month period ending Q3 2021; *Q4 2020-Q3 2021; **iOS only

Source: App Annie, "Disrupting the Banking & Fintech Industry: Mobile-First Neobanks, Retail Banking & Fintech Players Transforming the Landscape," Nov 18, 2021

271612

InsiderIntelligence.com

The bigger picture: If Creditas gains approval for its bank purchase, it will allow the fintech to break into the concentrated Brazilian banking industry. And while that market looks forbidding, Creditas has the ability to disrupt the space through its secured lending arm.

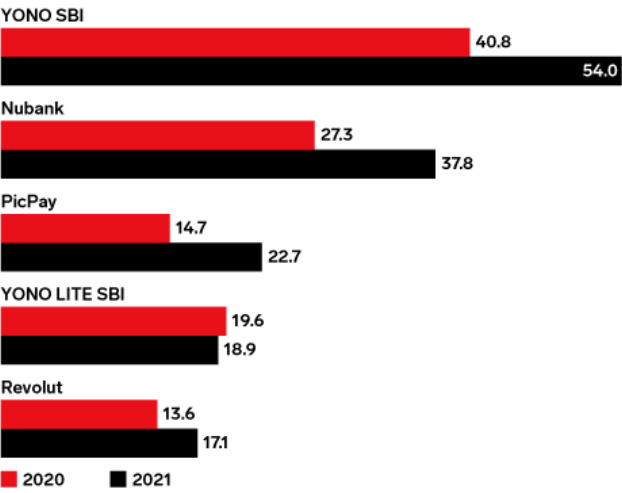
- The Brazilian lending space is known for its high interest rates. Creditas' cheap financing options can make it easier for Brazilians to borrow money.
- Brazil's credit market is also full of red tape and bureaucracy. A digital, streamlined process like Creditas' can help cut through some of it.

Brazil's market is also highly profitable. Through its lending operations and increased margins through retail deposits, Creditas could buck the digital bank trend and become one of very few profitable neobanks.

The big takeaway: Creditas' financials and investor backing look promising, and its ability to connect with Brazilian customers in a unique way will open doors for it to bring on and retain them. But it will need to watch its back, as Nubank continues to build out its super app structure and focuses on reaching profitability after going public last December.

Top 5 Neobanks Worldwide, by Average Monthly Active Users, 2020-2021

millions



Source: App Annie, "State of Mobile 2022," Jan 12, 2022

273370

InsiderIntelligence.com