

PayPal Ventures Invests in Brazilian Fintech Neon

Investment to fuel strategic growth areas amid increased demand for digital-based banking services.

[Neon Pagamentos](#), a leading Brazilian fintech, has secured a Series C investment of \$300 million led by [General Atlantic](#), a leading global growth equity firm. New investors participating in the round include funds and accounts managed by [BlackRock](#), as well as [Vulcan Capital](#), [PayPal Ventures](#), and [Endeavor Catalyst](#), in addition to former investors [Monashees](#) and [Flourish Ventures](#). BBVA also participated via existing shareholder [Propel Venture Partners](#). The investment will be split between two tranches of \$150 million each.



The Series C proceeds will be used to support hiring efforts, grow Neon's user base across consumer and business clients, enhance the platform's technology capabilities, and invest in product development. Specifically, the financing will fuel key growth areas, including the release of new products and features on Neon's consumer platform, including those geared toward direct deposit customers, as well as rolling out additional financial services to its growing user base of around 1 million micro-entrepreneurs through its MEI Fácil platform, which provides tax and payments products. Proceeds will also be used to scale the company's credit offerings, which will be key to driving additional business monetization. It will also enable Neon to pursue strategic M&A opportunities that can further enrich its offering.

The increased need for digital-based services amid the global health crisis has accelerated Neon's already rapid growth trajectory. Neon's platform has met this demand by providing an alternative to in-person banking solutions, and has seen a surge in deposits, investments, and online purchases, as well as an uptick of 26% in new users since March as a result. As Neon strives to become a full-service financial institution, its customer base has grown to more than 9.4 million accounts to date, which has expanded alongside the company's broadening product offering.

"Neon was born with a clear purpose: to provide an accessible bank account to any Brazilian, placing user experience at the center of everything we do. Unlike banking incumbents in Brazil, we do not transfer the cost of inefficiency to our customers," said Pedro Conrade, Founder of Neon. "We are thrilled to partner with our existing and new investors to continue working toward this shared vision."

"Brazilian banking penetration is relatively high for Latin America but still lags developed market peers, with a significant under-banked population that traditional banks have generally overlooked. Neon is focused specifically on providing access to this group and bringing them into the financial world," said Jean Sigrist, President of Neon. "This new financing enables us to continue our mission of serving even more clients with an increasingly robust offering."

"We've worked closely with the Neon team since our initial investment last year to build upon its strong brand and bolster senior leadership in key strategic areas, including technology, business development, and product," added Luiz Ribeiro, Principal at General Atlantic. "We welcome the partnership of these high-caliber new shareholders as Neon continues to transform the banking space and expand its dynamic suite of solutions for Brazilian consumers and micro-entrepreneurs."


Founded in 2016, Neon launched with a simple digital account and has since expanded its product suite to include investment products, credit cards, and personal loans, among other new offerings and features. It has expanded its initial focus on consumer clients to also serve small businesses, accelerated by its acquisition of MEI Fácil in 2019. Most recently, in July 2020, Neon acquired one of Brazil's first brokerage platforms, Magliano Invest, in order to offer new investment products.

"At Vulcan Capital, we believe Brazil's financial sector will see major transformation over the next several years, driven by technology innovation, demographic shifts, and regulatory tailwinds," continued Rafael Costa, General Partner at Vulcan Capital. "Neon is well positioned to capture a significant share of the market as it provides a compelling set of products to both consumers and small businesses."

"Neon's digitally-native banking platform offers the features and convenience clients need, especially when going to their local branch may not be practical or desirable," concluded William Abecassis, Head of Innovation

Capital at BlackRock. “We are excited to be investing in a team and technology that is winning over its retail and small business users with innovative services, low fees, and simplified access via its mobile app.”

This is the company’s third funding round to date. It raised a \$22 million Series A in May 2018 from Propel Venture Partners, Monashees, Quona Capital, and Omidyar Network, later spun-off as Flourish Ventures, followed by its November 2019 Series B financing of \$92 million co-led by General Atlantic and Banco Votorantim, Neon’s banking partner.

Additional assets available online:  [Photos \(1\)](#)

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