

Nubank's first profitable H1 in Brazil vindicates its scale-first approach

Article

The news: Nubank revealed that it turned its first-ever half-year profit in Brazil, its home market and its biggest one, per Reuters.

The neobank reported H1 2021 net income of **BRL\$76 million** (\$14.7 million), a year-over-year (YoY) surge from its H1 2020 loss of **BRL\$95 million** (\$18.4 million). (The update doesn't include performance data for the company's other markets, Mexico and Colombia.)

The neobank [also experienced](#) surges in key lending, payments, and usage:

- Total payment volume hit **BRL\$92 billion** (\$17.84 billion), doubling from a year earlier, per a disclosure from **Nubank CFO Guilherme Lago**. The CFO also noted that, since December 2020, Nubank brought in **over 8 million customers**.
- The loan book approximately doubled YoY to reach **BRL\$23 billion** (\$4.46 billion), data from Brazil's central bank showed.

More on this: Nubank's achievement follows that of other big neobanks which have recently reached similar milestones—although **none has yet revealed quarterly profitability when measured as net income**. Each neobank has used highly qualified terms to describe the circumstances under which it attained profitability—and the timespan for their achievements varies too widely for comparison.

- **Starling**, based in the UK, [first turned](#) a monthly profit in October 2020 and it's **on course to become profitable for its current fiscal year**, CNBC reported
- UK-based **Revolut** [reached](#) break-even status for November 2020, according to NECN.
- **Chime**, based in the US, disclosed in September 2020 that it **had a profit when measured by EBITDA**, per TechCrunch.

The big takeaway: Nubank's milestone shows that its strategy of initially focusing on user scale before shifting gears to monetization has paid off at home—and it could replicate that strategy abroad.

- The company [has swelled its customer base](#) and, as a result, became **the world's largest neobank as measured by users, with 40 million globally**, according to TechCrunch.
- The giant challenger's success was also powered by surges in both its loan book and payments volume. This suggests that it's been able to scale its key operations in a way that's tracked with the upsurge in its users. Its approach could be a good case example with lessons that other neobanks could incorporate into their own profitability pushes.

Nubank also has more room to run with respect to monetization and overseas operations:

- In July 2021, the neobank [launched](#) **Ultravioleta**, its first-ever paid account, with a monthly price of **BRL\$49** (\$9.50). The roll out [signaled](#) another push by Nubank toward monetizing its users and boosting profits.

- The Mexican and Colombian presences are both fairly recent, which implies an upside in revenue and profit if the company can mimic its home-market success of garnering users and then moving toward monetization.