

Q3 2020 Earnings Call

Company Participants

- Alexandre Riccio de Oliveira, Vice President of Technology, Operations and Finance
- Helena Caldeira, Finance and Investor Relations Officer
- Joao Vitor N. Menin T. de Souza, Chief Executive Officer

Other Participants

- Gustavo Schroden, Analyst
- Jorg Friedemann, Analyst
- Marcelo Aldi, Analyst
- Sofia Viotti, Analyst
- Thomas Peredo, Analyst

Presentation

Operator

Good morning, and thank you for waiting. Welcome to Banco Inter's Conference Call to discuss the Earnings Relative to the Fourth Quarter of 2020. We have here today with us the CEO of Banco Inter, Mr. Joao Vitor Menin; the VP, Mr. Alexandre Riccio de Oliveira; and the Finance and IR Officer, Helena Caldeira.

This event is being recorded and all participants will be in listening mode only during the conference presentation by Banco Inter. We will then have a Q&A session and further instructions will be provided. (Operator Instructions) This conference is also being webcast live and it can be accessed through ri.bancointer.com.br. A replay of this conference will be available right after it's finished. We remind you that webcast participants can register questions to Banco Inter through the website and these will be answered after the conference is over by Banco Inter's IR team. We would also like to inform you that this call has a simultaneous translation into English provided to the foreign investors in this company.

Before we proceed, I'd like to mention that forward-looking statements that may be made during this call regarding the Company's business prospects, as well as projections operating and financial targets, are based on management's expectations in premises about the future of the Company as well as information that is currently available to Banco Inter. Future considerations are not an assurance of performance and they involve risk, uncertainty premises. They refer to future events and therefore depended on circumstances that may or may not occur.

I'd now like to give the floor to Mr. Joao Vitor Menin, CEO, and he will start the presentation. Mr. Menin, please over to you.

Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

Good morning, everyone. It's a pleasure to be with you again for another earnings release call. I'll talk first about the company, and then we'll have a Q&A session at the end. So first, I would like to share with you that we -- I'm really happy about the current moment that Banco Inter is living, considering our business model, that we have a very good effect on our situation. Our customers' NPS of 83 points, our employees. So today we are proud to be a very strong brand great employer. We are hiring amid this pandemic and in Belo Horizonte, Inter is the Company most people want to work for.

Number three, our shareholders. We have a positive evaluation of our shares during the pandemic. In addition, we had our follow-on this September. So we have a very positive impact on our shareholders. And then in terms of society at large, not everyone, of course, is customer, but we are really proud to have the -- have left an important legacy give an important legacy to our society to have this digital bank. So a successful model has worked for our regulatory frameworks providing a benchmark to Brazil Central Bank with a very positive impact on Brazilian society. So we are really proud to do this. So this year in 2020, we have impacted these four major elements.

Now, the -- at the micro-level, we have this presentation broken down into two steps. First, I'm talking about targets and then innovation. As for targets, I've always had three large targets all companies I believe need these three targets. First, growth, of course, Inter is a Company with a high growth level. So it's a very great challenge to keep it, three is stronger than two, not on in terms of growth, but also engagement, not only the number of accounts but also you need investment. So we have grown more in Q3 than Q2.

Now, the second target and this is also some have been discussing a very important target in the last few quarters. We have noticed that this has taken place. And we're talking about inflection points. And this is our cost to serve. So we have been more positive variation, macro-level than the cost of service, but then we've had this inflection point, point of inflection with generating or adding a lot of value to us in the last two [ph] quarters, even with a low level of the SELIC rate, which has a very important number with a great impact for us. We have a lot of demand deposits. So this is our inflection point.

Number three. And this is something we mentioned in our IPO. This quarter when we see the surface revenue that we have and with very good numbers. We're really happy that this company is increasingly more -- an asset-light company. And when we talk about our service revenue growth, we have also -- of course, increased our banking spread revenue. So the strength of the platform or its importance is increasingly higher (inaudible) bank spreading. Inter has been a strong credit originator, but we also need a very robust investment platform.

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Now in terms of innovation. Again, there are four stage [ph] to this,. First, innovation in our digital account in 2016 to 2019. This is when we put up this new way of doing or providing banking services in Brazil. Of course, we keep developing and is not over. And in the third quarter, we launched our 9.0 service. It has become really good. I don't know, if you've experienced this, but it's really good. As for investment, this was our second step in January 2019. We launched our investment platform. We're really happy to have 1 million investors. It's so good to see that Brazilians have never been very much good savers. At Inter, we have at least one million people who invest our second step in January 2020, we started implementing and in quarter three, we have a growth of over 200%. So I think we've done the right thing.

Now I'd also like to mention our fourth great moment at Inter. And this is about the concepts that we want to prove that are feasible in our follow-on, in September we had consumer finance 2.0, as of July 2020, as of quarter three. This is when we started designing this product really excited about consumer finance 2.0. As I said before, Inter will have real estate credit payroll loans. We haven't been able to address this sort of loans and credit to consumers and now with some levers. And by developing our products we've made strides in the third quarter. We're really excited about this development.

At one point, I'd like to stress about consumer finance is that we have CDB plus credit limits. So we have this new version 9.0, and we are now raising about 12 [ph] million a day. So it's really highly successful and this is a way typical access to Brazilians to credit they have better access to finance and this all collateralized. So collateralizing purchases with our day trade. So this a very important element for our customers in our target, even for Mastercard, you have about 30 billion transactions on credit cards next year.

We have a high percentage of collateralization. So it's increasingly clear that Consumer Finance 2.0 is the name of the game from now on. We won't have consumer finance that is developed or civilized, if you will in Brazil, based on 3% or 14% a month. This is not possible. So we have to put this up. We're really happy with what we've built in quarter three. Finally, in addition to this Consumer Finance 2.0, we've also had very good results from Brazilians. People are really, the Brazil Central Bank is providing information for financial services and consumer credit. In other words, this has come to stay and Inter no longer compares to the mainstream banks, of course, they are doing fine. But in terms of in this segment, retailers are on a very good track. The difference is that, introduce a lot of payment and credit digitally. So we have lots of retail companies, but Manga Lou [ph]. They also use this, but I think we're a little ahead as we are working in the financial segment. For 2021, we are doing -- we have some plans and we are again betting on this concept of platform. We are capturing the benefits of this model. So how many shopping malls can benefit from this benefit and credit cards. So we will work on this.

And finally, people always ask me about innovation. What's the next step to be taking about Inter? While the year has flown, and I'm really focused on this, we are studying this situation, and we're really happy to open up our APP to everyone, not only for our carried account holders -- for account holders, but for all Brazilians. We're expecting to open that up to other countries not necessarily regulated, but rather non-regulated services. So this is won't be necessarily a banking or a credit APP. So this is one more thing we can do and we are studying this possibility and we're really excited. So as soon as we have a news,

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we will inform the market and we'll be informing our shareholders about this. And I'm really excited about this possibility.

Now I have one more thing to say before I turn it over to Alexandre. I'd like to thank -- really thank our customers for trusting us. It's clear that Brazilians, they work really hard to save money. And Inter has been helping these people to have a more, a fairer and more competitive banking service provider to them. And I think we have a lot of responsibility when we see the huge amount of money that gets into our bank that is deposited into our bank every day. So Brazilians who have been able to save money and invested in our products, our CDBs, our investment platforms, we have over 100 million being invested every day. We're really happy that our customers' trust us. And we will do whatever we can to meet their expectations.

I'll now turn it over to Alexandre.

Alexandre Riccio de Oliveira {BIO 20402984 <GO>}

Good morning, everyone. First of all, thank you everyone for attending this conference. I'll just give you the major figures this quarter. So we have nine months with this pandemic and having a very good second quarter, although, we were in a high alert. The third quarter started with good expectations and we were really happy because most of them became real in our business.

Our major highlights. First, a larger number of customer, day-to-day banking, investment, credit. So I'll start with our clients, customers and engagement. So we have 2.2 million, a 120% growth of customers year-over-year, a reduction of our CapEx in 4.4%, compared to the previous quarter. So acquisition cost was BRL22.14 [ph], so it's really good. And we also reduced the cost of service and 26% in this quarter year-over-year. And this was also important savings for us.

And we've also reached an average, perhaps we have BRL173 of revenue -- average revenue. And this is very good. It shows we have been speeding up revenue generation for our retail customers. And this was one of our major growth challenges, our customer activities, to head in terms of 3 million logins in quarter three, against 175 in the second quarter. And our cross-selling has also grown from 2.75 in quarter two 2.94 in our CSIR. [ph] And this was our greatest historic growth, since 2017, when our operations were rather small with many improvements that have been made in the way that we serve our customers and the technology that we provide them with on our APP. Day-to-day banking. we've had a great quarter, BRL5.2 billion demand deposits, a growth of 256% year-over-year. The average balance BRL1,300 that's also very good, very good growth, also gaining. And this is what we want. We transacted BRL5.2 billion in target at credit cards, 72%. And this was very good. This growth rate. We still have some pandemic situation, right. And we see four recovery of these numbers.

Now a final point in day-to-day banking. I'd like to finish by discussing PIX. So the ability to execute from Brazil Central Bank to put up this project in 2020, they did a great job and we're really happy about this. The projects couldn't be any better, it meets all our

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expectations and this will mean lots of savings in our transactions and the cost, which is not usually low. It will get rid of it virtually. We are now providing a new B2B method of payment that is expected to reduce money that is circulated that's good for our customers and also for our cost savings with many good consequences in retail too, to really excited to see the evolution of this project, that will go live next week.

Marketplace have over BRL376 million, 760 million, 2.8 million transactions so that our growth is still impressive. We have delivered new important stores in our end-to-end shopping like Nespresso, Copenhagen, and more recently (inaudible) that's a famous drugstore in (inaudible). So we have a business that in December 2019 less than 10 million a year in GMV or transactions and now and quarter three we have a GMV of BRL1.5 billion annualized, now the third quarter investment ASC BRL31.6 billion, we grew 80% this year and we have reached 970,000 active customers (inaudible) already that we are almost over one million and 310,000 have shares in custody with us. So about 10% of individual transactions here, they use our -- use us as their favorite platform. Why have we been achieving this? What's the key to our success. Our services have been working the way we segment our customers everyone gets the service they want. We're really surgical here and also the evolution of our platform PAI 2.0 has been launched. And this also have side effects more engagement C2C with better revenue. They grew 86% in quarter three, as compared to quarter two.

Insurance, we have reached 180,000 policyholders, 2.5% in our client base -- our customer base, 75,000 sales in quarter three in terms of insurance and we have reached BRL11 million as compared to BRL7 million in quarter two, again very good growth. And as a result, we have now a mattress of revenue. For instance, we renewed our view with Liberty of BRL378 million, and this was recognized in this period 15 years. This is our contract term. We're really excited about this, which works in Symbiosis with all the other avenues. So insurance is a product that also takes advantage of the other business lines.

Credit, our last avenue that we'll be discussing in this conference call. We have 7.3 billion in our credit portfolio, 64% growth, much higher than what we expected. We expect to have 40% or 50%, so this growth is very good and we have to make the most of this opportunity. We originated 2.5 billion in credit, that's a 100% growth year-over-year. And we've also achieved growth with operating leverage and product evolution with a commercial strategy and also the use of data. So in commercial and collection operations, we were really smart. We delivered smart services with no increase in structure. Our growth had also a modest default levels and that's good for our collateralized credit strategy. And this is very important.

We have grown our collateralized FMI, and also payroll loans. So -- and then real estate loans and credit mortgages are doing fine, not to mention our credit cards. We have a very good situation, our concession model. And also our collection department, which has been improving month after month.

Now some financial highlights. BRL349 million, that was the total revenue, 32% growth year-over-year. An important highlight is 140 million in service revenues that's 45% of our total net revenue. And in this service revenue, there is also a highlight, which we haven't commented, yes, in this -- yet, in this are the shopping effects. In this third quarter in the

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previous year, the volume was really small. So each of our avenues are growing, then modernization. And we feel that this is just the beginning.

We should also say that although there is pressure from -- spread pressure, we have delivered 213% -- million [ph], and that's -- and finally, we lost BRL8 million in the quarter, and that's consistent with what we have seen in growth and we have a Basel of 36.9. And so we had the impact of our follow-on with 1,000,200,000 in capital for us to keep implementing our plan. So finally, thank you, everyone. You're invited to follow-up our history.

Now, Helena, over to you.

Helena Caldeira {BIO 20804655 <GO>}

Thank you. Good morning, everyone. Thank you for attending another conference call. Before we open the Q&A session, I have some comments in about some of our initiatives and the revenue that has an impact on our shareholders. As well as Alexandre said, this quarter we had a follow on that was successful in record time in September and raised BRL1.2 billion. That's a crucial number for our growth, and also for our liquidity. So with this move, we increased, as a second follow-on in 15 months, so BRL3 billion raised in three months. And this was very important, a very important move. We're working also -- have a good Bovespa rate. We're expecting all our shareholders to benefit from this.

Now our second point, we'd like to highlight is that we're also working close to our teams. And this reflects in our property or ownership structure and organizational structure too. This bank is a very important avenue in our opinion connecting all other business lines. An ideal structure for us would be a holding connecting all these businesses together. It takes time and we've been working on this. Try to design an ideal structure. This is how I will discuss every year, in property terms, company terms, labor terms, regulatory terms, and so on and so forth. So we are still working on this. And maybe a long 2021, we will have an solution, an answer to this. Our idea is that this new structure keeps all the assets that are currently under the management Inter. So the assets, all the economic value that we have in our structure today should be maintained.

Finally, I invite you to our Inter-Investor Day, that will be held this December, it will be totally online. Just rules anyway save the date in more details about this date, but to tell you what we'll be planning for 2021. And we made chat with our executives, our top executives.

Again, thank you everyone for attending and we can now open our Q&A session. Ladies and gentlemen, we will now start our Q&A session.

Questions And Answers

Operator

(Operator Instructions) The first question comes from Thomas Peredo of BTG Pactual.

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Q - Thomas Peredo {BIO 21712295 <GO>}

Good morning, Joao and team. Thank you. Congratulations for your earnings and results. I have two questions about credit engines, which sped up in quarter three, significantly. So what is now your risk appetite just both for your pre-existing products and for your new products? Can you also discuss how you see CDB plus limit? What's your risk appetite? Will your customers have the same limit on the card in CDB? How are you expecting or thinking of making that operational investment and also consumption? And finally, I can ask you a further -- another question later.

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

Thank you for your question. This is Joao Vitor. Well, let's start from the back to the beginning. This limit will be available when you have a secured CDB, in other words, you run on risks, you can only rescue or redeem it after you paid the credit card. So everything is done on the app very transparently. This is why we have such good results. It's interesting, this product is also being sold to the United States. It's available there. I haven't used it before. I used to deposit money in an American bank to have credit cards there. But now it's not enough to have an idea, you have to implement it to make it happen easily, to have a single app with legacy systems, it's really helpful, and it's really a huge success as I mentioned.

When we think about CDB plus credit limits, we have extended credit using our take rate as collateral, people give up a cashback to have more credit. So these two components are really helpful in collateralizing our credit cards. In addition, we also create a mattress of customers, and this offsets the losses of non-payers.

So our perspective of our credit card as a credit engine for 2021 is really good. I'm not going into details about the economy, right. I'm just speaking from interest perspective. So we're really prepared to have a very strong credit engine and credit cards. And that's consumer finance 2.0 as I mentioned. This is crucial. We need this. And having on a single app investment platform and as for the other products, as we have a funding cost that is really low because we have a platform that handles over a BRL100 million from Brazilians without a bank branch. As we have more know-how new products that were launched like (inaudible) with a stronger capital structure, and also, as we have investment platforms that helps us -- that help us, we can -- we will become more competitive and even act aggressive in its positive side. And one example is our supply chain. This is a wonderful product with a very short term, so we have demand deposits with extremely competitive rates. We may I think have the lowest -- cheapest rate. And this product is really secure has been growing really well, not only for structured credit but also for consumer loan credit.

Q - Thomas Peredo {BIO 21712295 <GO>}

That was perfect. Now my second question is about marketplace. Your cashback percentage is really high, almost 100% in this quarter. So how do you see the strategy? Is this increase related to (inaudible) and centers that ran throughout the semester? Or are you being more aggressive to speed at up the use of the platform? And how long do you think it will take for you to go back to a more sustainable level in terms of cashback, maybe around 50%? [ph]

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A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

Well, first, it's not exactly this way. We haven't had a 100% of cashback. There is a delay between accounting information, depreciation information. We can explore this letter, but with our affiliates, it takes a while for us to receive that -- those amounts. So we have 70% -- about 70% of cashback. Some days we have more. The important thing here is that our base growth without cash -- additional cashback promotion just really strong. So we have a baseline of BRL1 million a day, than BRL3 million, BRL4 million, BRL5 million, BRL6 million a day.

Is cashback making sense? Is it working? Of course, it is. When you come to think of it, (inaudible) shopping started in 2020, and we're talking about nine, 10 months and we'll finish this year with an annualized rate of BRL2 billion. [ph] So we're working fine align with services and products and BRL2 billion in a year. I know no other project that has been carried out in Brazil with such good results. It's really impressive. And of course, it requires investment. And cash is like investment in marketing.

When we look at our figures -- operating figures, for instance, this increase of expenses, well, a large part of these expenses are about marketing, CAC or shopping. When we look at all the experience are a range of products, speeds and additional credit limits, we will be competitive at shopping without needing to give cashback or a different cashback level to what is current in the market. In other words, it is decreasing, not increasing in 2021.

Q - Thomas Peredo {BIO 21712295 <GO>}

All right, perfect. Thank you. And congrats again on such good results.

Operator

The next question is from Sofia Viotti of Bradesco.

Q - Sofia Viotti {BIO 21483869 <GO>}

Good morning, everyone. Again congrats on such great results. My question is about marketplace. The last time you mentioned 50% of your partners allow an end-to-end experience, in other words, users can make purchases 100% on -- on your app. What's this proportion today? Is it 50/50? And what is the trend? Is it -- are you expecting this number to increase in end-to-end transactions on your platform?

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

As Alexandre said, [ph] in the last quarter, we had five, six, seven new stores, and this of course, has been taking place in all companies that work in e-commerce. They all have their Black Friday, so we are in a standstill for a while, but then we have very good interactions and talks with large consumer brands, not necessarily retailers, even the brand -- the brands there is this trend toward growth.

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Our dream is to have 100% of our SKUs to be end-to-end integration with the platform. But then you cannot achieve 100% because maybe Amazon may not end-to-end. Anyway, we want to increase this number in our version 9.0. part of the services are also end-to-end, and the next version will have deliveries, so will have end-to-end for delivery. So the trend is to increase to have faster -- easier services with simple checkout procedures. So there's a lot of good things that will help people. People may have almost all products and services processed on the app.

Q - Sofia Viotti {BIO 21483869 <GO>}

Great, perfect. Thank you.

Operator

The next question is from Jorg Friedemann of Citibank.

Q - Jorg Friedemann {BIO 15405752 <GO>}

Hello. Good morning, Joao Vitor and everyone else. Thank you for inviting me to this call. My first question is about how you've been recognizing your exclusivity agreement with Liberty? You said this is renewed every 15 years, BRL380 million, have they should be paid in advance?

Well, I looked at this quarter and other financial assets you have, BRL38 million of future years related to this agreement with Liberty. So this difference BRL70 million or [ph] -- to BRL38 million was this dealt with this semester?

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

I'll let Alexandre answer.

A - Alexandre Riccio de Oliveira {BIO 20402984 <GO>}

Okay. Thank you, Jorg, for your question. We have -- there are two element -- points to this. We have made no upfront acknowledgment. Our plan is to acknowledge the entire agreement or contracts throughout these 15 years. Now, BRL38 million, this installment we have already received it. It's already [ph] cash in our Company and will be recognized in next few years. And we'll also get another installment larger that will also be part of this. And this is the way ahead. We're doing the same thing with MasterCard. In other words, we are building a revenue mattress and we'll be measuring this every month and of course and in whatever is delivered.

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

Let me just add something to what Alexandre said. We have this upfront of BRL60 million and BRL40 million that have already been received but not accounted for and BRL20 million in January that are not accounted for. So we talk about BRL360 million -- we're talking about BRL60 million. But then BRL308 million will be paid on performance.

So when we think about insurance revenue in the next few years, it's about billion, not hundreds of millions. And this is taking place, both at Liberty and MasterCard. Even what we mentioned about the first quarter, the contract with MasterCard of over \$1 billion, it's been acknowledged throughout -- along the year. So we are monetizing this. We're having this -- building this mattress that this reserve. But this is a digital bank with 15 million, 20 million clients. So those that want their products in Brazilian consumers' hands, don't need it. And this distribution partnership is great for us.

Q - Jorg Friedemann {BIO 15405752 <GO>}

That was perfect. And I think that monetization is your strategy. Okay, that's interesting to see. I just wanted to know if there was some acknowledgment in this brokerage -- insurance brokerage revenue that came from this agreement with Liberty, and I thought it was just from customers, right?

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

This is a record margin we've been building. Yes, that's perfect. Now the other question.

Q - Jorg Friedemann {BIO 15405752 <GO>}

Again, thank you for being transparent of showing your active customers per quarter against total customers. That's really helpful and analyzing the evolution of all your metrics and KPIs. I have also noticed on this chart on Page 10 is that the gap between total customers and active customers has increased in the last two years. So this was, I believe, expected because you have this increase in number of customers that was very significant. But when you look at the cost of service per active customer, how has this been evolving? This is one of the things we really pay attention to. I mean, growing the number of customers significantly and you've been -- but then the cost, observing these active customers hasn't reached a plateau yet. So when are you expecting to reach stability here?

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

Hi, Jorg. Well, as for customer activation, our activation has been growing. Although you've just mentioned this point that was very important to take into account. But this I think is a natural trend, one thing is having a small customer base, that's much easier to activate them all. There is a whole cycle for customer acquisition. So we usually acquire those that are more curious in test out all products. But we are now in a more mainstream phase, so it's expected to have a percentage of our client base to be inactive. And this is our focus. We still need to increase our customer base to be increasingly -- having them increasingly closer to the activation lever.

Now, on the next slide or chart of release, when we look at the activation of the seasons in the second and third quarter, this activation rate has been increasing significantly. And this is something we are doing with our marketing teams, our CRM teams. There is a whole strategy of encouraging this activation or reactivation of customers, also providing better service to those who have just joined Inter. So we try to explain all the functionalities that we have to them. So we are working hard to make this happen and to achieve better activation rates of 70%, for instance, in all the other seasons. And this may

come as a result of a better experience with clients, better client -- customer relations in terms of our initiatives.

Q - Jorg Friedemann {BIO 15405752 <GO>}

Perfect.

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

You can ask your question, Jorg.

Q - Jorg Friedemann {BIO 15405752 <GO>}

One more thing and that's quick. Sorry for taking so much time. And this is about credit cards. You've been growing consistently, but why did you have this for -- was this a result of less demand? Are you restricting origination of that?

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

So, Jorg, this is Joao Vitor. I don't know if you remember, we've always believed that credit cards are not just a credit portfolio we pursue, but rather it's a necessary portfolio we need to serve our clients. We have increased our credit card spending, but people are more -- people are paying their bills on time. And this is the essence of our product. We don't want to have a larger default rate to make money out of it. We don't want this.

So this model, I mean, sustaining consumer finance based on revolving credit, this is I think of the past. This is something that just takes place in Brazil. When we see that our revolving credit has been decreasing, we are really happy. We want our spending rate to grow. We want more people to be using ever credit card. Our model is good. We don't want people to have debt and failed to pay and have revolving credit, and then we charge large -- high rates to them. We don't want this.

A - Alexandre Riccio de Oliveira {BIO 20402984 <GO>}

Yes. And adding to what Joao said, our credit model is no longer new. We have 18 months, and every month it's increasingly better. Our collection-- digital collection surfaces has been increasingly better. So this has been improving our default rates. And then we have now approved our cashback card and that also increases our transaction volumes with very good, very positive results for the -- our portfolio. So those -- so people who spent a lot of money, they also pay on time.

And then adding to this -- Jorg, finally, adding to this part on credit cards, we're expecting this trend to continue as we launch our CDB card that will be collateralized this card as Joao, said, so our spending has increased but then collateralized, in other words, we don't want our clients to be on revolving credit. So this we believe is very positive. We empower our clients to be able to make purchases in installment without taking risks, neither for the bank nor for the client. When our customers start using their cards, in other words, this product makes a lot of sense to us when we consider this situation in Brazil of purchases in installments.

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One more thing about card and consumer finance 2.0 that we don't want a high revolving credit rate. This is the old model in our view. Our internal target is to have 20% of all our credit card spending collateralized with these two products, cashback of our shopping in our CDB plus limit. So 20%, so next year, about BRL30 billion in streaming we want this as a priority. And if this does take place, we'll be really happy. We want our customers to use the card and be able to pay their bills. We don't want to penalize our customers. This is not constructive. Our focus is to have our credit cards as a method of payment. But of course, we need to give people time to pay. Not everyone can pay their bills on time, so we want to have 20% of that collateralized. This is our target. And that's what we want to achieve with our improvements -- improvements we've been doing.

Q - Jorg Friedemann {BIO 15405752 <GO>}

Okay. Thank you very much for your clarification.

Operator

Thank you. The next question comes from Marcelo Aldi at Partner. [ph]

Q - Marcelo Aldi

Good morning. I want my question asked to Joao and Alexandre. When you consider your focus of action next year, where are the major restrictions and operating risks?

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

Sorry, I was muted. So operating risks. For Inter, they're still the same, basically. The major risk is the stability of our services, cyber that's our major focus. We need to have an increasingly greater focus on this 24/7, 365 days a year to have a stable platform that's good and secure for our users. This is our major focus.

Then there are other important factors. After we make sure that this is okay, then we can monetize cross-selling, making sure that an investor that has BRL1,000 invested will have BRL5,000 or those that used BRL1,000 will start using BRK5,000 on their cards. And those who don't use cards, start using cards. And this is our cross-selling strategy and this is our focus is for 2021. And this, of course, the idea is to double our platform volumes. Our platform is -- strengthens our cross-selling activities.

Q - Marcelo Aldi

Okay. And what are the major gaps you have today or bottlenecks, both in operating terms and in terms of your people? How about your M&A pipeline?

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

That's a good question. We expected to announce two M&As in the last quarter. And indeed, we cannot do everything we can at home -- in-house. So we need to bring more know-how. Our M&A are not just for -- just -- it's for acquiring new skills, if you will. Our greatest gap today is time. It's always a matter of time. There is always this joke about banks cannot deliver a baby with nine women. In other words, things take time.

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So we launched 9.0. It was so cool and very thorough in all our verticals. Well, to achieve this, we need time. There's pointless to have 5,000 programmers, you won't be able to do it any faster. We always fight or run against time. We want a short time to market. But you also need some patience because things do take time. Whatever it can be sped up to have complementary benefits, okay, having more people here, complementary services, we will be doing this in all [ph] other things that are in the pipeline that are -- well it makes sense to do this.

A - Alexandre Riccio de Oliveira {BIO 20402984 <GO>}

Okay. Now about your -- the question about risk. It's hard to point out one particular element. What we really strive for is operating excellence. We haven't started today. We've been working on this for over 18 months, making all adjustments, adjusting our team mindsets, prioritizing, and also following up the platform stability. And we have achieved a lot, and we want to keep working without leaving behind the risks that -- as Joao mentioned, including cybersecurity risks. So a lot of things need attention and we have been positioning the Company to be a good protector to be able to protect everything.

Q - Marcelo Aldi

Thank you.

Operator

(Operator Instructions) We have one question by webcast. Geoff of Autonomous has two questions. First, he would like to understand if the credit card product has guarantee in CDB, can you discuss the opportunities that come from this product? Number two, he asks about Pix. How have been the registration Pix as compared to other players?

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

Right. Geoff, this is Joao. As for Pix registration, we've been doing rather well. People want to test it out before they start. But we think that throughout 2021, most of our customers will register their Pixs and we're being really transparent with our customers. We not forcing it on anyone. It's up to our customers to do it. So I think it's -- unlike other market players in terms of Pix penetration.

As for CDB plus limit, this is a huge product. It's a wonderful product. We've had it worked for 15 days and we've already captured BRL12 million, BRL13 million [ph] a day. This shows that its experience and the way it was designed was very well received by our -- really welcomed by our customers. So when we consider cards next year, I think this product will lead to a lot of collateralized, and this is good for customers and also for everyone else. So really excited about this.

Operator

The next question is from Gustavo Schroden of Goldman Sachs.

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Q - Gustavo Schroden {BIO 21633251 <GO>}

Good morning, everyone. Thank you again. I'd like to resume the question of M&A is in pipelines. And you've just raised funds recently, so you were saying that you have -- will have M&A soon. Now, what can we expect? What is the focus if this capital ROU focusing on insurance companies, credit cards? Where do you think we can expect your investment to be made along these lines? Or are there any other things or lines?

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

We've already discussed this throughout our follow-on, so I'll just repeat it. You can expect M&A focusing on our own products, the ones we've been investing in services, cross-selling, payment gateways, investment platforms, and much less on credit products or increasing our credit or loan portfolio. And also about banking in digital accounts, this we've already been addressing. So this is what we can tell you. We can expect, of course, us -- from us by know-how as well..

Q - Gustavo Schroden {BIO 21633251 <GO>}

Great. Thank you.

Operator

We are now closing our Q&A session. I'd like now to turn it over to Mr. Joao Vitor N. Menin for his final remarks.

A - Joao Vitor N. Menin T. de Souza {BIO 21561597 <GO>}

Okay, everyone, thank you again for attending. Again, it was great to see you attending our conference call and our earnings release. We expect we are meeting your expectations, employees, consultants, analysts, shareholders, everyone. We are closing now. You may ask questions online later. Our IR department is at your disposal for answering all your questions. And we will also have an Inter Investor Day in December, so just pay attention, keep an eye on our date, and we'll be able to connect with you. Thank you. Have a great afternoon.

Operator

Banco Inter's conference call is now closed. Thank you for attending. Have a great day. Thank you for using Chorus Call.

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