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Brazil finance: Banks target shoppers

COUNTRY BRIEFING

FROM THE ECONOMIST INTELLIGENCE UNIT

A 10.5-percentage-point cut in the Brazilian central bank's benchmark Selic rate, from 26.5% to 16%, since June 2003 is finally encouraging consumers to buy more expensive items like cars, TVs and other household goods on credit. Falling interest rates are also nudging financial institutions to invest more in lending and less in government bonds, their traditional mainstay.

## **Some 30m-40m low-income, "unbanked"**

**Brazilians** have their attention as well, with bank marketers targeting them and other consumers through partnerships with retailers.