

ANALYSIS OF NUBANK AND ITS INNOVATIVE SERVICES

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Abstract: This article provides detailed information about Nubank, one of the international digital banks, and analyzes its main financial indicators in detail.

Keywords: Nubank, innovative services.

Introduction.

An effective way to quickly and efficiently develop the banking system is, first of all, to analyze the experience of developed countries and take the necessary aspects from them and apply them to our own banking system. The reason is that, considering that they have already moved forward, there is no point in creating the techniques and technologies that were developed in them. Therefore, our task is to study the foreign experience, get the aspects that we need, and then continue to create new innovations. For this reason, we analyze below the international digital bank of a developed country with many years of experience.

Research methodology. Statistical tables in this study, logical and comparative analysis, grouping methods, as well as research works and statistical data of the bank's official website were widely used.

Analysis and results. Nubank (New bank - Brazil). New Bank was founded in 2013 with a mission to tackle complexity to empower people in their everyday lives by reinventing financial services.

Nubank was founded in 2013 by Colombian David Velez, Brazilian Cristina Junqueira and American Edward Wible. The first transaction with the Nubank card

was made on April 1, 2014. Four years later, Nubank became a unicorn startup with a valuation of 1 billion US dollars.

Nubank is a Brazilian neobank and the largest fintech bank in Latin America. Its headquarters are located in Sao Paulo, Brazil. The company also has offices in Berlin (Germany), Buenos Aires, Argentina and Mexico City (Mexico).

New Bank is one of the world's largest digital financial services platforms, serving 85 million customers across Brazil, Mexico and Colombia. As one of the world's leading technology companies, New uses proprietary technology and innovative business practices to create new financial solutions and experiences for individuals and small and medium-sized businesses that are simple, intuitive, convenient, low-cost, powerful and human. Based on its mission, New Bank provides access to financial services throughout Latin America.

Some of Nubank's investors include Sequoia Capital, Founders Fund, Kaszek Ventures, Tiger Global Management, Goldman Sachs, Berkshire Hathaway, QED Investors and DST Global. [<https://en.wikipedia.org/wiki/Nubank>]

Currently, New Bank provides the following services to individuals:

- ✓ New account (account number and application profile)
- ✓ Credit card
- ✓ Construction of boundary function
- ✓ All operations related to Pix [payment system of the Central Bank of Brazil].
- ✓ Ultraviolet [Premium card of New Bank] card
- ✓ Cell phone insurance
- ✓ Life insurance
- ✓ Investments
- ✓ Credits
- ✓ Shopping center (online)

Among the above services, "Trade Center" is a somewhat unusual banking service. We should emphasize that in this type of service, Newbank does not engage in direct trading activities, but creates a trading platform for its corporate clients and other manufacturers. Any manufacturers and service providers can place their products on this trading platform. Newbank, on the other hand, groups its physical users, i.e. customers, in terms of discount, quality, and nearest delivery, offers cashback for completed trades, offers a huge range of choices, and thereby saves customers' time.

It offers the following types of services for legal entities:

- ✓ Corporate account (account number and application profile)
- ✓ Computer credit card
- ✓ NuTap

With NuTap, corporate customers can turn their mobile phones into a vending machine and pay business customers directly by debit or credit using their mobile phone. A NuTap account can also be used to generate a payment link for remote trading or to generate a direct PIX payment. With NuTap, customers can make credit and debit payments in an innovative way: directly from their mobile phones, without the need for a physical payment machine.

In other words, NuTap allows New Bank's customers - typically corporate customers, manufacturers or service providers - to accept payments directly from other parties and create links for online payments. For this reason, we can see that in the 4th quarter of 2022 (Q4) compared to 2021, the number of all active customers increased by almost 49%. Also, NuCrypto, which is considered a newly opened type of service, gathered more than 1 million active customers in one year (Table 1).

1st table.

The number of customers at Newbank [www.nubank.com – author's work based on open data from the official website of New Bank.], (millions)

	Q4' 2021	Q4' 2022	Growth (%)
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Active customers	41.1	61.2	49%
Active Accounts	34.7	52.5	51%
Active credit card customers	24.6	33.5	36
NuInvest active clients	3.5	7.4	111
Active personal loan clients	2.3	5.2	126
Active SME accounts	0.8	1.4	75
NuCrypto active customers	0.0	1.3	+1mln
Active insurance policies	0.5	1.0	100

2nd table.

**Summary report on the financial situation [www.nubank.com – author's work based on open data from the official website of New Bank.],
(in thousands of US dollars)**

Balance	2022	2021
Assets		
Cash and cash equivalents	4,172,316	2,705,675
Financial assets at fair value through profit or loss	133,643	918,332
Financial assets at fair value through other comprehensive income	9,947,138	8,163,428
Financial assets at amortized cost	13,684,484	6,982,835
Other assets	1,978,978	1,088,411
Total assets	29,916,559	19,858,681
Obligations		
Financial liabilities at fair value through profit or loss	218,174	102,380
Financial liabilities at amortized cost	23,448,892	14,706,713
Tax liabilities	511,017	241,197
Other liabilities	847,693	365,850
Total Liabilities	25,025,776	15,416,140

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Capital		
Authorized capital	83	83
Premium share capital reserve	4,963,774	4,678,585
Capital held by shareholders of the parent company	4,890,783	4,441,032
Total capital	4,890,783	4,442,541
Total liabilities and equity	29,916,559	19,858,681

Between 2021 and 2022, New Bank's total assets increased from 20 billion US dollars to 30 billion US dollars, while its total liabilities increased from 15 billion to 25 billion. There was an increase in the total capital of almost 450 million.

In the 4th quarter (Q4) of 2021, Newbank's net income amounted to 3.8 million dollars, and by the 4th quarter (Q4) of 2022, this figure increased by 12% (Figure 1).

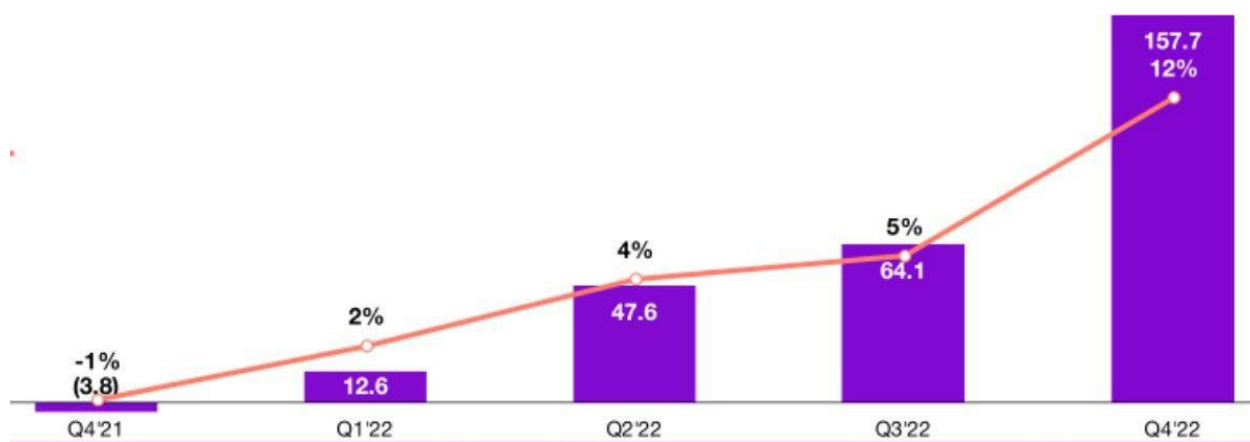
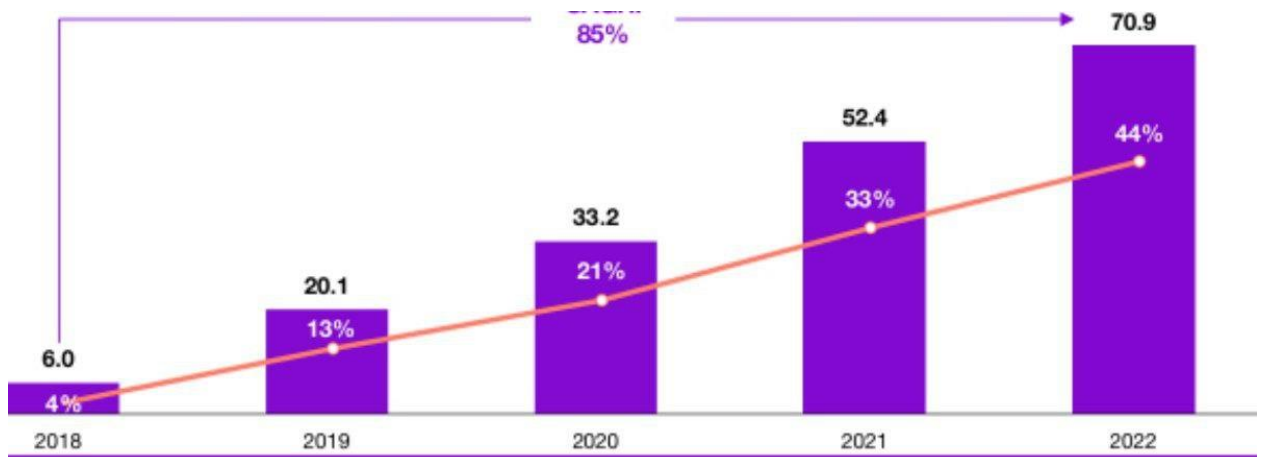


Figure 1. Adjusted net income (in millions of dollars).

Figure 2. Number of customers (in millions).

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New Bank is the world's leading digital bank by number of customers, and over the past 5 years, the number of its customers has grown from 6 million to almost 71 million (Figure 2).

3rd table.

Summary of financial indicators. [Author's work based on open data from www.nubank.com – New Bank's official website.]

Summary of financial indicators	2022	2021
Revenue (in millions of dollars)	4,792.2	1,698.0
Revenue growth (%)	182%	130%
Gross profit (in million dollars)	1,663.0	732.9
Gross profit margin (%)	35%	43%
Cost of loan loss payments/loan portfolio (%)	12.5%	7.3%
Net income (loss) (in million dollars)	364.6	165.3

Another clear example of New Bank's rapid development is that its profit rate has been between 100 and 200 percent in the last two years. Also, the bank's income in 2021 was 165 million dollars, and in 2022 it was 365 million dollars.

Summary. When we analyze a digital bank with an international high rating, it is distinguished by its originality. It is different not only in the design of the bank's brand, platform or mobile applications, but also in the types of services and goals it provides to customers. In addition, he prefers to work on individual products rather than creating standard products that are common to all customers.

Also, the international digital bank is very open and flexible to innovation, use of innovative technologies. And finally, it works not only for profit, but for the purpose of improving people's lives even a little, and he is loyal to his values.

References:

1. www.nubank.com - public information of the official site of New Bank.
2. <https://en.wikipedia.org/wiki/Nubank>