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High-tech Brazilian banking keeps economy moving despite strike
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SAO PAULO, Brazil - Inside a bank lobby plastered with posters supporting a nationwide bank workers strike, Renato Verzane tapped away at an ATM to make sure his bills for rent, electricity, water and telephone service had been paid on time.

No tellers were in sight, but Verzane didn't need them to confirm that his preset electronic transfers handled everything smoothly despite a two-week strike by half the country's 400,000 bank workers.

Gone are the days when bank strikes could make life miserable in a country where visits to the bank to pay bills in person used to be mandatory - and remain a hard-to-kill habit since no one sends checks by mail. In 21st-century Brazil, more and more individuals and businesses are using ATM and Internet electronic transfers to handle everything from taxes to traffic fines.

With billions of dollars in technology investments over the last decade, Brazil's banks have set up one of the world's most advanced low-cost electronic transfer systems capable of transactions unheard of in the United States.

"The strike has no impact on me," said Verzane, 29, a business manager at a law office. "I can pay everything now by ATM and Internet."

Brazilians are able to easily transfer money to each other using ATMs or the Internet, with no charge if both parties use the same bank and only a pittance if the cash goes from one bank to another. Car owners can pay excise taxes electronically, with the option of spreading the payments out in installments.

Social security payments and income tax refunds even come with a technological catch: The recipients must have bank accounts so the government can avoid sending checks and instead pay by electronic transfer.

"If you live in California and need to transfer money to New York, you go through some hurdles and pay US\$10 ([euro]8), or they're going to pay US\$10 ([euro]8)," said David Fleischer, a political science professor at the University of Brasilia. "In Brazil, you can do an account-to-account transfer in a fraction of a second and it's either free or very low cost and very quick."

The bank strike, by workers seeking higher wages, is a headache for Brazilians who haven't jumped on the high-tech bandwagon because many branches aren't open for business. Customers who don't pay their bills on time face fines. And although ATMs are everywhere, only 10 percent of the

country's 182 million people have a computer at home.

But top Brazilian bankers say the walkout has had little overall impact because electronic banking has been so warmly accepted.

"If this had happened 10 years ago, there would have been a lot more problems," said Antonio Jacinto Matias, an executive director for the Brazilian Bankers Federation who specializes in electronic banking. "Internet banking was just starting, and the ATMs didn't provide anywhere near as many services as they do now."

In the old days, bill paying was a chore that took hours, with customers required to show up at bank branches to present checks in person or shell out cash. Customers got stamps on the bills as proof of payment, and the recipients received money directly from the banks without worrying about bounced checks. Strikes sometimes forced people to turn to loan sharks.

Long bank lines were the norm, and they reached staggering proportions during Brazil's bouts of hyperinflation from the 1970s to the early 1990s, when inflation sometimes rose 2 percent daily and most Brazilians waited until the last possible moment to pay bills received earlier in the month.

Brazilian banks responded to hyperinflation by investing heavily in the technology to create a vast web of electronic banking, competing with each other to provide the most rapid service.

"If you have 1 percent inflation a day and you don't have real-time transactions, everything goes out of whack," Matias said. "Time means losing or winning a lot of money."

Electronic banking exploded in the 1990s amid a wave of mergers in Brazil's banking industry, as the Internet came into vogue and ATMs with increasingly sophisticated services sprouted across the country. The government also made life easier for Brazilians by authorizing bill payments at lottery agencies.

More than 100,000 bank workers lost their jobs because of consolidation and the technological advances. It would be difficult to pare their numbers further because many of the striking bank workers are government employees. And tellers are in demand because millions of Brazilians still stubbornly head to the bank to make their bill payments.

But electronic banking and even banking done over the phone has become much more popular. Transactions for clients who used electronic banking or never spoke in person with bank workers jumped from 19.8 billion nationwide in 2000 to 23.5 billion in 2003, according to the bankers federation. In-person transactions rose from 4 billion to 4.6 billion during the same period.

"Clients don't need to go to the bank, unless they want to have a coffee with the workers there or do some special type of transaction," said Laercio Albino Cezar, director of technology at Bradesco, Brazil's largest private bank.

Still, many Brazilians prefer to pay bills the old-fashioned way to make sure they have paper evidence. So lines of half an hour or more at bank branches are common, despite advertising campaigns pitching electronic banking as easy and fast.

Brazil also has tens of millions of poor without bank accounts, illustrating the technological banking divide between the country's haves and have-nots.

The government and state-owned banks are trying to change that. Welfare recipients now draw funds using debit cards, and millions of new clients have been signed up for simple savings accounts with ATM privileges. Proof of address and a job aren't required, and the banks set up social security numbers for those who don't have them.

"We're starting to reach a population that didn't have access to banks and the technology before," said Edson Monteiro, a top executive at the state-owned Banco do Brasil, Brazil's largest bank. "Who goes to a bank now? Only people who are still used to going there to pay bills."