



# Impact Bank

An impact fintech

**Impact Bank is a Brazilian fintech** that works to change the way people understand profit and how it can contribute to a more just and regenerative future. It focuses on democratizing financial services and strengthening the economy of individuals, social businesses, and non-profit organizations, as well as mobilizing the financial returns of these operations towards initiatives focused on the Sustainable Development Goals.

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**GEOGRAPHIC LOCATION:**  
São Paulo, Brazil.

**FOUNDATION YEAR:**  
2020

**INVESTOR / SILO TYPE:**  
Corporation.



**SECTOR:**  
Financial services.



**CONTINUUM OF CAPITAL:**  
Investing for impact and impact investing.



**FINANCIAL INSTRUMENTS:**  
Loans and donations.



**FINAL BENEFICIARIES:**  
Social purpose organizations and their beneficiaries.



**MAIN PARTNERS:**

- Mastercard.
- Tozzini Freire Advogados.
- Welight Institute.
- BlendGroup.
- Be The Earth Foundation.
- Sea Shepherd.
- Unicef.
- Rede Asta.



**MOTIVATION OR PROBLEM TO SOLVE:**

Add value in the mobilization of investment and financing to support initiatives contributing to the Sustainable Development Goals.



**NON-FINANCIAL SUPPORT OFFERED:**

Strategic and operational strengthening.



**TYPE OF FINANCING / RESOURCES INVESTED OR DONATED:**

**USD \$4.1M<sup>1</sup>**  
in total, offering tickets ranging between **USD 10,204** and **102,041<sup>2</sup>**



**IMPACT:**

By January 2022, the Transformation Fund had raised more than **USD \$803,000<sup>3</sup>**, resources that were donated to different special projects that benefited more than 1,600 people.

**SDGS**



<sup>1</sup> Equivalent to BRL 20 million at the exchange rate of June 10, 2022.  
<sup>2</sup> Equivalent to BRL 50.000 and 500.000 at the exchange rate of June 10, 2022.  
<sup>3</sup> Equivalent to BRL 4.003.304,30 at the exchange rate of June 10, 2022.



## OVERVIEW

In 2015, the United Nations made a call to eradicate poverty, protect the planet and guarantee an equitable and fair world through the fulfillment of the Sustainable Development Goals (SDGs). Seven years later, there are still priority and urgent challenges to be resolved and a financing gap aimed at achieving these goals. For this reason, it is necessary to find new ways to increase this financing.

Impact Bank (IB) is a financial solutions platform operating in Brazil, guided by systemic transformations and by Environmental, Social and Governance Criteria (ESG).<sup>4</sup> Its objective is to unlock national and international resources to finance initiatives that transform through a positive impact with which to achieve a more just and regenerative future. It seeks that the entire circulation of money generates a social and environmental impact by returning part of its profits to society and the environment. IB is not a financial institution, it is a *fintech* regulated by the central government of Brazil, which carries out credit operations through alliances with financial organizations such as Mastercard.

IB offers its clients a Mastercard prepaid card, an ATM, rental of business terminals, an online payment gateway and currency exchange, in addition to basic transfer services, such as payment of bills and bank receipts. Recently, it launched an impact investment platform with ESG criteria. The platform uses the profits generated through Impact Bank's credit operations to finance the operations from the Food & Forest Fund.<sup>5</sup>

Impact Bank (IB) is a financial solutions platform operating in Brazil, guided by systemic transformations and by Environmental, Social and Governance Criteria (ESG).

IB offers non-financial support to its potential credit clients (non-profit organizations, enterprises and/or social businesses), accompanying them between six and nine months to achieve the proper structure and growth of the business and its team. Non-financial support seeks to strengthen financial and legal capacities so that organizations can access credit, business plan structuring, and the development of a theory of change or definition of impact indicators. This consultancy connects directly with IB's

<sup>4</sup> "ESG criteria refer to environmental, social and corporate governance factors that are taken into account when investing in a company. (...) in recent years they have become the benchmark for socially responsible investment (SRI)." BBVA. *What are ESG criteria ('environmental, social and governance')*? BBVA. Viewed at: <https://www.bbva.com/es/sostenibilidad/que-son-los-criterios-esg-environmental-social-and-governance-y-por-que-son-importantes-para-los-inversores/>

<sup>5</sup> See section on innovative aspects.

financial services offer, since the value of the loans and the payment conditions are determined from it. Once loans are granted, the next phase is the 'post-loan', where financial and impact monitoring is also carried out through monthly meetings.

In addition to its financial services, Impact Bank manages two funds. The first is the Transformation Fund, a philanthropic fund financed by a percentage of each transaction made by the bank's customers. As of early 2022, Impact Bank had raised over USD \$803,000<sup>6</sup> for this fund.

Impact Bank is also innovating with *blended finance* through Food & Forest, a fund focused on granting loans with low interest rates to cooperatives, associations and social microentrepreneurs, among others. In its testing phase, the impact investment platform with ESG criteria has already allocated more than USD 1 million to these assets.

Welight Institute y Wlight SA<sup>7</sup> – a B certified company – are one of the most important strategic allies of Impact Bank. They provide free support to organizations to strengthen their communications and marketing area and contribute to the proper design and assembly of a web page. Additionally, IB and Welight Institute have a free online donation platform where any organization can create their regional and international fundraising campaign. Through this platform they are receiving donations from more than 70 countries, destined for more than 500 campaigns, including SOS Amazonia, by Greta Thunberg, and Fridays For Future.



## INNOVATIVE FACTORS

Impact Bank stands out for changing the way people understand profits and how they can contribute to a more sustainable future by democratizing the financial services it offers its clients. In alliance with other entities and based on an evaluation that involves economic analysis, impact analysis and the potential for implementation and monitoring, the Transformation Fund selects, co-creates, finances

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<sup>6</sup> Ibid.

<sup>7</sup> See: <https://www.sistemabrasil.org/welight/165/b>

and/or subsidizes initiatives focused on the SDGs with a high potential for social impact and scalability. It focuses on initiatives in the following areas: Economic resilience in favelas and traditional communities, Arrangements and sustainable production chains, Local business environment, Strengthening of entrepreneurs and micro and small businesses, Organization of the informal economy and Transfer of benefits and payment for environmental services.

Among the initiatives that receive resources from the Transformation Fund is Fighting Covid-19, with telehealth centers located in the Amazon, which enable assisted care and telehealth for 386 families. They have raised USD \$68,000 so far<sup>8</sup> and have directly benefited 1,554 people.<sup>9</sup>

Another aspect for which Impact Bank stands out as an innovative initiative is what its leaders call 'Inclusive Financial Agreements'. This is how they integrate their philanthropic activity into their core business. Here, what the bank seeks is to build long-term and commercial relationships with the organizations that benefit from the Transformation Fund. An example of this is Rede Asta, which connects women nanoentrepreneurs with opportunities to generate income and financial freedom, with 15,000 associates throughout Brazil. Rede Asta uses Impact Bank to pay scholarships, financial support, and proceeds from the sale of products through digital accounts opened within Impact Bank for its beneficiaries.

A third innovative aspect of IB is its focus on nature-based solutions, mainly on the symbiosis strategy between fungi and plants. This led them to design the Food & Forest pilot, which seeks innovative solutions able to: i) Strengthen value chains for sustainable food production that contribute to food security; ii) Contribute to the fight against climate change and the regeneration of forest biomes; iii) Contribute to the socioeconomic development of small producers, their associations, and their territories.

Food & Forest uses *blended finance* by integrating private equity, development, and philanthropic capital to leverage resources and reduce risk. With this, it generates an impact with a financial return



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<sup>8</sup> Equivalent to BRL 339,009.58 at the exchange rate of June 10, 2022.

<sup>9</sup> Impact Bank (s. f.). Special Projects. <https://www.impactbank.com.br/projetos-especiais>



through financial guarantees, the provision of technical assistance and the amortization of interest, to reconcile between performance and impact.

*“We are bringing in philanthropic funds and more catalysts to create a less risky environment. The strategy is to create opportunities where people have access to credit, so as not to put all the pressure of the financial sustainability of a business on their backs.” Gabriel Ribenboim, co-founder, and CEO of Impact Bank.*

During the first cycle (two years) Food & Forest has raised USD 4 M<sup>10</sup>, and offers tickets ranging between USD 10,029 and USD 100,292<sup>11</sup> for cooperatives, associations and impact companies dedicated to food production chains and forest conservation. Borrowers are selected by acceleration programs of organizations present in the territory and connected to their ecosystems.



## LESSONS

With the support of the Welight Institute, IB developed a tool to monitor and measure the results and resources of Food & Forest and the Transformation Fund. By the end of 2022, it hopes to be able to consolidate all the results obtained from the financing obtained. In addition, it is working on the development of a virtual results platform, with maps, evidence, and indicators so that people can appreciate in detail the results and the impact generated by the funds.

Through a strategic alliance with BlendGroup<sup>12</sup>, Impact Bank recently launched Amazon Journey, a hands-on learning journey with investors, foundations and development finance institutions, and local communities to experience blended finance operations, under a sound governance, risk-controlled, and legal environment.

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<sup>10</sup> Equivalent to BRL 20 million, at the exchange rate of June 10, 2022.

<sup>11</sup> Equivalent to BRL 50,000 and 500,000, at the exchange rate of June 10, 2022

<sup>12</sup> BledLab (s. f.). On. <https://www.blendlab.co>

Food & Forest still depends on private investors and investment rounds for its development, which represents a challenge since negotiating with local investors has not been easy. Although the impact investment ecosystem has grown a lot in Brazil, traditional investment continues to prevail and prioritizing impact over financial return is not an easy task.

*“It is not easy to work with Brazilian investors. They’re doing a good job but I don’t think they understand the real challenge around this. Blended finance is something new, I don’t blame them, but they are still very careful. I think they do take into account the impact generated by their resources, but they don’t take risks. Gabriel Ribenboim.*

IB detects a cultural challenge in Brazil, since the population donates resources, but they are not enough compared to donations in other countries. There is a need to create an awareness movement around impact investments, ESG criteria and the importance of generating long-term impact so that grants have catalytic and transformative functions.

*“The possibility of leveraging donations and investments is a challenge. It is getting better and better. I think it is a trend. There is a large group of people who already understand the importance of aligning donations with ESG criteria. But it is still a small group compared to the one that can be formed by raising awareness around this issue.” Gabriel Ribenboim.*