

PIX: THE FUTURE OF INSTANT PAYMENTS HAS ARRIVED

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INTRODUCTION

The launch of the PIX by the Central Bank of Brazil, an instant payment system between people and companies that allows payments at any time and day of the year, was the motto for EDP Brasil to quickly make this new and innovative payment method available at the convenience of its customers.

Therefore, it is not surprising that the adoption of the PIX at EDP Brasil quickly became a success story. It is a clear example of the Group's commitment to innovation, leadership in anticipating trends, and constant improvement in customer service.

MAIN CHALLENGES

- **Cash management** - the average time to access customer payments via traditional payment methods is two days, making cash management complex and challenging.
- **High bank fees** - the fees charged by banks for transactions made on various traditional payment methods (physical and digital) increase the costs of the business model, affecting profit margins.
- **Market trend** - PIX is a recent payment method with promises of great acceptance and consumer adherence. It has thus become a priority for EDP Brasil to adopt it quickly and effectively, under penalty of losing competitiveness to the competition.
- **Time restrictions** - Some traditional payment methods (e.g. bank transfers) are conditioned by time restrictions, generating considerable inconvenience for EDP customers.

SOLUTION

Just a few months after PIX entered the Brazilian market (November 2020), in February 2021, EDP offered its customers the PIX payment method, which allows instant payment of EDP invoices in a very practical, fast, and convenient way.

Available 24h/7, this solution responds directly to the challenges of digitalization of EDP customers and internal challenges of greater agility and speed in accessing financial resources and reducing the costs of banking operations under the company's responsibility.

Agility is the dominant theme in this project, as a multidisciplinary team is following the agile principles to implement the solution, showing their dedication and commitment to putting EDP at the forefront of customer service.

2-3

Seconds that a PIX payment takes

2º

Distributor in Brazil to accept payments via PIX online

207k

Amount of invoices collected from March till June 2021
129k EDP SP and 77k EDP ES

R\$100k

Savings in collection cost from March till June 2021
R\$70k EDP SP and R\$30k EDP ES

About Digital Global Unit (DGU)

Digital Global Unit (DGU) was born to help EDP Group drive transformation to digital by developing outstanding ideas to improve and optimize processes and thus simplifying both clients and employees' journey. Comprised of a multifaceted team of developers, engineers, designers, data scientists, and other experts, DGU works every day to turn impossible ideas into successful business projects at EDP Digital Factory.

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HOW IT WORKS

AUTONOMY AND ANTICIPATION

The fact that the PIX initiative is a reasonably recent solution raised some challenges regarding the quality of the information available. To mitigate the risks of working with late or erroneous information, EDP's internal team proactively sought information from the Central Bank of Brazil, anticipating trends and placing itself at the forefront of PIX trends.

TECHNOLOGY & AGILITY

The use of SAP technologies combined with the adoption of the **Agile workflow methodology** was essential to implement PIX at EDP through a fast, dynamic, quick-to-implement, and successful process.

PARTNERSHIP

Choosing the right PIX partner became a differentiating and critical element for the project's success. After consulting several possible partners, Banco Itaú ended up being the bank with the most solid answers to the team's main doubts.

THE TEAM

Multidisciplinary, dedication, focus, commitment, and discipline in the methodology adopted is how the team responsible for implementing the PIX at EDP Brasil is characterized. The strong alignment and engagement of the team combined with clear and efficient communication among all, including external partners, were fundamental for the project's success.

BENEFITS

- Average transaction time reduced from 2 days to 2-3 seconds
- Payment methods available 24h/7 days a week
- Convenient payment for EDP customers
- Reduction of costs per bank transaction associated with payment methods by about 90%
- Immediate entry and availability of funds in the EDP account
- Availability of an innovative and fast payment method even in places with poor network quality

BUMPS IN THE ROAD

When in February 2020, the Central Bank of Brazil promoted a conference where it presented the PIX; the EDP Brazil team had no doubt that this would be the way forward and that it would have to be done quickly.

However, it was necessary to face some challenges, mostly external, to its implementation.

Starting with the fact that it was a very recent product created by Banco do Brasil to be implemented by banks operating in the country. Lack of preparation, dubious information, poor engagement, and slow response from partners were some of the issues that negatively influenced the implementation of the solution. The EDP Brasil team responded with commitment, dedication, and solid knowledge to overcome all these setbacks.

Another challenge faced by this team was the poor quality of the communication network in some of EDP's operating locations, such as in the state of Espírito Santo, making transactions and communication challenging. Therefore, with great expectation, we await the implementation of the new "PIX offline" feature that will revolutionize digital payments without the need for an online connection.

RESULTS

As a result of EDP's vanguard and pioneering efforts, EDP Brasil's adoption of the PIX initiative is another clear sign of the Group's commitment to innovation and providing the best customer experience.

As a result of the rapid mobilization of the EDP Brasil team, EDP became the 2nd player in the energy sector to make the PIX payment option available to its customers, with a rate of acceptance and use that exceeded the most optimistic expectations.

The future of this tool thus appears promising. With the roadmap well defined by the Central Bank of Brazil for implementing new features, the PIX promises to continue revolutionizing payment methods in Brazil. As examples, there are the awaited:

"PIX Cobrança," (PIX Collection) that will replace the receipt to pay (boleto bancário) and allow generating a QRcode with payment due date, and even calculate fines, interest, etc.

"PIX offline" - will facilitate payments without the need for an online connection, representing a substantial improvement in places with poor signal quality.