



**DATAPREV**

# GOVERNMENT TO PERSON TRANSFERS

INSIGHTS FROM THE EXPERIENCE OF DATAPREV

# ENTERPRISE

2018

## IT PUBLIC COMPANY

HQ IN BRASÍLIA

**35,3** billions  
of records in their  
databases

**6,9** millions  
unemployment  
insurance claims  
processed

**35** millions  
of social security benefits  
paid monthly

**3.700** employees  
across Brazil



# DATA CENTERS

2018

## Rio de Janeiro

Useful area	Safe room
1028m <sup>2</sup>	488 m <sup>2</sup>

 **DESIGN**  
**FACILITY**  
**OPERATIONS**

## São Paulo

Useful area	Safe room	Security room
384 m <sup>2</sup>	209 m <sup>2</sup>	75m <sup>2</sup>

 **DESIGN**  
**FACILITY**  
**OPERATIONS**

## Distrito Federal

Useful area	Safe room
257m <sup>2</sup>	141m <sup>2</sup>

 **DESIGN**  
**FACILITY**

## Investments

US\$ 62 millions | Infrastructure

US\$ 88 millions | Software & Services

## Capacity processing

52 THz

154.305 Mainframe

14,5 Petabytes

# MAIN CLIENTS

2018

National Institute for  
Social Security

Ministry of Social  
Security

Brazilian Federal  
Revenue Secretariat

Ministry of Labor and  
Employment

Ministry of Planning,  
Budget and  
Management

Ministry of Social  
Development

Financial Institutions

Ministry of Labor and  
Employment

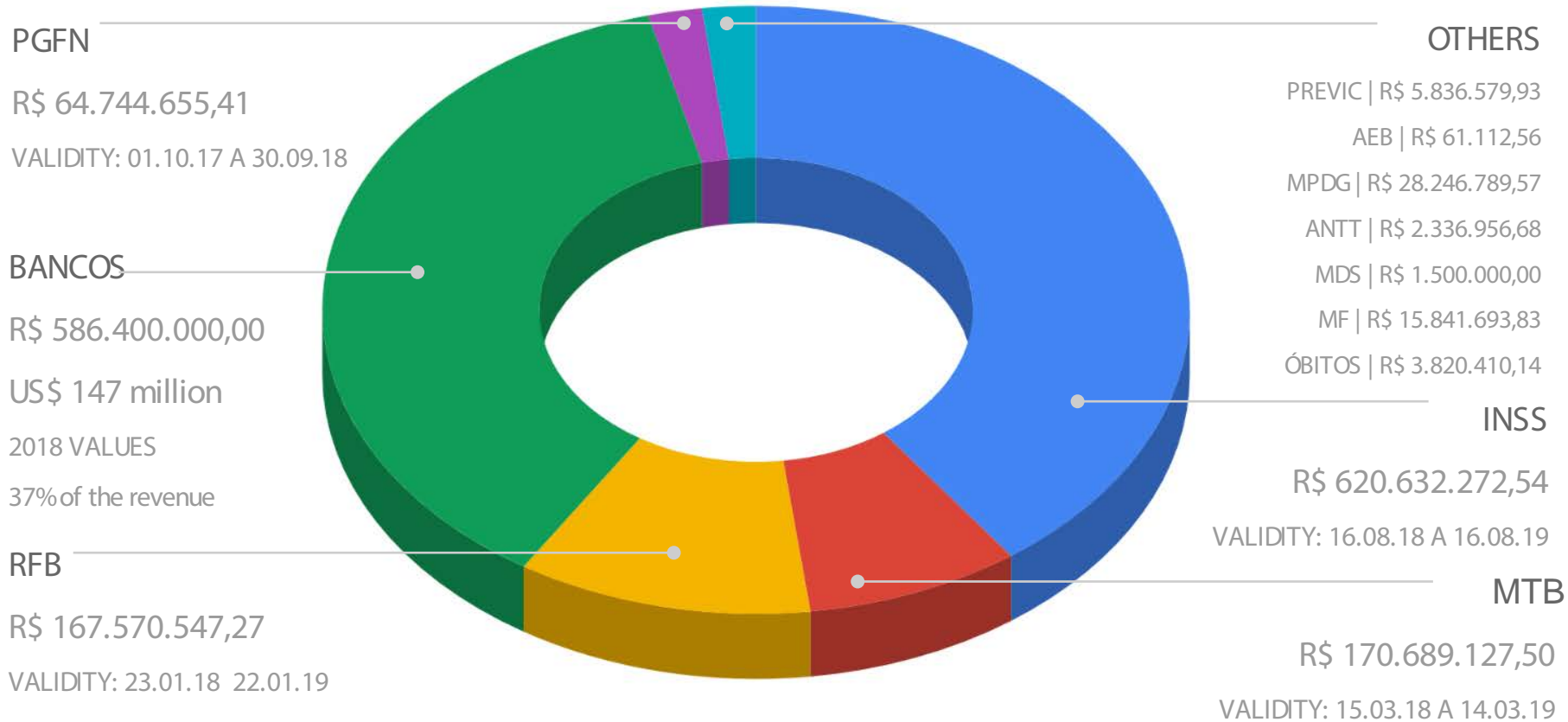
Special Secretariat  
Digital Government  
and Management

Chamber  
Interbank  
Payments

Secretariat of  
Evaluation  
and Information

National Agency  
Transport  
Terrestrial

# ANNUAL VALUE OF CUSTOMER AGREEMENT



# BANKING FEES



In 2007 Social Security in Brazil was spending U\$ 134 millions per year with banking fees to pay benefits



U\$ 25 Million a year on printing and postage fees for statements



Government decided to stop paying and study a new model



This lasted 2 years

# CONSIGNED CREDIT

Consigned Credit for Social Security benefits was launched in 2008 after a previous experiences with credit cards.  
Low interest rates for Brazil (below 3%).

Installments deducted directly from the payroll and distributed to Banks by Dataprev.  
Installments cannot be more than 30% of the monthly benefit.

Virtually risk free for Banks (10% of the usual risk margins).  
Big disrupter in the credit market.

Banks perceived the value of the Data within Dataprev.  
Business Model: charge per transaction and negotiate fees with Federation of Brazilian Banks.

# BANKS IN BRAZIL

Highly profitable, integrated and competitive.  
Early adopter of Intensive ITC (hyperinflation).  
High interest rates and spreads.

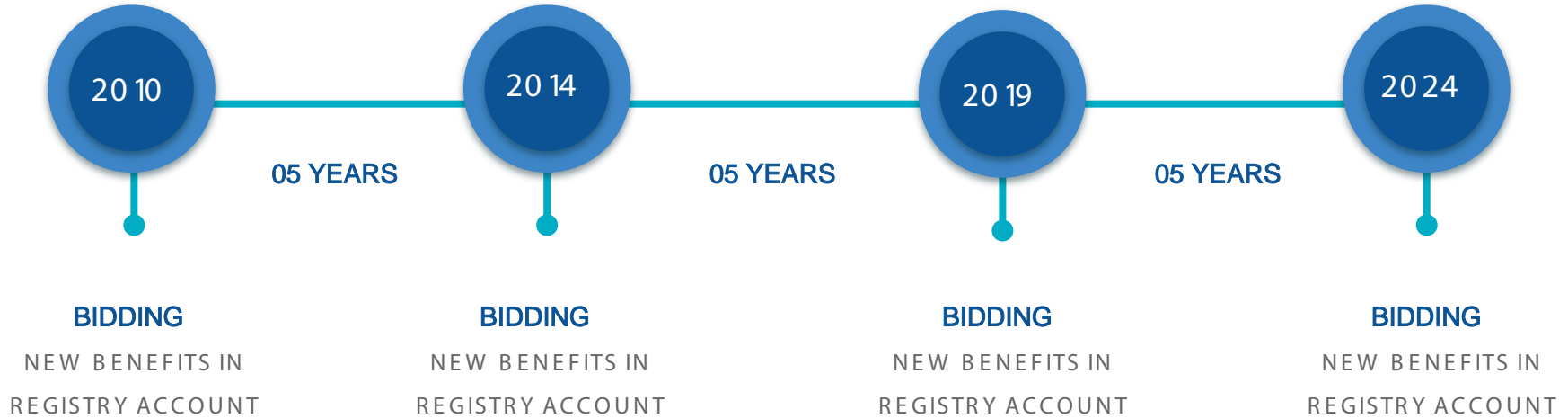
144 million (90% of 160 million adults) are Bankarized (2016).  
55 million (34% of 160 million adults) contract credit.

23.400 bank agencies, 48.500 POS, 185.000 ATMs.  
276.800 payment service providers.  
Up from 150.000 in 2010 and down from 375.000 in 2013.

65 billion transactions, up from 32 billion in 2011.  
57% digital. 34% mobile. 23% internet.



# TIME LINE



10 

BANKS TOOK  
PART IN THE  
BIDDING IN 2010

15 

BANKS TOOK  
PART IN THE  
BIDDING IN 2014



FEEES OFFERED  
RANGED FROM  
U\$ 0,05 TO U\$ 5,6

05 

EVERY FIVE YEARS  
BIDDING FOR NEW  
BENEFITS

# PUBLIC TENDER

Banks bid for the right to pay new Social Security Benefits.  
26 lots organized by social, economic and demographic criteria.

Public Banks were encouraged to bid so private banks would compete.

10 Banks took part in the bidding.  
Fees offered ranged from US\$ 0,05 to US\$ 1,35.  
Averaging US\$ 0,75

Operation started in 01/01/2010.  
Payment Service Providers increased.

# HOW IT WORKS



Different values paid reflect the geoeconomical data of the 26 lots. Each of the lots has a primary and secondary winner (80% and 20%).



Each new benefit will be allocated in these proportions to the winners. Benefits distributed to each bank will stay with the Bank for 20 years or as long as it lasts.



The beneficiary receives the money in the winning bank but can transfer immediately the full amount at no cost to a Bank of his choice.



The expected number of benefits is a reasonably known quantity per lot. The total is around 500.000 per 5 year period.

# BEFORE 2010



23.946.826 benefits issued before 2010.



Successful tender for future benefits allowed a tender for the legacy benefits.



Banks agreed on a fee for the right to pay legacy benefits for 20 years.



Fees ranged from US\$ 0,02 to US\$ 0,31.



# OBLIGATIONS OF THE BANKS

- . Keep rigorous QOS
- . Monthly statements in ATMs
- . Annual benefit statements for tax purposes
  - . Greater control in EBT card payments
- . Free monthly transfer of funds between banks
  - . Updated records of the beneficiaries
- . Broader range of services provided for beneficiaries

# RESULTS IN 2016



Estimated savings of U\$ 800 million in fees no longer paid since August 2007. U\$ 100 million paid by the Banks each year for the right to pay benefits.



Reduced workload due to obligations assumed by Banks. Estimated U\$ 400 million saved in services transferred Banks.



Expansion from 21.000 POS in 2009 to 48.000 POS in 2016.



Social Security has started to charge back from the Banks any service claims related to consigned credit. In 2018 this amounted to US\$ 18 million

# WHY ?!

- . Considerable expansion of the Brazilian financial market in the last 10 years
  - . Banks want long term relationships with guaranteed income clients
- . Consigned Credit is the main reason Banks decided to bid for the right to pay benefits
- . Currently 31,8 million consigned credit contracts in Social Security benefits



**+210**  
MILLIONS IN  
POPULATION  
2019

**35**



MILLIONS IN  
BENEFITS

**26**



MILLIONS ELIGIBLE  
FOR CONSIGNED

**32**



MILLIONS CLOSED  
CONSIGNMENT  
CONTRACTS

**1.700**



U\$  
AVERAGE LOAN



# MANAGEMENT, CONTROL AND TRANSPARENCY



- Contracts, Payments and Cancelations
- Banks: Volume and Average of Loans
- Beneficiary Profile
- Debt profile: Loans and Amortization
- Liabilities and installments

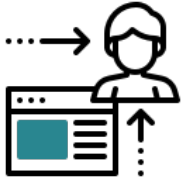
# INTEREST RATES

Nº	BANCO	QTE. CONTRATOS	TAXA %
936	Cooperativa de Economia e Crédito Mútuo	27	<b>2,72</b>
021	Banestes	407	<b>2,72</b>
925	BRB Crédito e Financiamento S.A.	5	<b>2,67</b>
104	CEF	68.751	<b>2,63</b>
003	Banco da Amazônia S.A.	26	<b>2,53</b>
213	Arbi	1	<b>2,52</b>
743	Semear S.A.	47	<b>2,51</b>
047	Banese	23	<b>2,50</b>
070	BRB	149	<b>2,50</b>
954	Banco CBSS S.A.	2.433	<b>2,48</b>

# RESULTS FOR DTP



68 Banks payed Dataprev U\$ 147 million in 2019 to check the 30% limit, allow the operation and deduct the installments from the payroll.



37% of the Enterprise Revenue.  
Paid on time.



Financed a radical and long investment program to modernize technology and infrastructure. Exposed the company to demanding private sector financial clients.



Dataprev was awarded several prizes as best ITC company in Brazil competing against the private sector.

# SOME REFLECTIONS...

SOCIAL  
SECURITY  
MONETIZES  
ACCESS TO  
VALUABLE  
CLIENTS

DATAPREV  
CHARGES DATA  
PROCESSING  
FEES ON  
EXCLUSIVE  
DATA

NOT  
YET A  
DATA  
MONETIZATION  
MODEL



# Q&A

RODRIGO ASSUMPÇÃO

CONSULTANT