Impediments to the Development and Efficiency of Financial Intermediation in Brazil; World Bank Publications, 2000; 2000; Thorsten Beck

Reforms to improve both the level and the efficiency of financial intermediation in Brazil should be high on Brazilian policymakers’ agendas, because of the financial sector’s importance to economic growth. This means that Brazil must also improve the legal and regulatory environment in which its financial institutions operate. Brazil is weak in important components of such an environment: The rights of secured and unsecured creditors, the enforcement of contracts, and the sharing of credit information among intermediaries. But more is needed. Reforms that will significantly increase the level and efficiency of financial intermediation and have a positive impact on economic growth include: A more efficient judicial sector and better enforcement of contracts. Through the process of financial intermediation, certain assets or liabilities are transformed into different assets or liabilities.[2] As such, financial intermediaries channel funds from people who have surplus capital (savers) to those who require liquid funds to carry out a desired activity (investors).[3]. In the context of climate finance and development, financial intermediaries generally refer to private sector intermediaries, such as banks, private equity, venture capital funds, leasing companies, insurance and pension funds, and micro-credit providers.[6] Increasingly, international financial institutions provide funding via companies in the financial sector, rather than directly financing projects.[7]. Contents. 1 Functions performed by financial intermediaries. Efficiency in financial intermediation reflects the financial services including better prices to the members in terms of borrowing and fundraising rates, which leads to a spread reduction but does not disregard the need to generate income from the activity. On the other hand, cost efficiency in providing services relates to a greater share of service revenue â€” considering a greater share of services is not linked to financial intermediation â€” to contribute to the generation of surplus in the cooperative, associated with lower costs related to these services.