

*Crypto*economy in Brazil

2023

abcripto*

Executive Summary

ABCripto presents an innovative mapping of actors of the cryptoeconomy in Brazil, guided by the sector's evolving regulatory guidelines.

We hope the data we present can contribute to the development of a consensus about the advantages and prospects of digital assets for market development, including greater investment diversification, efficiency, breadth of financial services, and financial inclusion.

With innovative and legal business models backed by a commitment to the integrity of the Brazilian Financial System, we seek to provide information and ideas to promote convergence between the current financial markets (also known as "traditional" finance) and the crypto market (also known as "decentralized" finance).

Methodology

This study is based on the results of a survey applied between June 15 and 28, 2023, sent to companies offering crypto services in Brazil, that provided their incorporation data (CNPJ registration, headquarters), a description of their products and services along with selected services from a pre-defined list, its activities not directly related to virtual asset services, including those that are subject to licenses with the Central Bank or the CVM, some quantitative indicators of its activity and information about governance, risk and compliance.

services

INTERMEDIATION

Exchanges (centralized or decentralized), distribution (sale and placement efforts), trading desk (over-the-counter) and market making.

ISSUANCE

Companies that structure tokenization operations and issuers of virtual assets.

INFRASTRUCTURE

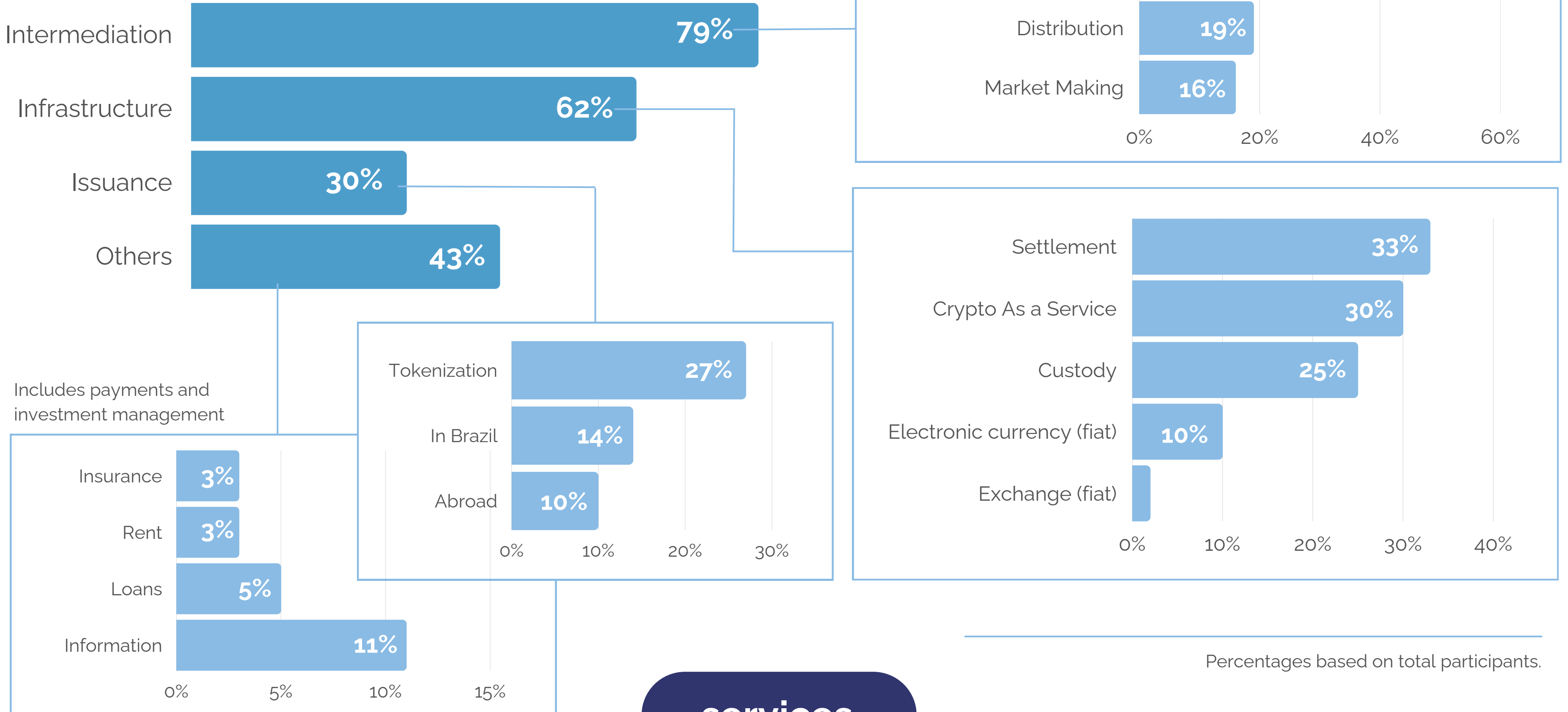
Support for interoperability between systems and reduction of operational costs, including transaction settlement, electronic currency issuance, on-ramp/off-ramp, settlement, custody and "crypto as a service" technology platforms.

OTHERS

Loans, staking, consultancy, media and legal advice.

Categories

The services were segregated in order to distinguish activities that may generate conflicts of interest.



Percentages based on total participants.

services

Company Profiles

LOCATION

Almost all respondents are based in Brazil, with a large concentration in the State of São Paulo.

LEGAL FORM

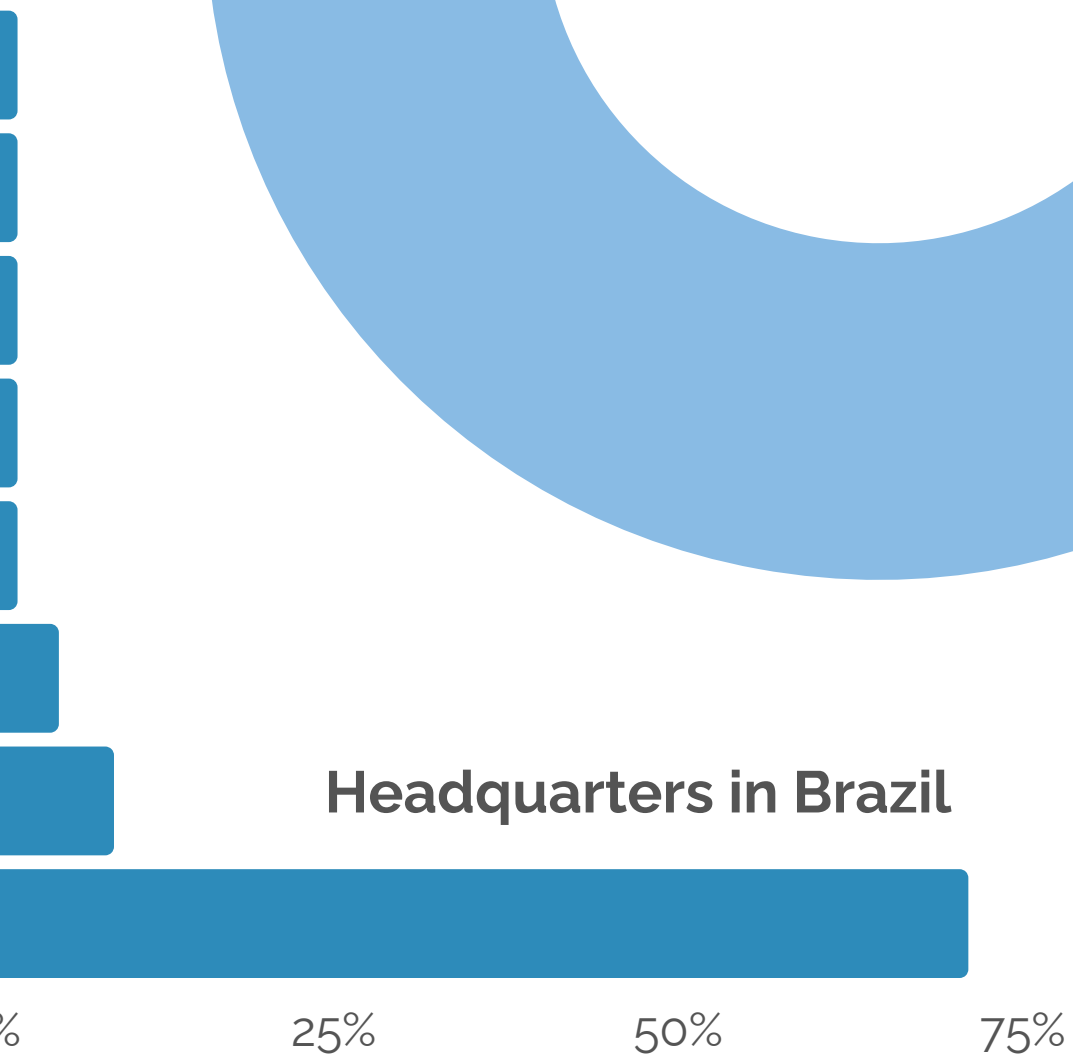
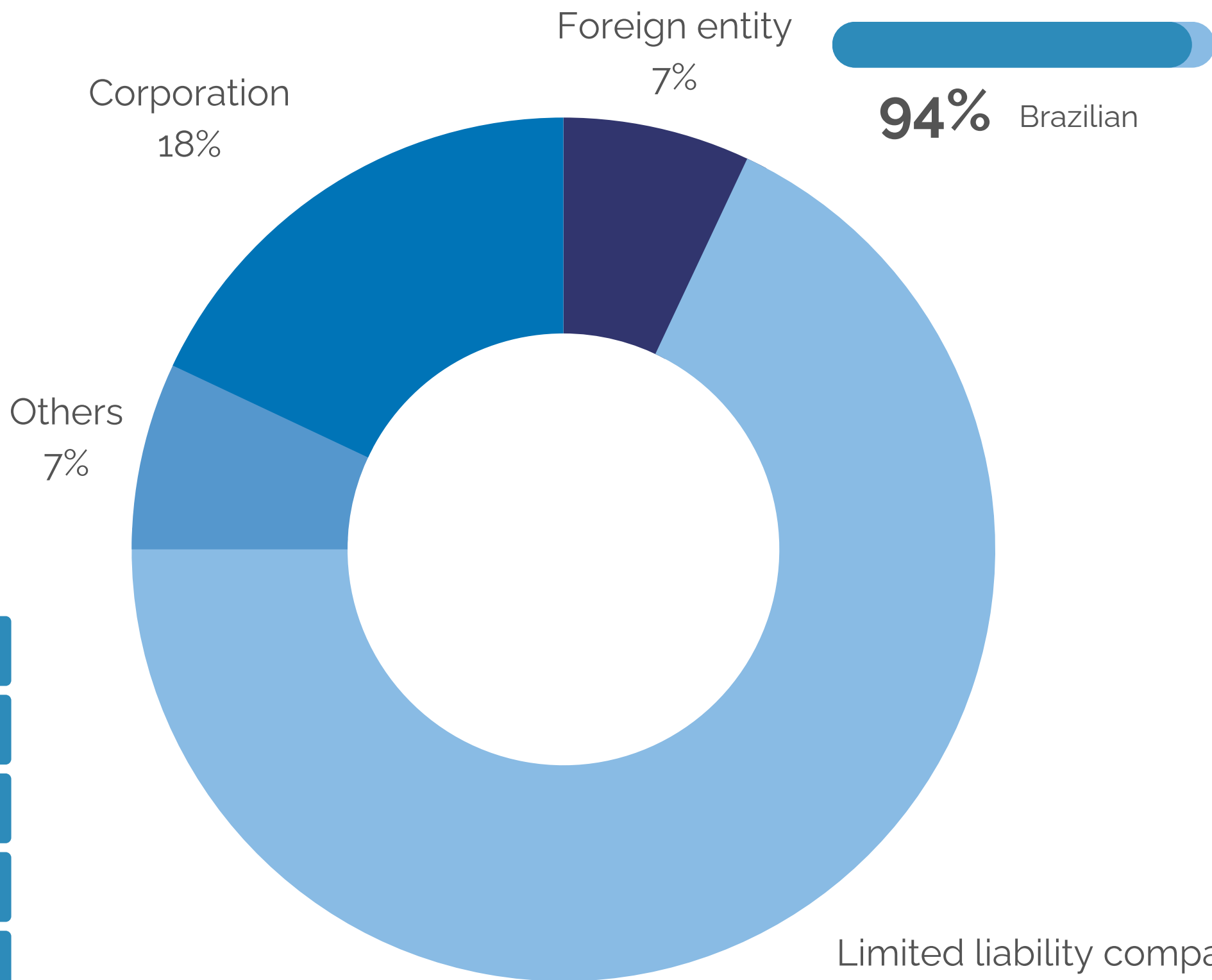
55% micro-enterprises and small companies, with 68% taking the form of limited companies.

TIME OF INCORPORATION

40% of respondents were formed more than 5 years ago and 49% during the pandemic (2020-2022).

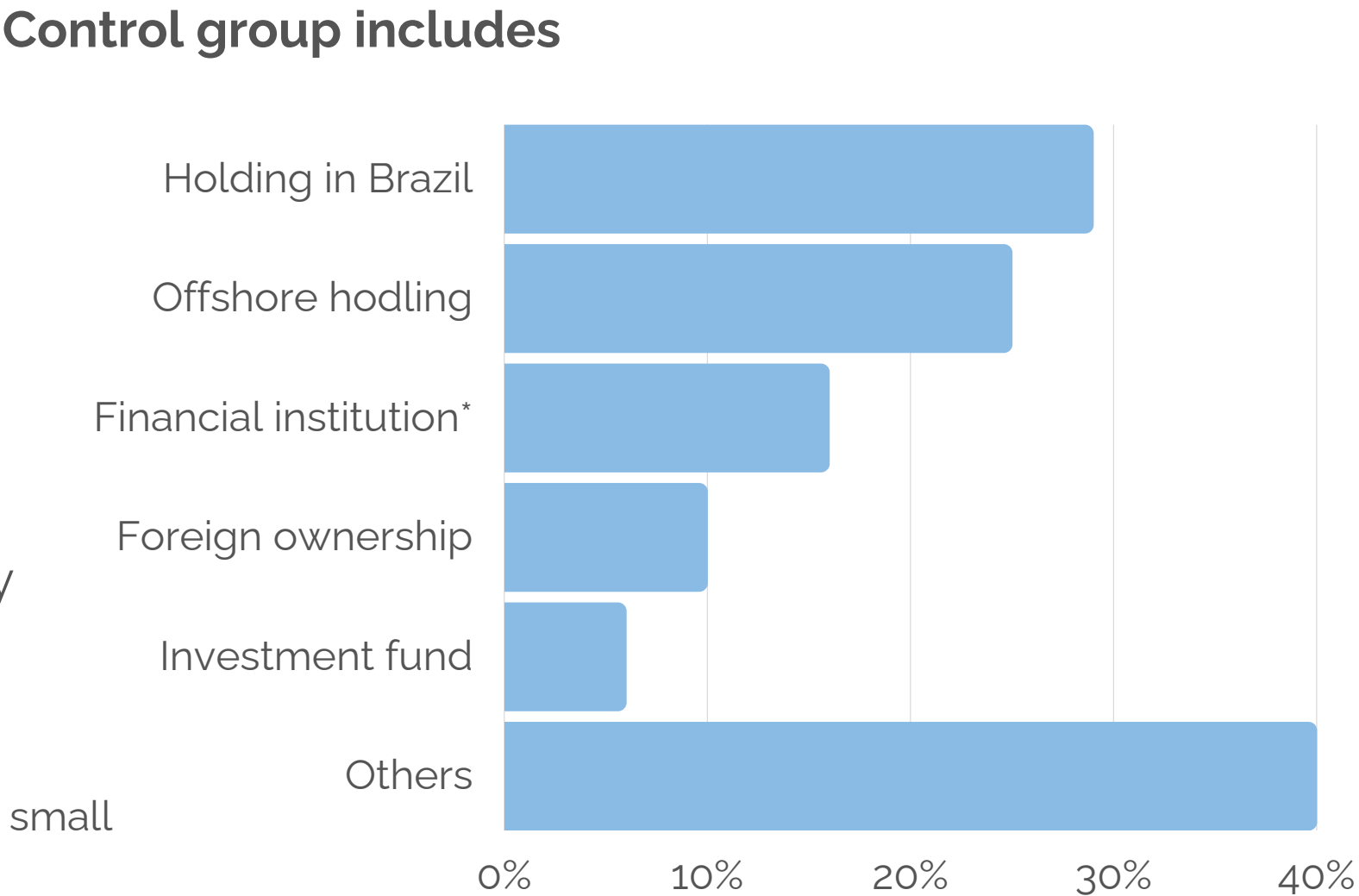
OWNERSHIP

Most companies are controlled by natural persons, but there are cases in which control is exercised by a holding company based in Brazil or abroad, by a financial institution or investment fund.



Company profile

The "other" type included law firms and other legal forms. Around 40% of companies were created more than 5 years ago and just over half are micro-enterprises or small businesses.

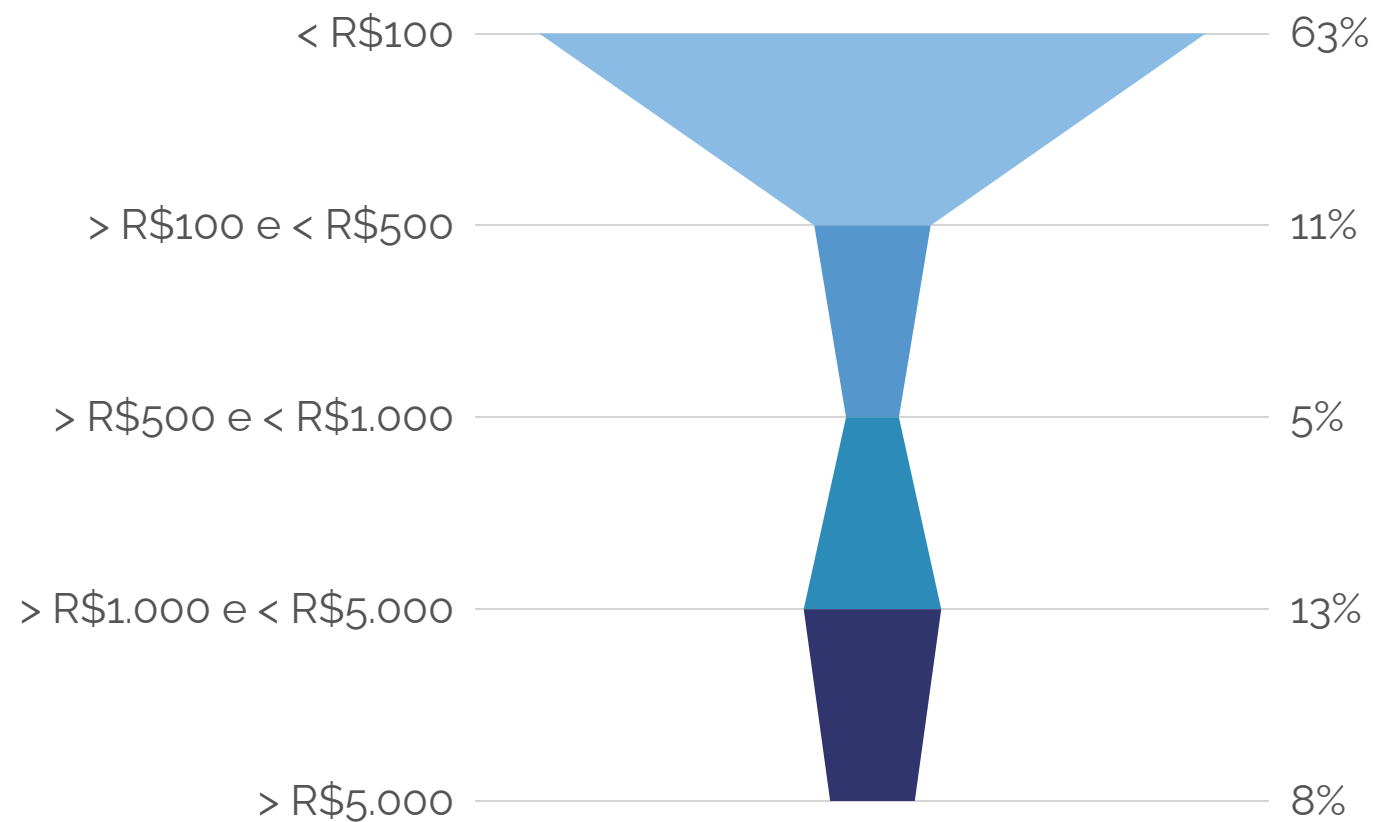


55% microenterprises and small businesses

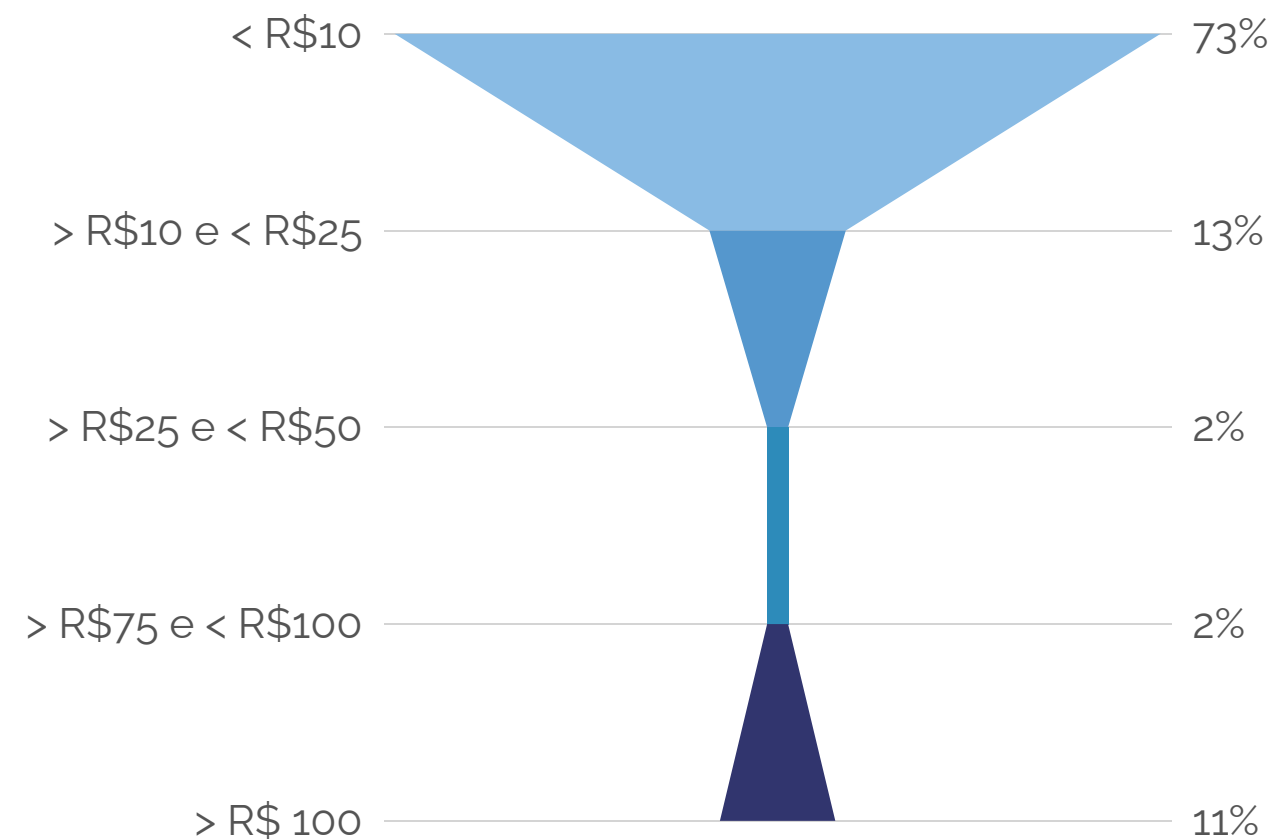
Companies

(*) institution authorized as controller or related party.

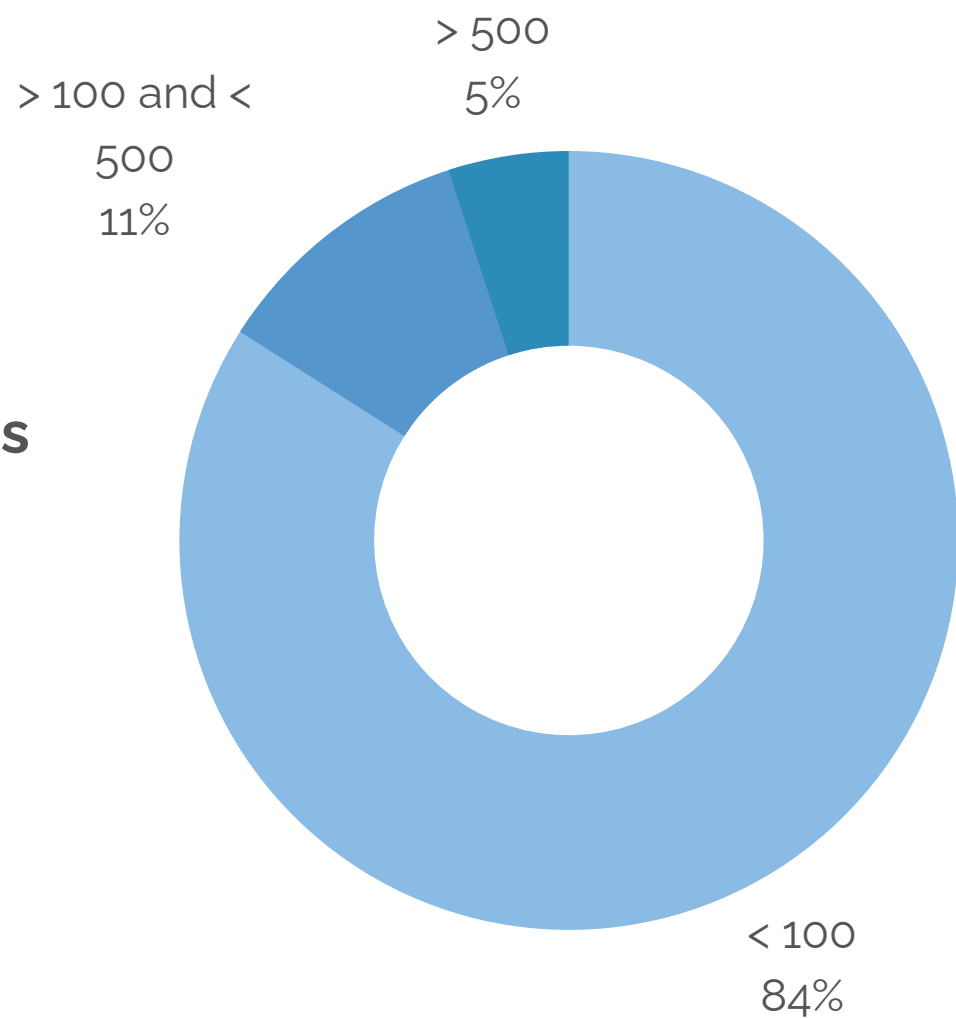
Volume (R\$ million)



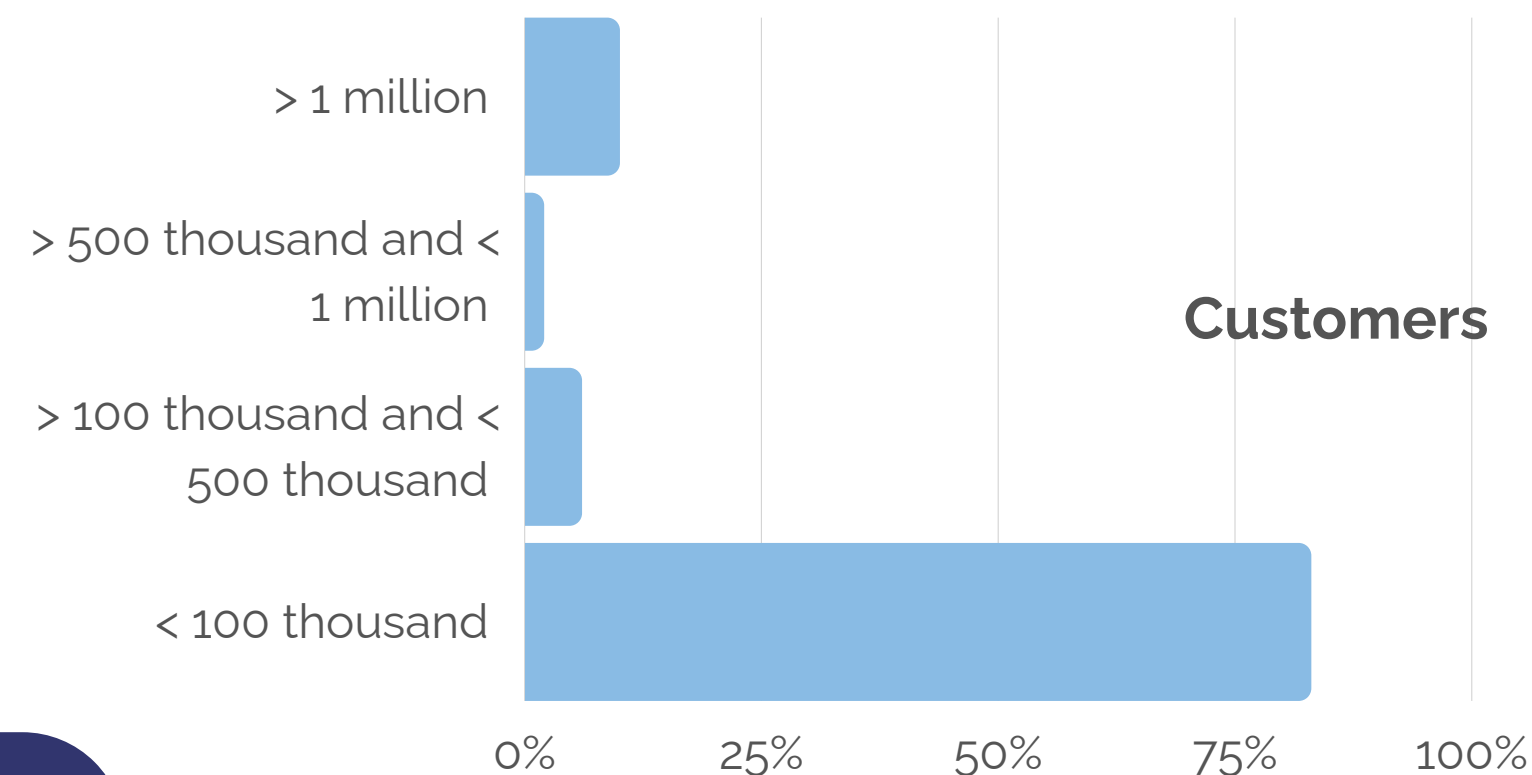
Revenue (R\$ million)



Employees



Customers



Scale

Non-crypto activities

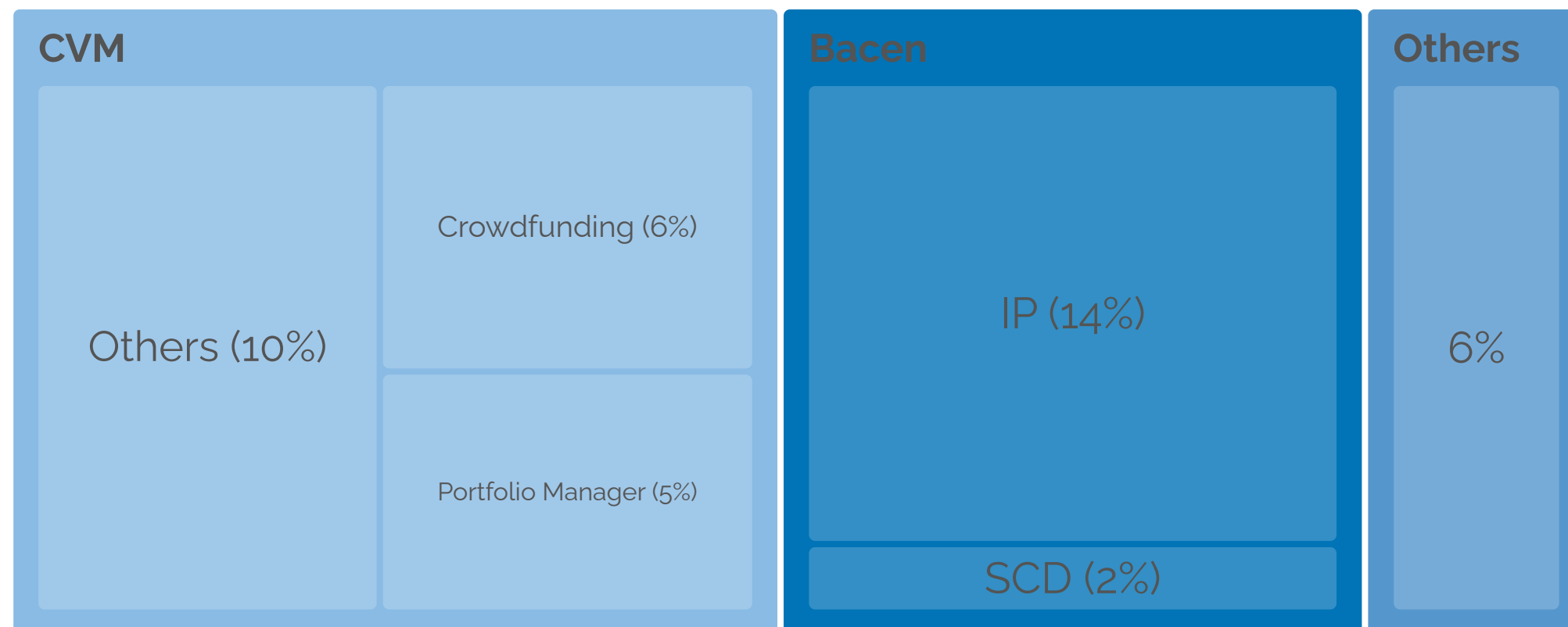
Based on the information provided by participants, we consolidated the different activities associated with those located in the country and, in the list of national economic activity codes (CNAE) used, we found, among the most frequent, general categories associated with the provision of services and intermediation, in addition to activities related to information technology and consultancy.

68% of respondents do not have any type of authorization from financial market regulators, but there is an incidence of services regulated by the Central Bank, CVM and Susep (Brazilian Insurance Authority).

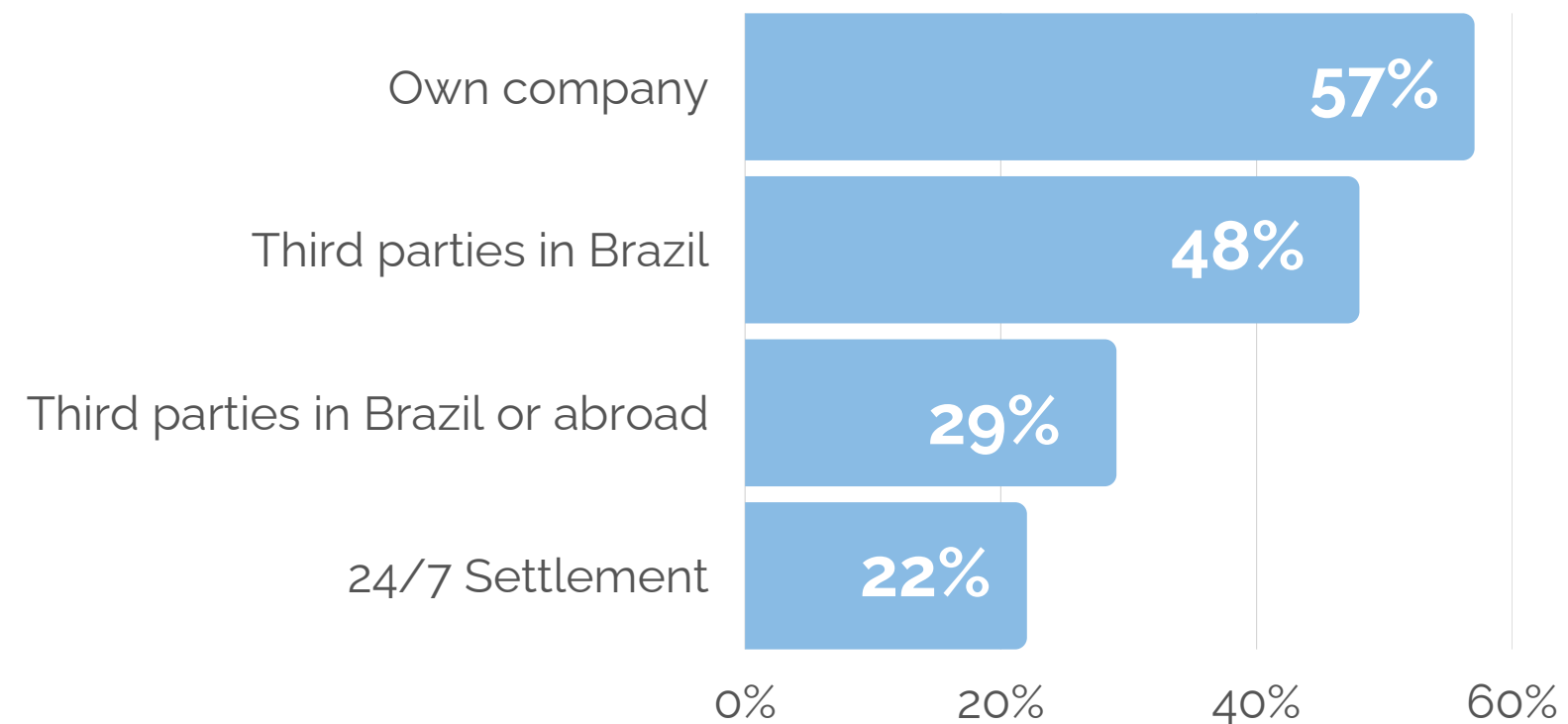
Most frequent CNAEs

74.90-1-04	Intermediation and agency activities for services and businesses in general, except real estate
66.19-3-99	Other auxiliary activities of financial services not previously specified
70.20-4-00	Business management consultancy activities, except specific technical consultancy
82.11-3-00	Combined office and administrative support services
63.19-4-00	Portals, content providers and other information services on the internet
63.11-9-00	Data processing, application service providers and internet hosting services
62.04-0-00	Consulting in information technology
66.19-3-02	Financial institution correspondents
62.01-5-01	Development of custom computer programs

Licenses



Settlement

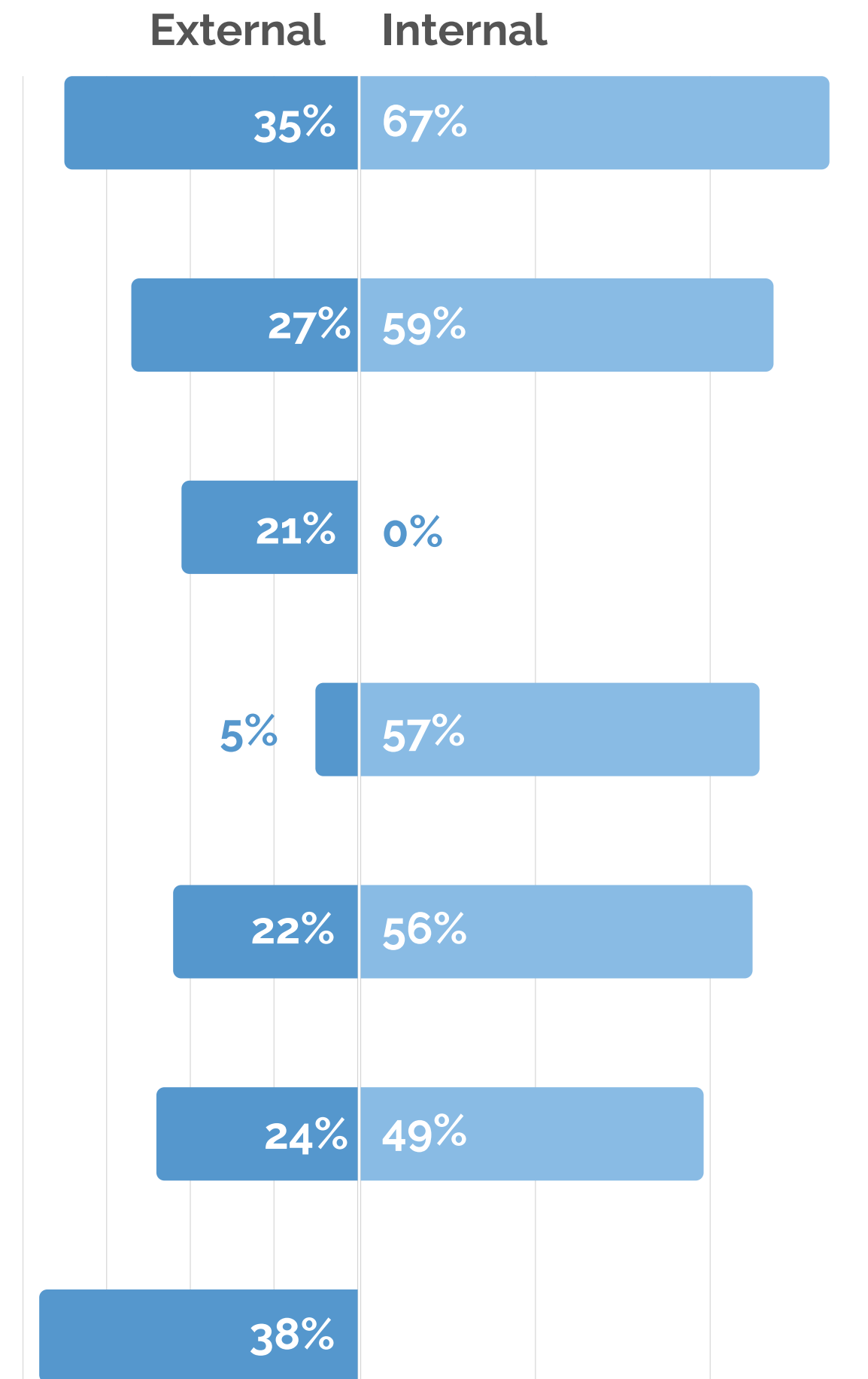
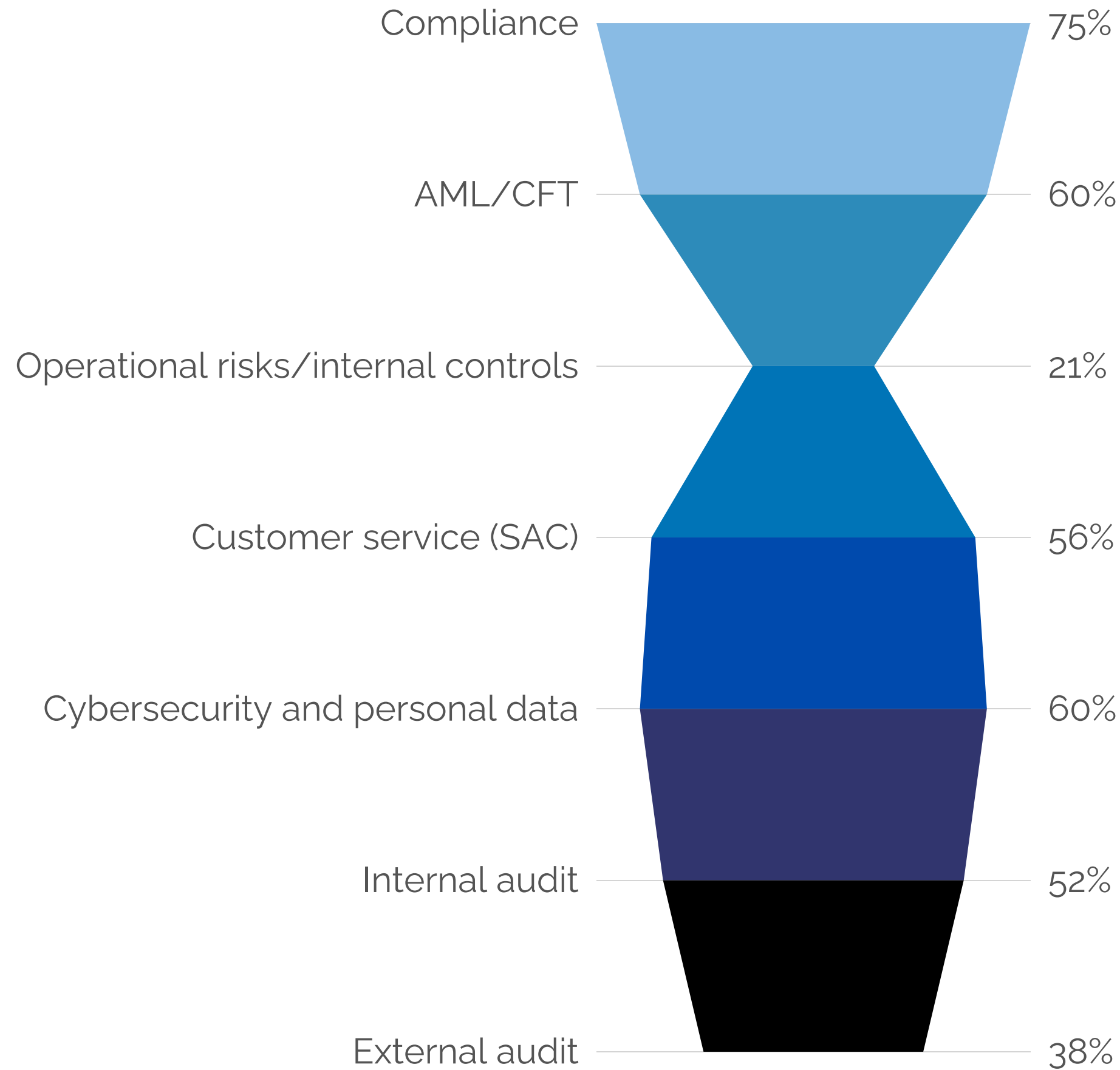


Activity

Compliance

All respondents indicated that they have some type of compliance structure, internal or external, with representation of anti-money laundering and terrorist financing structures (59%) and cybersecurity and personal data protection (56%).





Compliance

The graph shows the percentage of compliance activities internalized or outsourced by participants.

Future

As innovation and regulation advance, a dialogue between market participants and the government will permit the co-creation of solutions that do not impose disproportionate burdens on businesses while ensuring adequate levels of protection for investors and the National Financial System.

Conducting a "census" of crypto actors is analogous to discovering the contours of this "new land in sight," creating a map for companies, associations, universities, and public entities to plan their excursions and forays into this territory, along with many entrepreneurs and those who finance such expeditions.

THANK YOU!

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