

The new relationship with money

How different generations and income groups are managing their resources and interacting with financial institutions in Brazil, Colombia, and Mexico.



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INTRODUCTION

People's relationship with money and financial institutions in Latin America has undergone a profound transformation in the last ten years, driven by two main factors: digitalization and democratization of access. Consulting and contracting financial services in just a few clicks, receiving personalized service, and having intuitive-to-use products available have allowed customers greater control over their financial decisions.

Thus, while these advances in digitalization and democratization are consolidated, it is possible to glimpse a new phase of change. When thinking and talking about money, people's focus stops being solely on solving immediate problems, such as paying bills and taking out credit, to share space with the interest in financial organization and investments. Even though for many saving resources and creating a reserve is still just a wish, "planning" and "future" are among the watchwords on the rise.

By challenging the status quo first in Brazil, then in Mexico and Colombia, Nu led this transformation in Latin America, promoting inclusion and the path to financial health for millions of customers. With the aim of better understanding the new formats of relationships with finance, we commissioned market research seeking unprecedented data on the behavior and needs of different generations and income groups in these three countries.

In September 2024, the research company Ipsos administered an online questionnaire to 600 people in each country. The sample is representative of the banked population of the three countries, covering different ages, genders, social classes and regions - more details about the profile of the interviewees can be found at the end of this report.

The results reveal differences in the habits and demands of each generation and how this has changed over time. They also show the advancement of financial inclusion and the metamorphosis in the relationship between customers and their finances and with the institutions to which they entrust their resources, considering the evolution in the offering of products and services. The data gathered here points to opportunities for the market and companies to increasingly support the financial lives of different generations.

Digitization and
democratization of access
to financial services
have given users greater
control over their decisions
related to money.

1.

Partners of today and tomorrow



Especially in the case of Brazilians, the fact that financial institutions are no longer just platforms for sending and receiving money or for dealing with issues that are in principle negative, such as debts and paying bills, is noteworthy. When asked about what they think when it comes to financial institutions, words like “spending” and “account” appear frequently, but they share space with “expense control”, “financial planning”, “investment” and “future”, showing that the place where they put their money is also associated with long-term care.

Even though they recognize the peace of mind provided by keeping their finances in balance, half of Brazilians report being somewhat or moderately confident about their knowledge of personal financial planning.

Aware of this lack of in-depth knowledge, there is a growing interest in financial education. In Brazil, 84% of respondents are seeking information on this topic, a number that rises to 95% in Colombia. In all countries, Millennials (interviewees aged 26 to 40) are the generation that most seeks references. Millennials are also the generation that has had the most financial literacy. More than half of Baby Boomers (interviewed over 60 years old) say they never learned about the topic, and this proportion drops to 30% among Generation X (40 to 60 years old) and to 19% among Millennials, showing that financial education is increasingly present. It is curious that in all generations the prevalent age to start learning about the topic was 20 years old, suggesting that Generation Z (18 to 25 years old) is precisely at the moment of having its first contact.

The number of people who say they have learned about financial education is increasing with each generation

BABY BOOMERS

46%

GENERATION X

70%

MILLENNIALS

81%

Source: Ipsos. Market: Brazil

In the three countries, digital content dedicated to the topic stands out as sources of information, such as websites specialized in financial education, news sites and blogs, in addition to social media. After this sum of specialized channels, there are the websites or apps of financial institutions, which are accessed as a source of information about financial education by four in ten respondents.

In Brazil, the figure of the bank manager is no longer a reference for information on financial education for 79% of respondents, only in the fifth option among preferences. Here, the digital banking movement has already completed over a decade. Nubank, for example, was founded in 2013. In Colombia and Mexico, where Nu has been operating for less than five years, the role of the financial advisor is very relevant. On the other hand, budget and expense management services are hired by less than 10% of respondents in the three countries surveyed.

How much would you like the financial institution with which you have an account to offer investment recommendations?

MEXICO

75%

COLOMBIA

73%

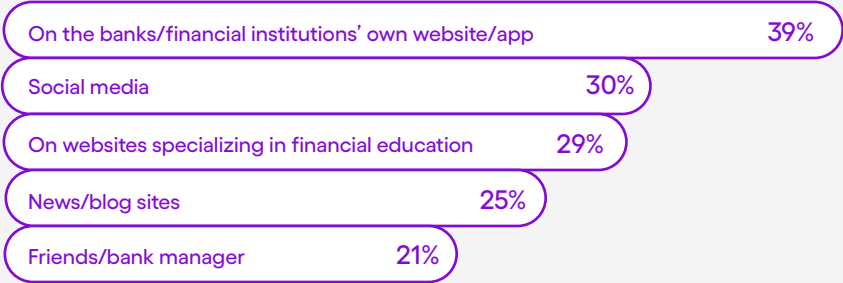
BRAZIL

66%

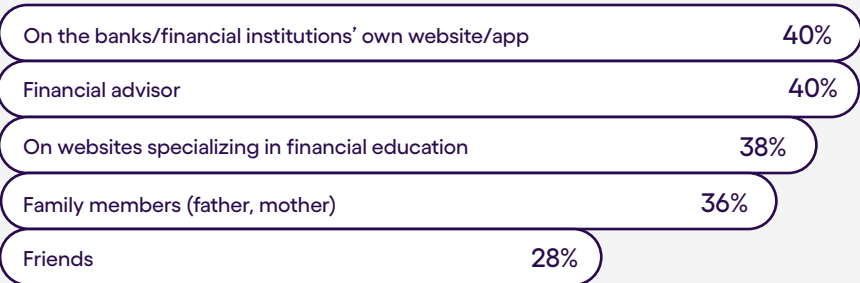
Source: Ipsos. Market: Brazil

Where do you look for information about financial education?

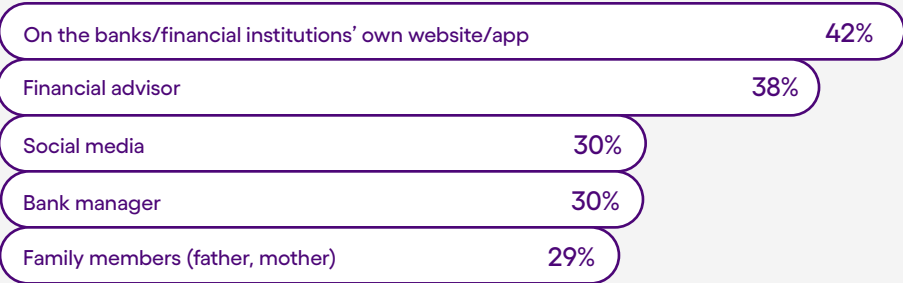
BRAZIL



COLOMBIA



MEXICO



Source: Ipsos

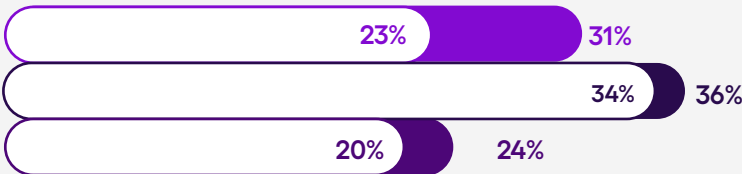
Digital financial institutions have an even greater potential to be considered partners of their customers. Firstly, because distrust with online transactions seems to have been overcome - in the three countries, 94% to 97% of people feel safe or neutral in relation to this type of information. Second, because technology is being seen by these three countries' users as a facilitator of financial organization. For 80% of Brazilians, for example, the simple fact of being able to check their balance on the app contributes to their financial control and planning. In all countries surveyed, the bank's application is one of the main tools for organizing the monthly budget, especially for Millennials, as can be seen in the following graph:

Do you have/use any method of controlling/planning your monthly financial budget?

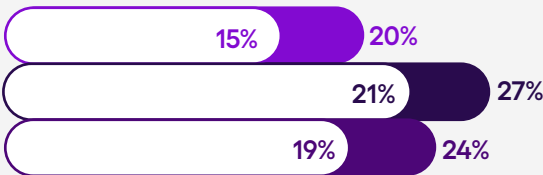
Legenda



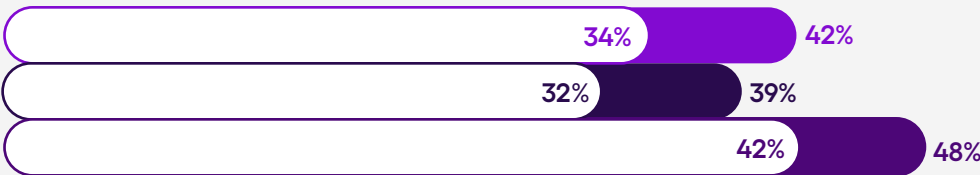
Electronic spreadsheets (example: Excel or Google Sheets)



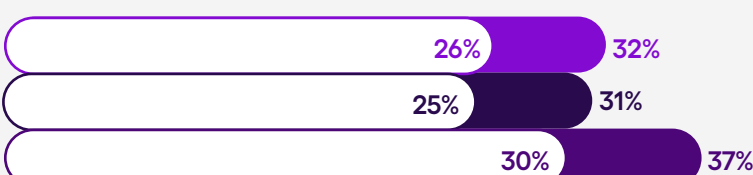
Personal Finance Apps



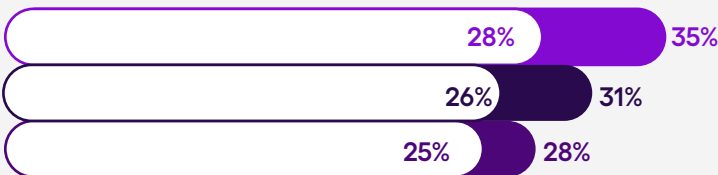
Bank/financial institution app



Bank/financial institution app and control and organization features (example: Money Boxes)



Bank balance/statement



Source: Ipsos

In almost all monthly planning methods, Millennials tend to outperform other generations, suggesting they are the group most attentive to this issue, looking for a variety of solutions, from apps to spreadsheets.

Another fact that reinforces the importance of digitalization in financial institutions is that the main reason stated by interviewees for having an account in different banks is the ease of using the application. This feature even surpasses the “lowest rates and fees” category.

The research shows that Brazilians, Mexicans, and Colombians are looking for financial institutions that provide security, solidity, and good service. “For Nubank, this means that market demand goes far beyond facilitating access to the financial system via credit card. This was a fundamental step in Nu’s history, but growth will come to companies capable of showing their customers how to save and invest; of providing access to products without complexity and with responsibility; of offering an efficient service that puts the customer at the center; in addition to serving each generation in a way that promotes a healthier relationship with money, regardless of the size of their assets”, says Livia Chanes, CEO of Nubank in Brazil.

2.

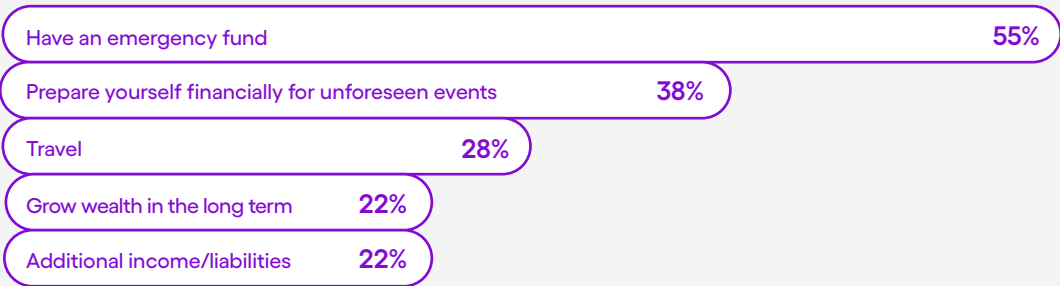
Financial health



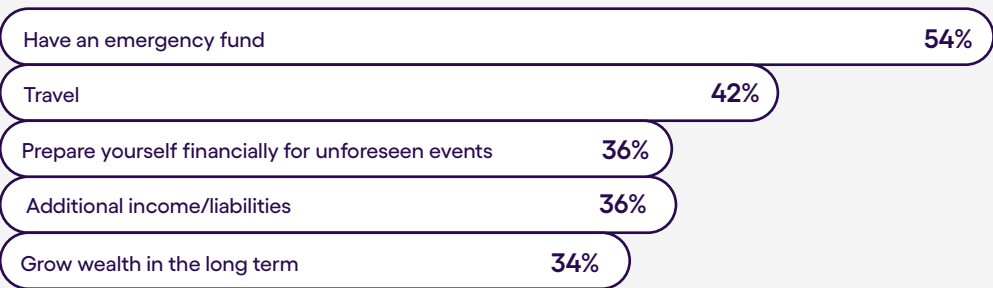
The research reveals that, when talking about financial organization, a common topic in Brazil, Colombia and Mexico is the need to save money, mainly as a protection against unexpected events. When asked about objectives in relation to investing and saving money, the champion is “emergency reserve”, being cited by about half of people.

What are your main goals regarding investments/saving money?

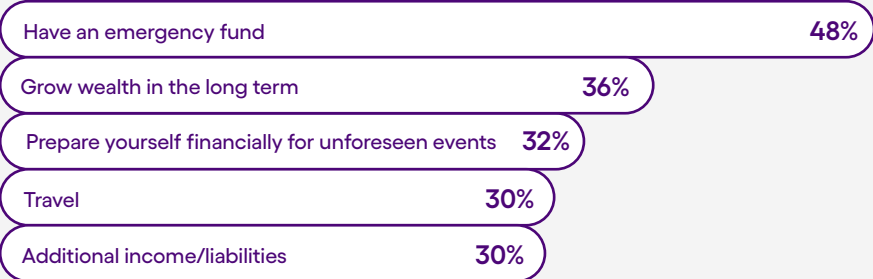
BRAZIL



COLOMBIA



MEXICO



Fonte: Ipsos

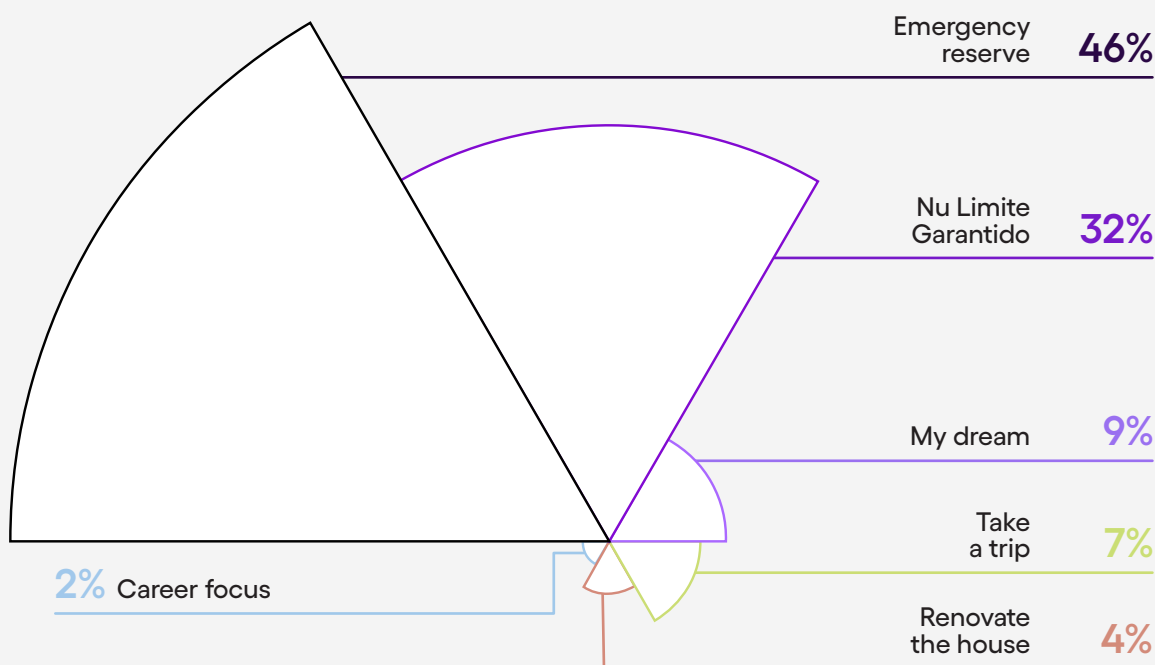
The habit of investing is recent in the three countries. In Brazil, half of those interviewed started saving or investing money less than two years ago. In Colombia and Mexico, this group represents 42% and 44% of the sample, respectively.

Nu's experience with investment products points in the same direction: investing is a recent habit for many customers. In 2022, we launched Money Boxes (Caixinhas), a tool for saving money in an organized and personalized way, according to each person's goals, directly in the app. They have proven to be the starting point for customers on their path in the world of investments. Among those who started investing in Nubank products every month, at least 70% used Money Boxes as their first tool to save their resources, a level that evolved and reached more than 97% in July 2024.

Furthermore, considering the group of almost 21 million Brazilians who had their first credit card with Nu from 2019 to 2023, the number of those using Money Boxes reached 4.8 million, in December 2023. This means that customers included in the system via credit card also began to take advantage of this relationship with their financial institution to save. The same pattern has been observed in Colombia and Mexico – this last one, in fact, is the country with the highest percentage of credit card customers who also use Cajitas (as Money Boxes are called in Spanish).

Nu's internal data on Money Boxes also points to the prioritization of emergency reserves among savers. In Brazil, this is the most used Money Boxes category across all age groups and all income groups. Next, there are "Nu Limite Garantido" (Money Boxes in which the money serves as collateral to increase the credit card limit), "My dream" and "Going on a trip". "Renovating the house" is starting to appear among the top five priorities of customers over 35 years old.

Most used pre-established Money Boxes



Source: Nubank, July 2024

Seasonal objectives

UNDER 18 YEARS OLD

CELL PHONE

PC

SLA

BETWEEN 25 AND 34 YEARS OLD

UNIVERSITY

GRADUATION

MARRIAGE

BETWEEN 18 AND 24 YEARS OLD

CAR

DRIVER'S LICENSE

MOTORCYCLE

BETWEEN 25 AND 49 YEARS OLD

MOTHER

CAR

RENT

In December 2023, there were more than 1.6 million different names for Nu's customer's Money Boxes. Those named by the users themselves, which are not those pre-suggested by the app, reveal interesting facts about the interests of each generation.

Customers under 18 are even more engaged with the product (25% of them have Money Boxes) and create many of them related to electronics purchases, with names that include "cell phone" and "PC". There are also thousands of Money Boxes named "sla", short for sei lá in Portuguese ("I don't know" in English), suggesting

that they are saving money even without a defined objective. Among those aged 18 to 24, acquiring a driver's license and their own vehicle ("Car", "Motorcycle" and "Driver's License"), as well as focusing on career ("University" and "Graduation") appear as priorities.

It is also in this age group and the next, customers aged 25 to 34, that the "Marriage" Money Box frequently appears. Among adults aged 25 to 49, another curiosity is Money Boxes called "Mother", suggesting that they are helping with the elderly's expenses or managing their resources.

But if investing is a new habit, what have been the references of savers? Data from the Ipsos survey reveals that more than 75% of respondents in the three countries manage their personal finances alone. Colombians are among those who most seek help from professionals or relatives and friends. In all countries, the Millennial generation is the one that most follows tips from digital influencers. At least three in ten people have already participated in courses and workshops on financial education and, of these, the majority understand that the content was very helpful in managing their finances.

“Based on these new insights and experience with its customers, Nu understands that people are taking on a leading role in their financial lives and that financial institutions are increasingly a tool to boost this autonomy. Instead of depending on authority figures, such as bank managers or family references, users look for information relevant to their reality. Therefore, from the point of view of financial institutions, transparency and access to investments and information are increasingly important so that customers can decide autonomously and well-informed how to optimize their money, whatever the size of their wealth”, says Livia.

Differences in wealth between generations

The [Global Wealth Report](#), a study by insurance firm Allianz published in 2024, shows that the generation of Baby Boomers will probably be the richest in history.

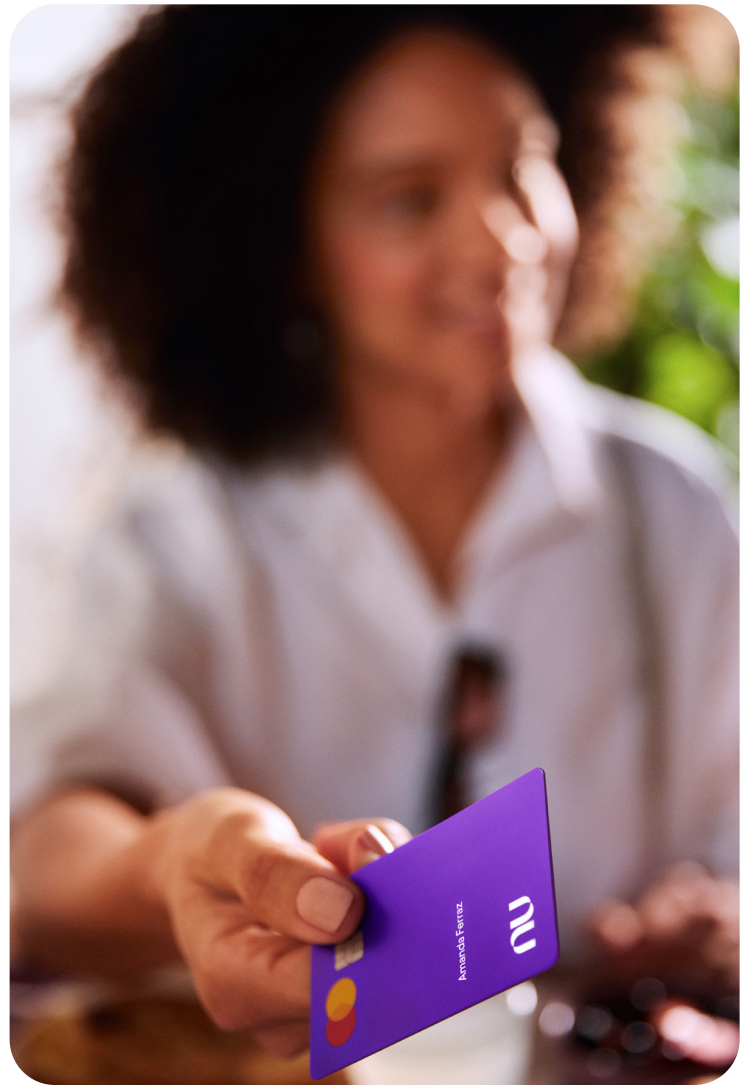
The company carried out a study comparing four generations, assuming the same investment behaviors. In the United States, Allianz estimates that a Baby Boomer that could save 10% of their income for 40 years, would have the capacity to accumulate wealth equivalent to 850% of their annual income in the 40th year, with returns of 9.1%. The big losers seem to be the Millennials. Impacted by repeated crises, the projection indicates that, in 40 years following habits similar to those Baby Boomers, one Millennial would

have the possibility of saving around 670% of their annual income, with an average return of 6.5%. It is, therefore, necessary to consider the purchasing power of generations, impacted by different local and global economic moments.

The report brings good news for Generation Z, which begins its financial life already supported by the new savings habits demonstrated previously: with discipline, combined with the increased demand for capital to promote the green economy and digital transformation, those who are starting adulthood now have a good chance of surpassing the savings of previous generations. Allianz predicts they can accumulate 766% of their annual income with an average return of 7.2%.

3.

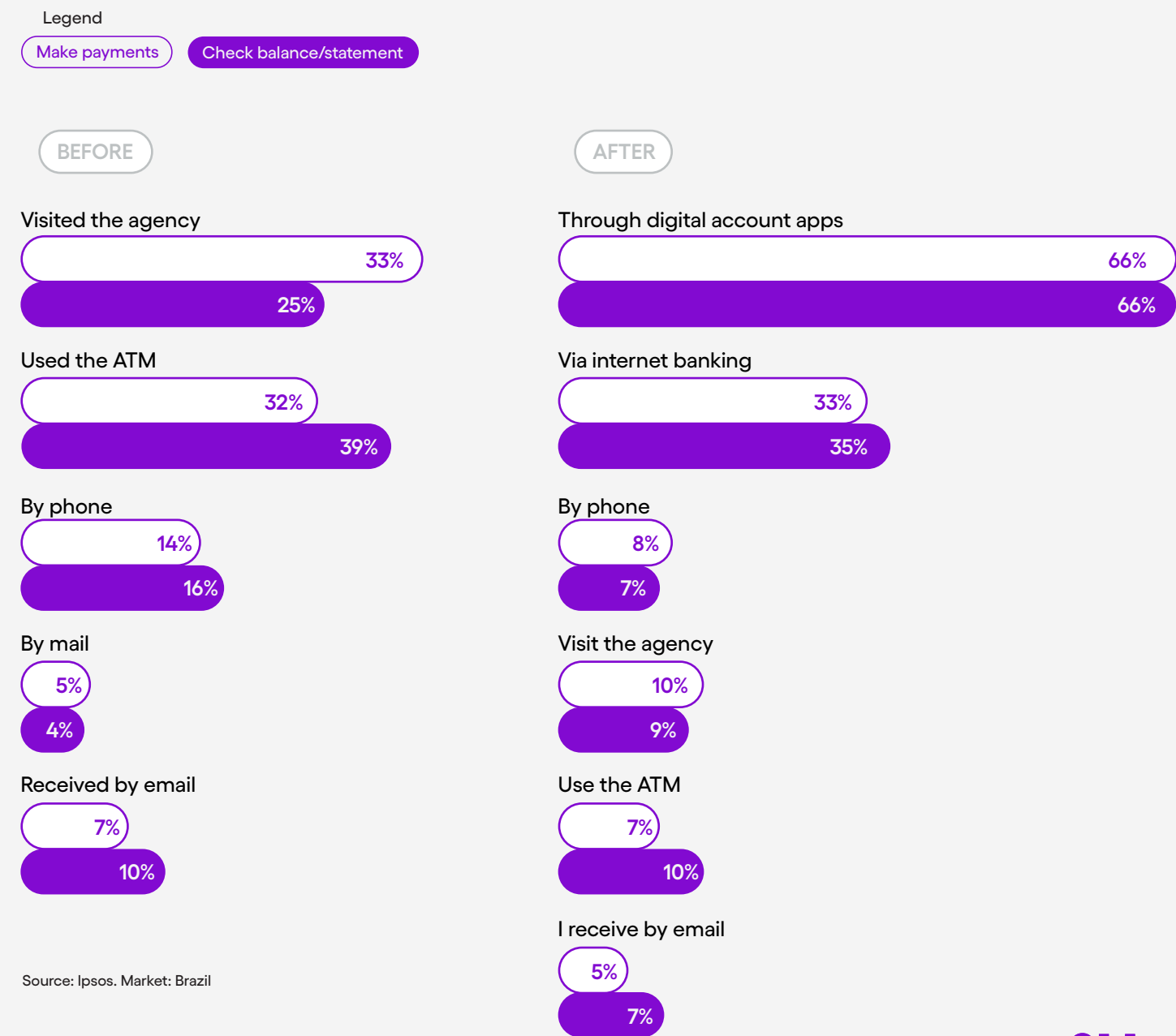
Money in various formats



The digitalization of financial institutions has completely changed how people monitor their movements and transact their money. Something that was already felt empirically was reinforced with numbers by the research.

Regarding how interviewees check balances and make payments, there is a significant difference between the before and after of digital accounts, especially in Brazil.

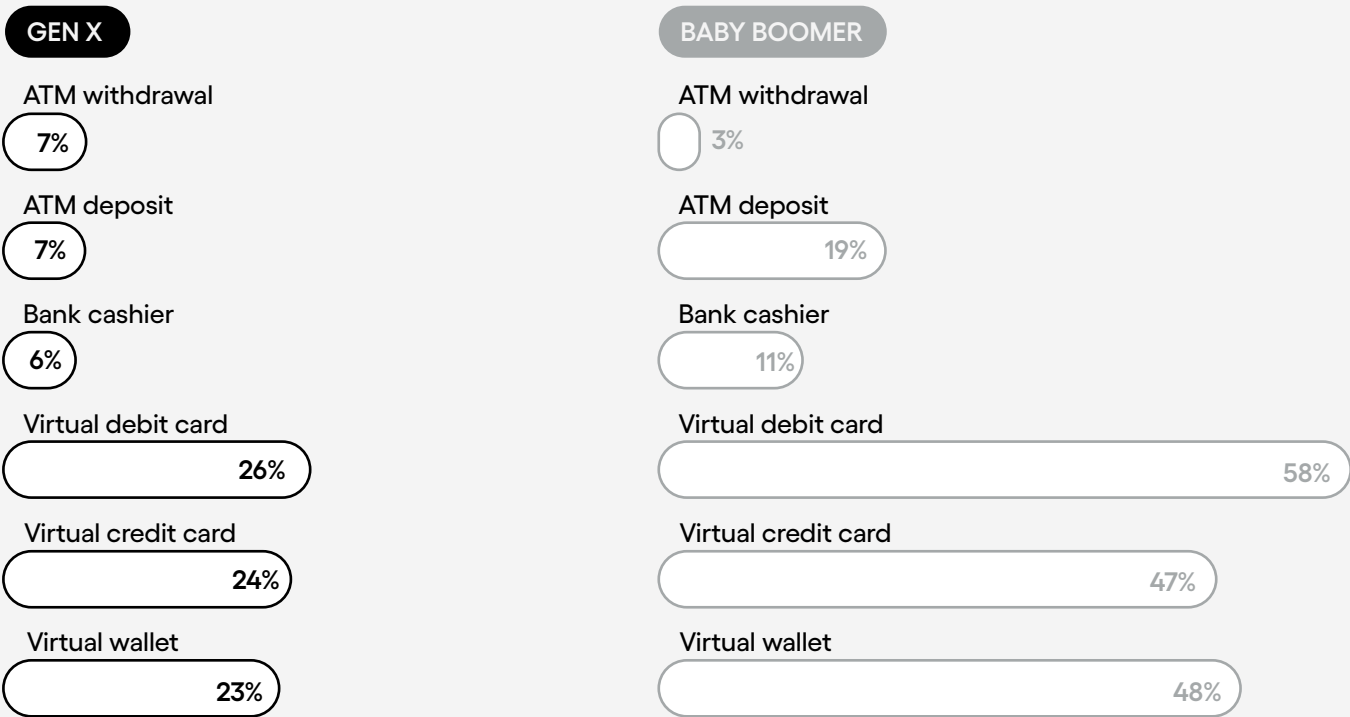
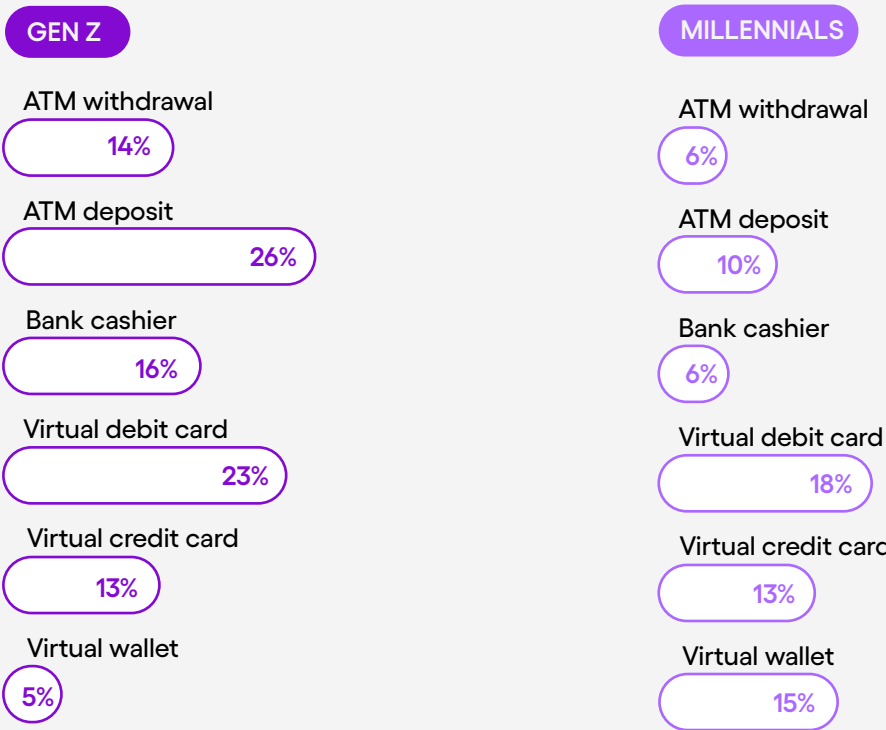
How did you use to monitor your personal bank account balance and make payments before digital accounts/apps existed?



It is clear that Brazilians have replaced visits to branches or ATM consultations with the use of applications and internet banking, demonstrating the prevalence of digital means. It was this reality that younger people encountered when starting their relationship with financial institutions, with older people also massively embracing the ease of dispensing with physical means of transaction – 38% of Brazilians have not been to a branch in the last six months.

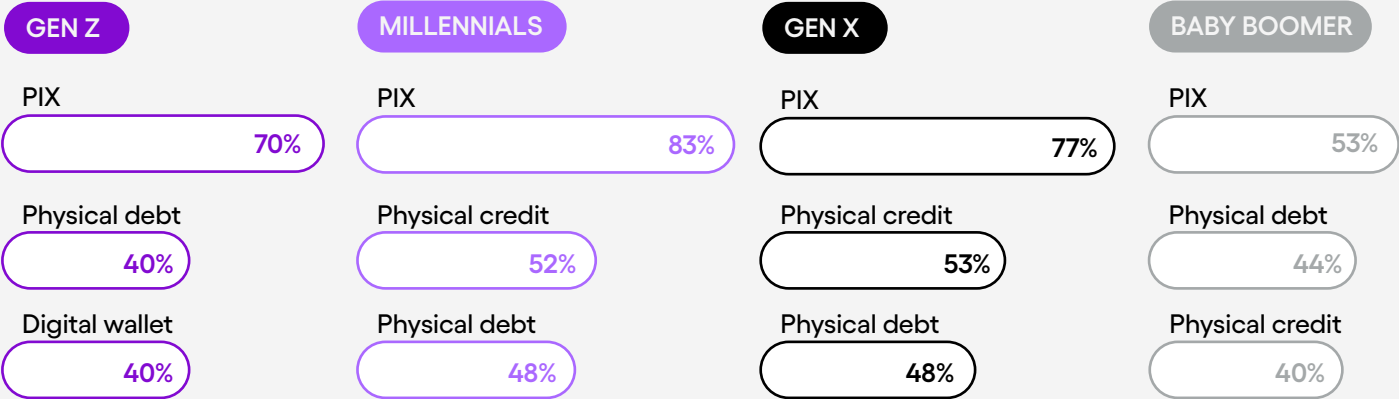
When analyzing the different generations in Brazil, the contrast in relation to using some products and services is huge. Among Generation Z (born after 1995), 14% have never made a withdrawal from an ATM, and one in four have not made a deposit on this platform either. Furthermore, 7% have never even set foot in an agency in their lives. As the graph on page 19 shows, these numbers are much higher than those of other generations. On the other hand, among Generation X and Baby Boomers (born before the 1980s), many people have not yet adopted virtual cards, both debit and credit, and there is a lower prevalence of digital wallet use. The unanimous agreement among generations is the use of Pix (Brazilian financing solution), being the service used most frequently across all age groups. In the general average of the survey, three out of four respondents transact through Pix on a recurring basis, showing the massive adoption of this payment method. Internal data from Nubank shows the same trend for SME customers: nine out of ten companies with an account at Nu accept payments via Pix, with the most used billing methods being Pix keys and the Pix QR Code.

Of the following services and products, I have never used/accessed:



Source: Ipsos. Market: Brazil

Of the following services and products, I frequently use/access:



Source: Ipsos. Market: Brazil

In Brazil, the transition to digital products and services is more prevalent, while in Colombia and Mexico, the population still uses ATMs and bank branches more frequently.

Respondents who still make payments via ATM:



Respondents who have not entered a bank branch in the last six months

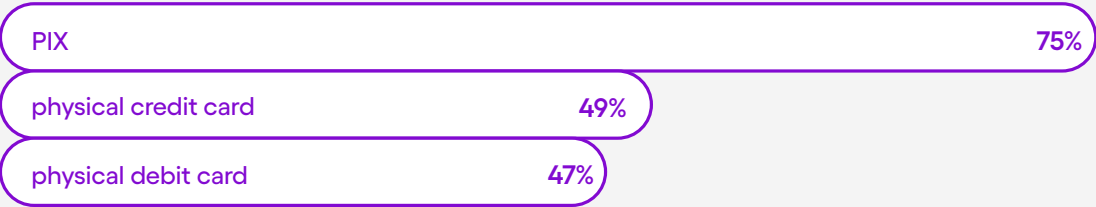


Fonte: Ipsos

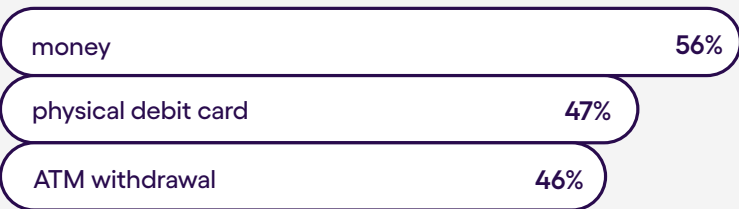
Colombians and Mexicans also use money in banknotes much more frequently than Brazilians. If Pix reigns in Brazil, in the other two countries the most popular product is still money, used frequently by more than half of those interviewed. In second place is the physical debit card – another difference in relation to Brazil, where the physical credit card appears as the second most used product. It is worth noting that in Mexico the use of SPEI, a real-time electronic payments system operated by the country’s central bank, is also popular.

TOP 3 frequently used products/services, by country:

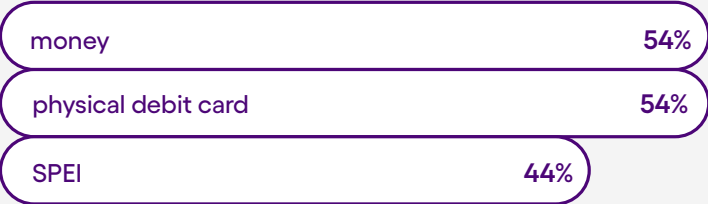
BRAZIL



COLOMBIA



MEXICO



Source: Ipsos

Even with the greater use of non-digital solutions in Colombia and Mexico, respondents in all countries say they frequently use digital financial services, the most popular being transferring money, checking future payments, and checking the bill and credit card balance limit.

4.

Expense profile



At least half of people in all countries surveyed use credit cards, with Brazil being the place where the most people opt for this product – adherence reaches 65% of those interviewed. It is interesting to note that, in Brazil, the relationship with credit cards is also longer-lasting. Around one in every three people has had this product for more than ten years, and in Colombia and Mexico, the majority of users obtained their card less than five years ago.

In parallel to the research carried out with Ipsos, Nubank analyzed internal data to better understand its customers' spending profiles in this modality.

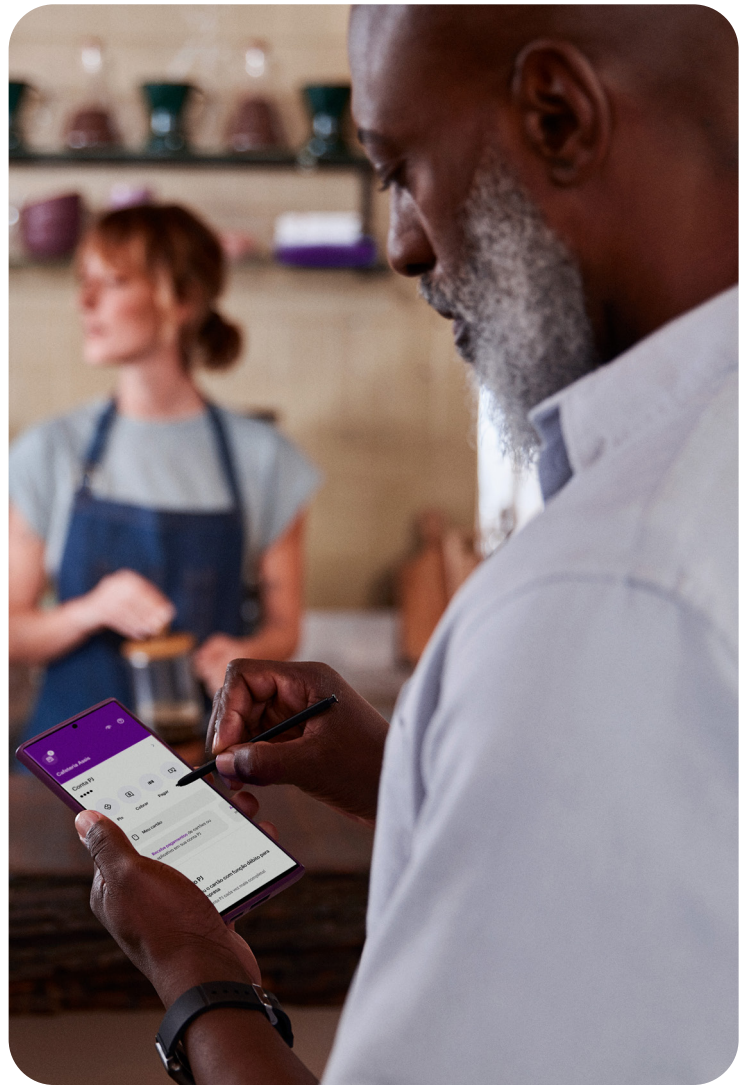
In Brazil, the largest credit card expenditure corresponds to grocery purchases, while in Colombia and Mexico, services lead the ranking. In Colombia they are far ahead of the other categories, representing 30% of spending – a profile that is maintained across different generations and income ranges. In Mexico, the difference between services and market purchases is smaller and is reversed for customers over 50 years old.

In the three countries, the transport weight on the invoice is very similar. Around 10% of credit card spending goes to this category. In Brazil, essential expenses share the ranking with clothing, a category that does not have as much strength in other countries. In Colombia, electronics and travel are in the top 5, while in Mexico spending on restaurants appears.

**The “Market” and “Services”
categories represent the largest
credit card expenses in the
countries surveyed.**

5.

SMEs Customer



Digitalization and democratization of access to financial services have also transformed SME customers' relationship with money and the way they organize their accounts. In Brazil, [a recent Central Bank survey](#) found that the number of active customers in SME accounts more than tripled in five years, jumping from 3.4 million in 2018 to 11.6 million at the end of 2023. In the digital institutions segment, of which Nu is a part, the number of SME customers is already twice that of the five largest combined (considering payment operations).

Nu began offering products to the SME public in 2019 and currently leads the segment in the country, with 4.3 million customers. Around one in every three Nu customers has had their CNPJ for more than five years, suggesting that, during this period, they either migrated to Nubank from other banks or had the first opportunity to bank their company with Nu.

Nu's strategy to win over SME users was to overcome the bureaucracy faced by this segment, transposing the usability and efficient service that were already the hallmarks of personal accounts. For Nu's 600,000 customers in the SME segment, it was the first time they had access to a credit card.

SME customers are also taking advantage of Money Boxes to organize themselves financially. Despite being less prevalent than in personal accounts, one in ten SME customers on Nu already saves money for their company using the tool. The most recurring objectives are Emergency reserve, Improvements for the company (including equipment, renovation and project), Organization (cash and working capital), and Saving (income and retirement).

In the Ipsos survey, when asked why they have accounts at different banks, around one in five respondents across the three countries said they did so to separate their personal and business finances. Isolating professional and personal cash flow certainly allows for greater focus on issues pertinent to the company.

“Among Nubank’s customers, the majority are still MEI, but we want to encourage them to grow with our products and services and, at the same time, expand our presence among the highest revenue segments, offering a varied basket of products and services that meet every moment of the SMEs journey”, says Livia Chanes.

Despite the growth, in Brazil, at the end of 2023, there were still 45% of businesses without SME accounts, which indicates that a large portion of entrepreneurs continue to manage the company’s finances in their personal accounts. Therefore, there is a lot of opportunity to win new customers in this segment.

Sample



DEFINITION OF GENERATIONS

GENERATION Z ***18 to 25 years old**

*Generation Z ranges from 15 to 25 years old.
However, the research only included people over 18

GENERATION Y**26 to 40 years old**

(Millenials)

GENERATION X**41 to 60 years old****BABY BOOMERS GENERATION****61+**

Study 24063756-01 Latam Financial Market carried out by Ipsos at the request of Nubank in Brazil, Colombia and Mexico, representative of each country between 09/20/2024 and 09/30/2024.

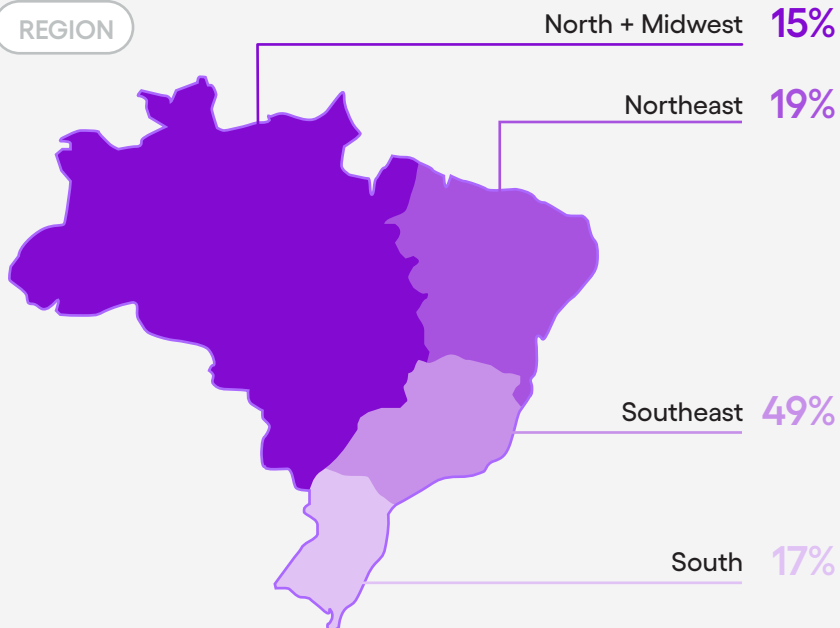
1,800 interviews were carried out (600 in each country) between Men and Women, aged 18 to 55, from the middle/upper classes, who have financial services in general (current/savings account, credit card, investments or loans). Margin of error of 4.0p.p.

BRAZIL

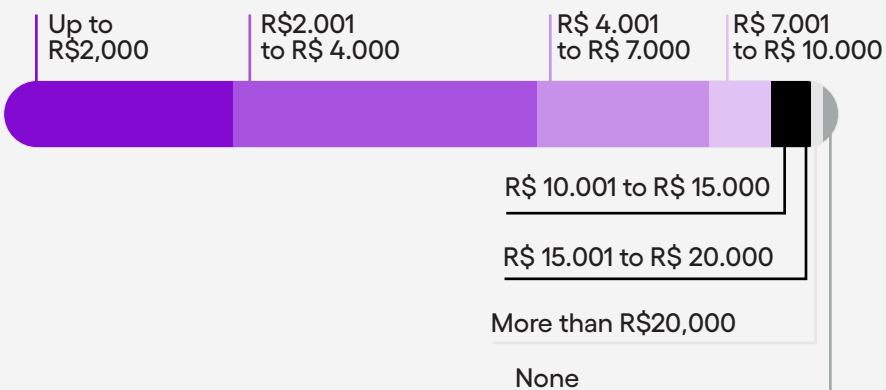
600 interviewed / online

48% ♂ 52% ♀

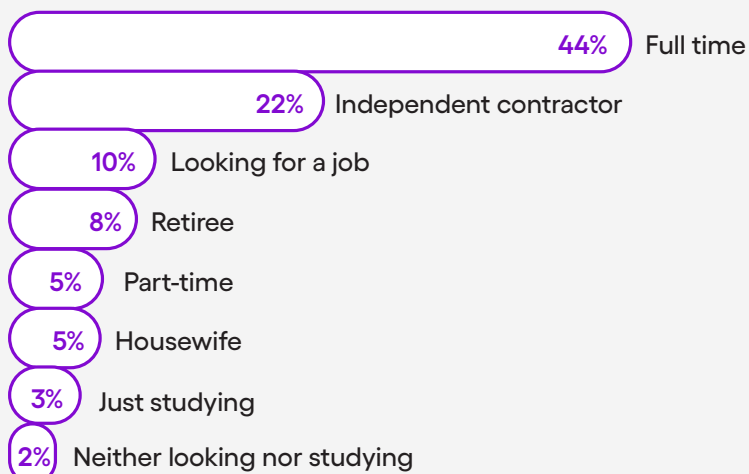
REGION



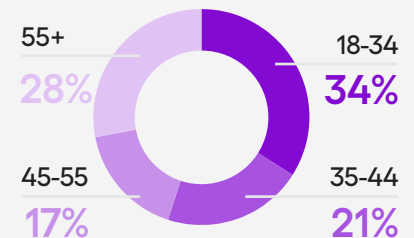
MONTHLY INCOME



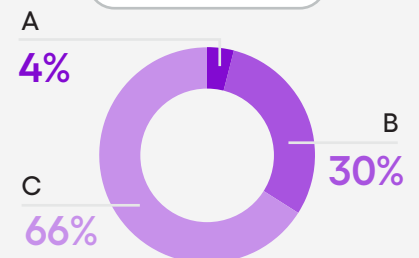
WORK



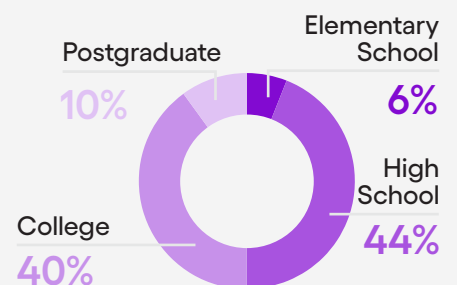
AGE



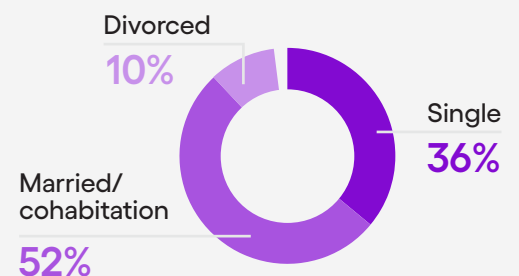
SOCIAL CLASS



EDUCATION



MARITAL STATUS

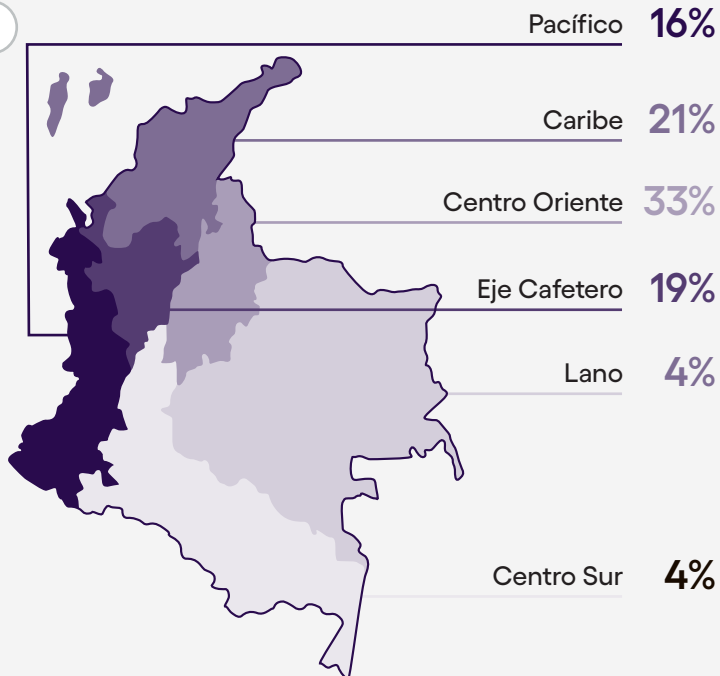


COLOMBIA

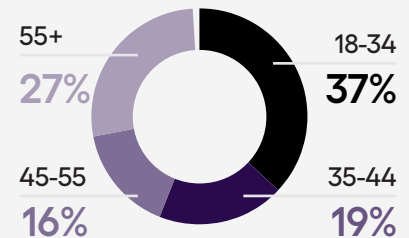
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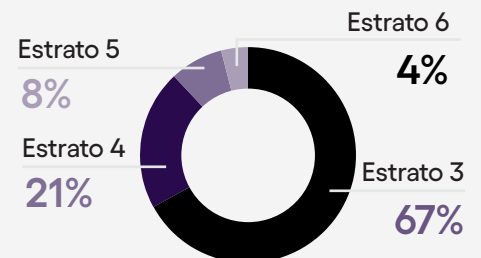
REGION



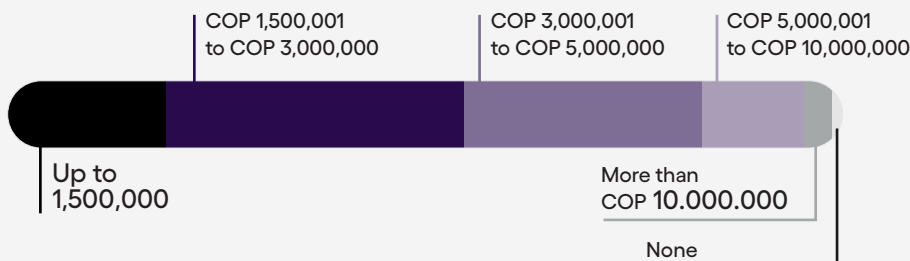
AGE



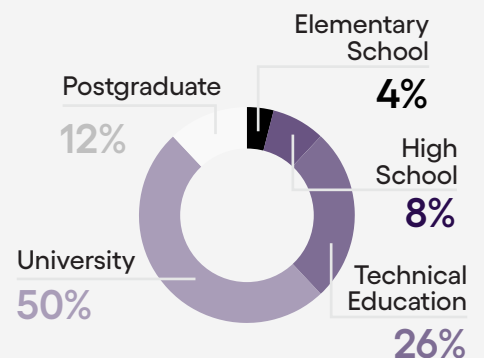
SOCIAL CLASS



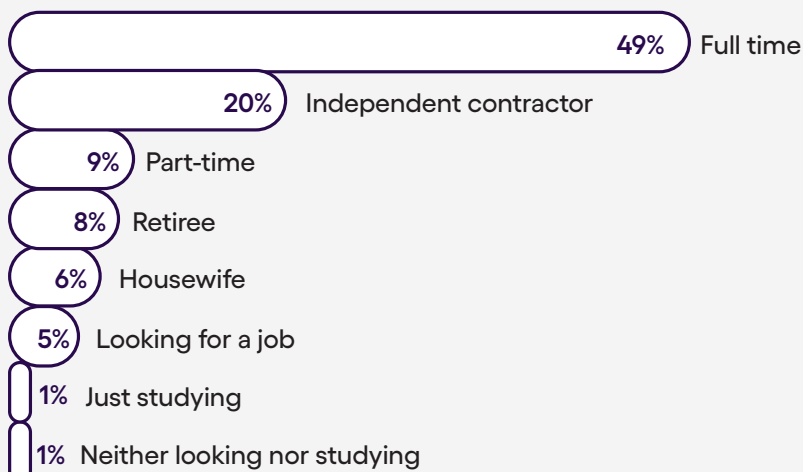
MONTHLY INCOME



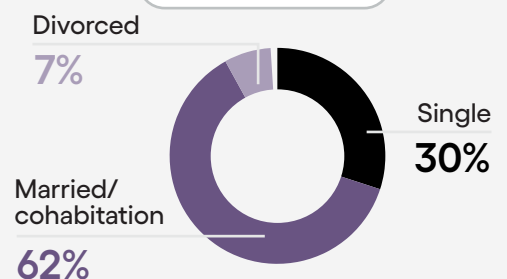
EDUCATION



WORK



MARITAL STATUS

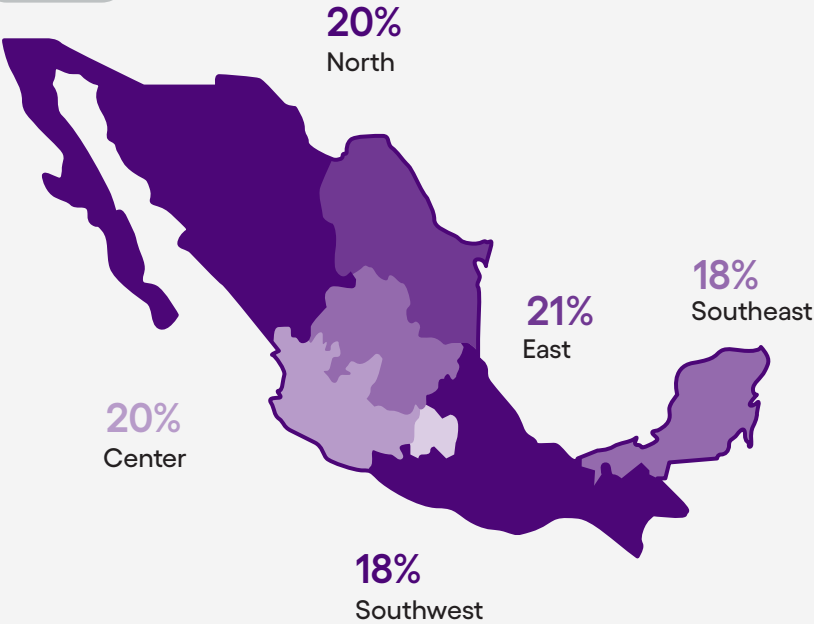


MEXICO

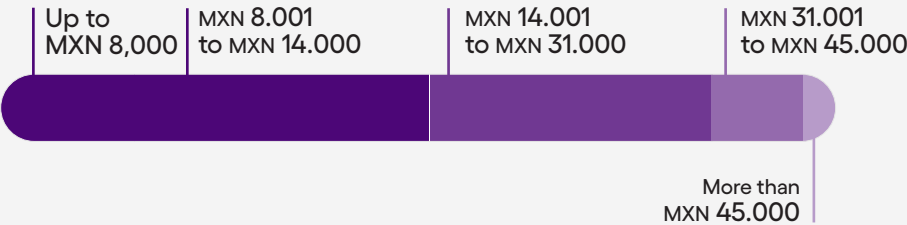
600 interviewed / online

47% ♂ 53% ♀

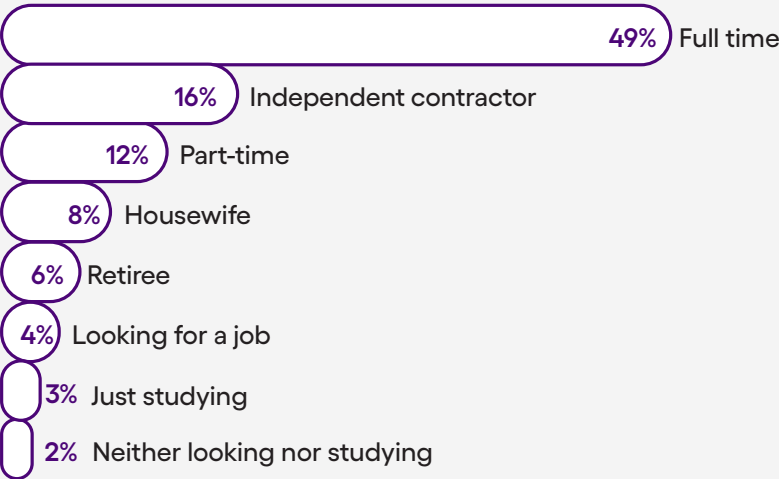
REGION



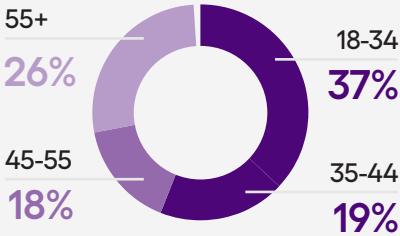
MONTHLY INCOME



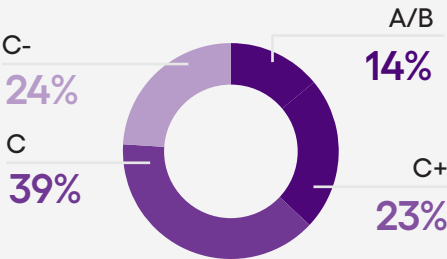
WORK



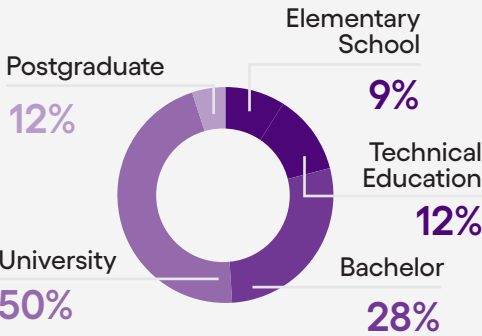
AGE



SOCIAL CLASS



EDUCATION



MARITAL STATUS

