XP FinTech Company

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Course

Fintech

*Company founders and idea*

XP is a Brazilian FinTech company started in 2001 by Guilherme Benchimol and Marcelo Maisonnave (XP Inc., 2021). The company is part of the Financial Technologies Industry. This industry is a disruption of the financial market throughout the world. FinTech can compete with traditional players such as banks by providing better services while using innovative new techniques (Lee & Shin, 2018). XP in this area is not an exception. XP is a fast-growing player opening a subdivision in 2005 with the support of America invests CCTVM Ltd. allowing the company to operate in the United States of America. Further growth happened in 2007 with the founding of XP Investments, which allowed the company to become a broker (XP Inc., 2021).

*Who is the company’s intended customer?*

The customers' segments of XP range from retail investors in Brazil to more international and institutional clients. These clients include fund managers, insurance companies, and private banks (Reuters, 2021). The client base for XP is still mainly focused on Brazil, but the company is looking to expand into more Latin American countries. XP has become one of the bigger new players in the financial market in Brazil. Tradition banks in Brazil are having trouble adapting to the fast-changing world of FinTech. Furthermore, banks in the Brazilian market charge higher interest rates on loans and credit cards than most countries in the world, providing more opportunities for FinTech to step. Because of this, Brazil was the fourth-highest country in the world regarding FinTech adoption rates in 2017 (NEA, 2019).

*Technologies the company uses*

The adaptation of FinTech in the market also increased the level of digitalization in the sector. Because of this, traditional companies of the sector are forced to implement Fintech. Additionally, the current pandemic has forced the market to shift to a more digital environment with a big change in consumer behavior and business models. This shift has further strengthened the market for XP, resulting in the company focusing more on expanding in the Latin American market. The company has a strong foundation and wants to start growing and expanding. For this to be realized, XP has to keep up with the innovation happening in the FinTech industry, and thus, the company faces a big challenge in keeping up. However, XP still has the entrepreneurial and innovative culture that provides Fintech the advantage over the traditional players when compared to the traditional players.

Another big development in the financial industry is Big Data. Big Data is still in its infant stage but can significantly reduce fraud and provide decision-making and customer retention opportunities (Cockcroft & Russel, 2018). Furthermore, blockchain has also a big influence on the financial sector. Besides providing new investment opportunities, blockchain can also significantly reduce costs and enhance trust by reducing information asymmetry. It also can provide a more secure way of doing business (Quddus, 2020). With the growth of the technological aspects in the financial industry, XP needs to keep up and provide their customers with the opportunities provided by innovation.

References

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