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# PIX AND OPEN FINANCE: WHAT IS COMING NEXT?

*By Priscilla Santos and Ingrid Pistili*

- In recent months, the Central Bank of Brazil has seen significant evolution in the ways PIX and Open Finance are regulated, with the aim of optimizing and expanding their functionalities. Among the most discussed innovations are the **Automatic PIX** and **PIX by Proximity**.
- These novelties promise to transform the dynamics of how payments are processed. *But are we really on the verge of a revolution, or just witnessing a gradual evolution?*
- This article will examine the potential impact of these changes and how they differ from existing solutions.

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## AUTOMATIC PIX

- The Brazilian instant payment system, PIX, is gaining a transformative new feature: **Automatic PIX**. This innovation will allow the user's payment service provider, with prior authorization from the customer, to send payment orders without requiring authentication for each individual transaction. Initially slated for October this year, the launch has been postponed to **June 16, 2025\***.
- For **consumers**, Automatic PIX will provide a smoother and more direct payment experience within the secure environment of the account. By eliminating the need for authentication for each payment, Automatic PIX allows for greater convenience and reduces the likelihood of missed payments.
- **Businesses** will also benefit significantly from this new functionality. Automatic PIX promises greater operational efficiency, cost reduction, and a decrease in delinquency, leveraging the existing infrastructure of PIX. Sectors such as public utility companies, companies that provide periodic services (such as schools, colleges, gyms, condominiums, social clubs, and health plans), companies that provide services through subscription payments (such as audio and video streaming, news portals, subscription clubs), and financial sector companies will all see advantages.

\* BCB Resolution No. 402, dated July 22, 2024

- *Wasn't this already possible with automatic debit?* To some extent. Although automatic debit already offers a similar solution, it has significant limitations. Traditional automatic debit does not allow for transactions between payers and receivers who are clients of different payment service providers. This restriction requires multiple bilateral agreements between the receiving users, usually companies, and the major financial institutions, making it difficult for smaller institutions interested in offering this service.
- Automatic PIX aims to overcome these barriers and increase efficiency, allowing, with a single relationship of the receiving user, payments to be made by clients of any payment service provider participating in the PIX arrangement. This new product promotes competition between new and traditional financial institutions, encouraging competition in the corporate payments market.

*"WASN'T THIS ALREADY POSSIBLE WITH  
AUTOMATIC DEBIT?"*



## PIX BY PROXIMITY

- Another major innovation is **PIX by Proximity**, which will allow instant payments through digital wallets without the need to access the financial institution's app. Consumers will be able to register their account in their preferred digital wallet and make in-person payments with PIX by Proximity, similarly to credit and debit cards. This will be possible thanks to the **payment transaction initiation service**.
- The payment transaction initiation service is a feature that allows customers to move their accounts through platforms of institutions different from those holding the accounts. Since its implementation about two years ago, this service has provided various benefits, including greater convenience in digital commerce transactions and transfers between accounts.
- To further enhance this service and expand its use cases, the Central Bank, after extensive interactions with the market, presented to the Open Finance Governance Structure, a proposal for the development of an alternative model of the payment initiation journey. This new model, to be

implemented voluntarily by participating institutions, will allow the payment journey to occur without the need to redirect the customer to the environment of the financial institution responsible for the account, maintaining the security of the transaction – referred to as the **redirection-free journey**.

- Among the new use cases that may emerge with this new journey, in addition to PIX by Proximity, is the possibility for the customer to complete the entire purchase and make the payment without leaving the store's website or app, providing a much more fluid online shopping experience.
- Financial institutions will begin testing on November 14 of this year, with the expectation that the new features will be available to customers from **February 28, 2025\***.

\*Resolution BCB No. 406 of August 2, 2024, and Resolution BCB No. 407 of August 2, 2024.





## AND THE INTERNATIONAL PIX?

- The **International PIX** is one of the most anticipated innovations in the market, aimed at transforming international transfers. Currently, sending money abroad from Brazil faces obstacles such as high costs, low speed, limited access, and often a lack of transparency. The International PIX promises to overcome these barriers, offering a more efficient and economical solution for these transactions.
- Although there is no set date for the launch of the International PIX, the **new foreign exchange law**, which came into effect at the beginning of 2023, has paved the way for its implementation by relaxing the rules of the foreign exchange market. This legislative change has opened the door for new solutions and innovations in the financial sector, facilitating the entry of the International PIX.
- The Central Bank is considering two main approaches to implement the International PIX. The first strategy is **direct integration** with **payment systems of other countries**. This would allow a more fluid and direct connection between the Brazilian financial system and established international platforms. The second approach involves **interlinking with existing initiatives** that connect **national payment systems**, forming an indirect network that could facilitate communication between different countries and financial systems.



- In line with the strategies mentioned above, the Central Bank is exploring the integration of International PIX with the **Nexus system**. Developed by the Bank for International Settlements, Nexus aims to facilitate fast and secure transfers between countries by connecting different global financial systems.
- Among the expected benefits of International PIX is predictability in transactions. Currently, foreign exchange operations can be complex and time-consuming. With International PIX, currency conversion and debiting in Brazilian reais would be carried out immediately during the transaction, offering greater clarity and control over the final value of the operation.
- International PIX promises to revolutionize the market for international transfers, providing a more efficient and transparent alternative for individuals and businesses conducting international transactions, and reinforcing Brazil's position in the global financial landscape.

- Automatic PIX, PIX by Proximity, and the upcoming International PIX are not just advancements in payment technology; they represent a reconfiguration of expectations and the functioning of the financial system. They promise not only greater efficiency and accessibility, but also the potential to redefine how we interact with money and the global banking system.
- If Automatic PIX promises to smooth the management of recurring payments and make life easier for consumers and businesses, PIX by Proximity can transform the shopping experience, making transactions as quick as a tap on a smartphone. And with International PIX, Brazil not only integrates further into the global market but also positions itself as a leader in financial innovation.
- The time to act is now. The moment is to adopt, adapt, and innovate, as the looming financial revolution is not just a promise of improvements but an invitation to rethink and rebuild the concept of money and financial transactions. The future is at our doorstep, and the stage is set for a significant transformation.
- ***The lawyers at Taül & Chequer Associated with Mayer Brown, with their deep experience in financial and regulatory law, are constantly up-to-date and prepared to provide strategic guidance to financial institutions and fintechs operating in the Open Finance environment. We understand the complexities of regulations and legal obligations involved and are committed to assisting our clients in navigating safely and successfully through this new financial paradigm.***