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## Financial Services Advisor

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## FEATURED Q&amp;A

## What's in Store for the Expansion of Brazil's Pix System?



Verifone and PagBrasil are planning a new platform that will allow for instant payments in the United States through Brazil's Pix system. // File Photo: JCLobo via Adobe Stock.

**Q** Payment processing firm Verifone is partnering with fintech PagBrasil to launch a new platform that will facilitate instant payments with reais at retailers in the United States through the electronic payment system Pix, the firms announced July 22. Earlier in July, U.S. Trade Representative Jamieson Greer launched an investigation into Pix, alleging the instant payment tool developed by Brazil's central bank is discriminating against U.S. companies and violating trade practices. What technical and regulatory hurdles face Verifone and PagBrasil as they look to enable Pix payments in U.S. retailers? What would be the significance of authorizing Pix payments at retailers in the United States? How might the U.S. Trade Representative's investigation affect Pix?

**A** Helder Fonseca, partner, and Juliane Ferreira, senior associate, both at DRT Brazil: "Pix has attracted international interest due to its efficiency, speed and low transaction costs. Implementing Pix in the United States faces significant challenges. Technically, Pix is an integral part of the Brazilian Payments System, which requires a complex interoperability process with payment channels and protocols used in the United States. Its architecture, based on address keys and QR codes, may require adaptations to local systems to ensure operational compatibility. From a regulatory perspective, cybersecurity and data privacy issues are also a concern. It is essential to ensure that transactions and the processing of personal information comply simultaneously with Brazilian regulations and U.S. legislation. These requirements can increase the legal and technical complexity of

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## TOP NEWS

## BANKING

### BBVA Sees Net Income Decline in Q2, Mexico Profits Slip 12 Percent

Spain-based lender BBVA on July 30 reported a 1.61 percent decline in profit year-on-year for the second quarter. The bank said quarterly net profit at its Mexico unit declined 12 percent.

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## PENSIONS

### Argentina's Milei Vetoes Pension Payout Increases

Argentine President Javier Milei on Aug. 4 vetoed multiple pieces of legislation that would have increased payouts from state run pensions.

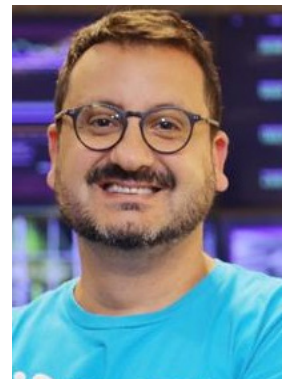
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## FINANCIAL TECHNOLOGY

### Brazil's QI Tech Raises \$63 Million in Funding

Brazil-based financial technology company QI Tech, led by CEO Pedro Mac Dowell, announced July 31 that it had raised 350 million reais (\$63 million) in a Series B extension funding round.

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Mac Dowell // File Photo: LinkedIn Profile of Pedro Mac Dowell.

## BANKING NEWS

## BBVA Sees Profit Decline in Q2, Mexico Profits Slip 12 Percent

Spain-based lender BBVA on July 30 reported a 1.61 percent decline in profit year-on-year for the second quarter, to 2.75 billion euros (\$3.14 billion). The company's profit rose as compared to the first quarter, when it reported 2.70 billion euros in profit. The second-quarter profit beat estimates from analysts polled by Reuters, who expected 2.37 billion euros in profit. BBVA's quarterly net profit at its Mexico unit fell 12 percent amid currency depreciation, but underlying trends there were positive amid economic challenges, Reuters reported. For this year, BBVA expects lending growth in Mexico of 10 percent and net interest income to rise at a high single-digit rate. BBVA added that its net profit in its home market of Spain grew 6 percent in the second quarter, bolstered by loan growth.

## Standard Chartered to Sell Carbon Credits for Brazilian State

British multinational bank Standard Chartered has agreed to sell carbon credits on behalf of Brazil's Acre state, Reuters reported Aug. 6, citing an unnamed senior banker. The agreement to sell millions of forest carbon credits generated over the course of five years is among the first instances of a major international bank partnering with a government at the subnational level in this way to help foster forest conservation, Standard Chartered said, the wire service reported. The carbon credits market has struggled in recent years following a case brought by prosecutors in Brazil's Pará state over a \$180 million carbon offset program that they tried to annul over concerns related to the rights of local communities and forward contracts, Reuters reported. The credits are expected to be on the market next

year and could generate \$150 million in income for approximately five million carbon credits, Bloomberg News reported.

## FINANCIAL TECHNOLOGY NEWS

## Brazil's QI Tech Raises \$63 Million in Funding

Brazil-based financial technology company QI Tech announced July 31 that it has raised 350 million reais (\$63 million) in a Series B extension funding round that was led by global investment group General Atlantic. "The funding will help QI Tech accelerate the development of new client solutions, strengthen its leadership in Brazil's digital banking transformation, and support strategic acquisition opportunities," QI Tech, which provides financial infrastructure, said in a statement. The company said

**The round was led by global investment firm Global Atlantic.**

its operational strength, mature governance and ability to execute at scale have reinforced its appeal to institutional investors. General Atlantic previously led QI Tech's \$200 million Series B funding round in 2023, which allowed the fintech to acquire brokerage firm Singulare and also strengthened its position as Brazil's largest custodian of investment funds for private credit, known as FIDCs, QI Tech said in the statement. Across Capital also participated in the latest funding round. The investment was Across Capital's fourth in QI Tech, the Brazilian fintech said. "This new investment enhances our ability to accelerate the development of solutions aimed at modernizing Brazil's financial infrastructure," Pedro Mac Dowell, the CEO and founder of QI Tech, said in a statement.

## NEWS BRIEFS

## Itaú Unibanco Reports Earnings of \$1.97 Billion for Second Quarter

Brazilian financial services company Itaú Unibanco on Aug. 5 reported earnings of \$1.97 billion for the second quarter, meeting analysts' expectations, the Associated Press reported. The company, based in São Paulo, had earnings of 18 cents per share in the quarter. Itaú Unibanco posted revenue of \$6.95 billion for the quarter, the AP reported. Its revenue net of interest expense was \$8 billion, exceeding analysts' estimates.

## Holland & Knight Advises Fibra Next on \$1.2 Bn in Public, Private Offerings

Law firm Holland & Knight announced July 24 that it had advised Mexico-based real estate investment trust Fibra Next on \$1.2 billion in public and private offerings. The transactions included an initial public offering of \$431 million in real estate trust certificates, or CBFIs, in Mexico, as well as a placement of CBFIs to institutional buyers and the contribution of nine real estate assets, valued at \$779 million, to Fibra Next, Holland & Knight said in a statement. The initial public offering was the largest on the Mexican Stock Exchange since 2018, the law firm said.

## Mexico's Stori Eyes Initial Public Offering in Two Years: CEO

Mexico-based financial technology company Stori is expecting to be ready for an initial public offering in two years, CEO Bin Chen told Bloomberg News in an interview published Aug. 12. Stori, which offers payment cards, high-interest deposit accounts and personal loans, focuses on people who have few formal financial accounts. Stori reported net income of \$1.1 million in the second quarter.

"We remain focused on expanding our portfolio with reliability, compliance, and scalability," he added. QI Tech said it is focused on its "acquisition strategy, product diversification and building an all-in-one financial ecosystem."

## PENSIONS NEWS

# Argentina's Milei Vetoes Pension Payout Increases

Argentine President Javier Milei on Aug. 4 vetoed multiple pieces of legislation that would have boosted payouts from state-run pensions and expanded financial benefits for people with disabilities, the Associated Press reported. The bills, which had been approved by Argentina's National Congress on July 10, would have boosted state-run pension payments by 7.2 percent and extended a state of economic emergency that allows some elderly individuals to access pensions before having contributed to the system for a minimum of 30 years, Infobae reported. Were the legislation implemented, it would have cost Argentina's government an amount equal to 1.7 percent of gross domestic product next year, according to a statement that Milei's office posted on social media site X on Aug. 4. "This president prefers to tell an uncomfortable truth instead of repeating comfortable lies: There is no money," the statement read. Milei's veto of the pension legislation could still be overturned by a two-thirds majority in both chambers of Congress, Infobae reported. Milei's La Libertad Avanza party, which currently governs with loose coalitions, faces midterm elections in October that could drastically reshape the party's ability to pass major initiatives, the AP reported. Although Milei's austerity measures have succeeded in reducing Argentina's inflation rate, positive macroeconomic indicators have coincided with rising unemployment and declining wage growth, driving months-long ongoing anti-government protests, the wire service reported.

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integrations. Enabling Pix in U.S. establishments has the strategic potential to expand payment options for Brazilian tourists and consumers, simplifying transactions and strengthening bilateral trade relations with retailers in the United States. By overcoming technical and regulatory barriers, as proposed by Verifone and PagBrasil, a favorable environment is created for financial inclusion and stimulating consumption by Brazilians abroad, especially during large-scale international events, such as the 2026 World Cup, which is expected to attract millions of visitors from Brazil to the United States. The ongoing investigation by the U.S. Trade Representative could result in restrictive measures on the adoption of Pix by U.S. retailers, including the imposition of additional fees, technical barriers or specific regulatory conditions. These developments could delay or limit the implementation of the solution in the United States, directly affecting the potential expansion of the Brazilian payment system abroad."

**A Cesar Boralli, associate managing director at Payments and Commerce Market Intelligence:** "Business-wise, Pix payments abroad are already occurring via private partnerships between Brazilian payment service providers and international providers. While not explicitly approved by the Brazilian central bank, these transactions can be framed under existing electronic foreign exchange regulations. The main technical challenge is implementing robust fraud prevention, as settlement occurs only after the transaction is completed and the product or service is redeemed. This creates exposure to fraud, operational errors, insolvency and cross-border risks, areas not as clearly regulated for Pix as they are for credit or debit card payments. Retailer adoption may also require new payment method integration into existing terminals, which might be more complex than recent announcements suggest, and may compete with other priorities like the

U.S. debit routing optimization. In 2024, 1.9 million Brazilians visited the United States, with Florida attracting 1.1 million and New York between 500,00 and 700,000, making them prime launch markets for this solution. For tourists, Pix offers transparency on the

**“The main technical challenge is implementing robust fraud prevention...”**

— Cesar Boralli

exact local currency needed, avoiding floating exchange rates and unexpected taxes, while preserving limits of credit cards and prepaid cards. Drawbacks include losing out on points and miles, as well as the inability to delay payment by up to 40 days, as with credit cards. The investigation by the U.S. Trade Representative's Office is unlikely to affect Pix in the short term. Adoption and consumer sentiment in Brazil are strong, and many countries have launched or are launching similar real-time payment schemes that compete with card networks. Unless the United States makes this a political priority and pushes for retaliation, it is improbable that countries will scale back or cancel their real-time payment programs."

**A Bruno Diniz, managing director of Spiralem:** "The arrival of Pix in U.S. retail (thanks to the partnership between Verifone and PagBrasil) is a practical response to a real demand: Brazilian travelers seeking familiar, low-cost and instant payment options abroad. With more than 150 million users and more than four billion monthly transactions, Pix has become deeply embedded in Brazil's daily life. Extending that experience across borders makes sense, especially in places with high tourist volume like Florida and New York. However, enabling Pix in U.S. retail environments comes with technical

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## ECONOMIC NEWS

## Lula, Xi Discuss BRICS, Business Opportunities in Call

Brazilian President Luiz Inácio Lula da Silva and Chinese President Xi Jinping spoke for an hour by phone on Aug. 11 to discuss the role of the BRICS group of developing nations as well as bilateral business opportunities, Reuters reported. Lula and Xi agreed on the importance of multilateralism, as well as the roles of the G-20 and BRICS, Lula's office said in a state-

“Countries should unite and take a clear stand against unilateralism and protectionism.”

— Xi Jinping

ment, Reuters reported. “Both presidents also highlighted their willingness to continue identifying new business opportunities between the two economies,” the statement added. The call followed U.S. President Donald Trump's imposition last week of 50 percent tariffs on several imports from Brazil. Trump has also called BRICS “anti-American” and has threatened the bloc with more tariffs. Lula said last week that he would discuss Trump's tariffs with BRICS nations, Reuters reported. Xi has called the bloc an important platform for building consensus among Global South countries and has said China is willing to work with Brazil in order to set an example of self-reliance and unity, China's state-run Xinhua news service reported. “Countries should unite and take a clear stand against unilateralism and protectionism,” Xi told Lula, the South China Morning Post reported. China is the world's largest importer of soybeans and gets most of its imports of the commodity from Brazil, Reuters reported. China approved 183 new Brazil-based coffee companies to export their products to China, the Chinese embassy in Brazil said in a social

## ADVISOR Q&A

### What's the Future of Electric Vehicles in Latin America?

**Q** At least three Chinese companies—Great Wall Motor, BYD and Chery—are currently planning to open assembly factories in Brazil to produce electric vehicles (EVs), *The New York Times* reported July 23. Brazil's imports of Chinese EVs tripled last year as compared to 2023, according to Brazil's National Association of Motor Vehicle Manufacturers, leading the South American country's government to hike import duties in order to encourage more vehicle manufacturing locally. What makes Brazil an attractive destination for Chinese EV manufacturers, and what are the prospects in Brazil for automakers from the United States and elsewhere? To what extent are consumers from Brazil and elsewhere in Latin America likely to embrace EVs in the coming years? How is U.S. trade policy affecting EV manufacturing in Brazil?

**A** Margaret Myers, senior advisor at the Asia & Latin America Program of the Inter-American Dialogue and managing director of the Institute for America, China and the Future of Global Affairs at the Johns Hopkins School of Advanced International Studies: “For quite a few years now, major Chinese car and parts companies have set their sights on Latin America as a critical market for Chinese EV sales, and also a source of the lithium and other critical minerals that sustain China's EV battery and other high-tech production. As the United States and European Union have aimed to limit

imports of Chinese EVs and other goods, the Latin American market remains relatively open. And, despite BYD's recent labor issues in Brazil, regional demand remains generally high for Chinese investment in local manufacturing. China's exports of EVs jumped 102 percent year-on-year from 2021 to 2022, with Chinese companies exporting nearly 630,000 fully electric vehicles in 2022. And in 2024, China shipped nearly 1.25 million electric cars to other countries, according to the International Energy Agency. If we add Chinese sales from cars produced overseas, including by BYD and others in Brazil, the numbers are even more striking. According to China's General Administration of Customs, the Latin American region made up 7 percent of China's total EV sales in 2022, after a drop to 2.4 percent in 2020, but the value of China's sales to the region more than doubled in 2022, reaching almost \$3 billion—a product of dramatic growth in China's global EV sales in just the past few years. China is counting on sustained Latin American and other regional demand for its EVs and other high-tech goods. Economic upgrading and exportation of high-tech production remain primary areas of focus for Beijing, even as China's leadership looks to stimulate economic growth through other measures.”

**EDITOR'S NOTE:** More commentary on this topic appears in the Aug. 5 issue of the daily Latin America Advisor.

media post earlier this month. During their call, Xi and Lula also discussed the war in Ukraine and preparations for the United Nations' COP30 climate summit, which Brazil is hosting in the city of Belém in November, the South China

Morning Post reported. Xi confirmed that China “will send a senior delegation to Belém” for the summit, Lula's office said in a statement. “President Lula reiterated China's importance to the success of COP30 and the fight against climate



## NEWS BRIEFS

## Haiti Declares Three-Month State of Emergency in Central Region

Haiti's government on Aug. 9 declared a three-month state of emergency in the country's central region amid soaring gang violence, the Associated Press reported. The state of emergency applies to Haiti's West, Artibonite and Center departments and will allow the country "to continue the fight against insecurity and respond to the agricultural and food crisis," the government said in a statement, the AP reported. From last October to June, more than 1,000 people have been killed in the area, according to the United Nations.

## Eight Killed in Shooting at Nightclub in Ecuador

Eight people were killed and three more were injured in a shooting at a nightclub in Ecuador on Aug. 10, the Associated Press reported, citing local authorities. Heavily armed suspects arrived at the nightclub in a rural area of Guayas province with multiple vehicles, according to local police. The shooting is the latest in an escalating string of violent attacks that authorities believe to be linked to organized criminal groups; two days prior, dozens of gunmen ambushed a boat off the coast of El Oro province, killing at least four people, the AP reported.

## Brazil Considers Shifting \$5.54 Billion From BNDES to Support Businesses

Brazil's government is considering a transfer of approximately 30 billion reais (\$5.54 billion) from a fund that state development bank BNDES manages to efforts to support businesses that have been hit by steep U.S. tariffs, Reuters reported Aug. 7. The administration of U.S. President Donald Trump began imposing 50 percent tariffs on many Brazilian goods, effective on Aug. 6.

change. President Xi indicated that China will work with Brazil to ensure the conference's success," the statement said, the newspaper reported.

## Cuban Peso Trades at Record Low Against U.S. Dollar

Cuba's peso on Aug. 11 traded at its lowest ever level relative to the dollar on the informal market, Reuters reported. The exchange rate was more than 400 pesos per U.S. dollar, a 25 percent jump from Jan. 1, when one dollar could be exchanged for 305 pesos, the wire service reported, citing data from independent Miami-based currency tracking site El Toque. Last December, Cuba's government announced a "partial dollarization" plan, in which certain retail stores, tourism-dependent industries and wholesale traders only accept convertible funds in foreign currencies. While the embrace of partial dollarization helped stem Cuba's declining economic activity, it has posed risks to low-income Cubans, especially the elderly, many of whom rely on state-distributed pensions payments in pesos, Reuters reported. "[Partial dollarization] undoubtedly favors those who possess certain capital resources or receive remittances, which translates into an unwanted widening of the gaps in social inequality," Cuban President Miguel Díaz-Canel said during a speech before Cuba's National Assembly in July, Infobae reported.

## POLITICAL NEWS

## Colombian Senator Dies Two Months After Shooting

Colombian presidential hopeful and Senator Miguel Uribe Turbay has died, two months after being shot in the head at a campaign event, his wife said Aug. 11 in a post on Instagram. "You will always be the love of my life," María

Claudia Tarazona wrote in Spanish. "Rest in peace, love of my life. I will take care of our children," she added. Uribe, 39, was critically wounded during a June 7 rally in Bogotá. He had undergone multiple surgeries, The New York Times reported. Authorities have made several arrests in connection with the attack, including a 14-year-old boy who has been accused of being the gunman, the newspaper reported. Prosecutors have charged the boy and three other suspects with attempted murder and illegal possession of a firearm; they have all pleaded not guilty. The three adults who were arrested, Carlos Eduardo Mora,

**Uribe was shot June 7 at a campaign rally in Bogotá.**

Katerine Martínez and William González, also face charges of using a minor to perpetrate a crime, The New York Times reported. The four suspects have told prosecutors that they had been acting on orders from another man, Elder José Arteaga, whom prosecutors allege was the mastermind behind the attack. Arteaga was arrested in Bogotá in early July, the Associated Press reported. Uribe had announced last October that he intended to run for president in next year's election, the AP reported. He was a vocal critic of President Gustavo Petro. A member of the right-wing Democratic Center party, Uribe was elected to Bogotá's city council at age 25, The Guardian reported. He was elected to the Senate in 2022. Uribe's maternal grandfather, Julio César Turbay, was Colombia's president from 1978 to 1982. His mother, journalist Diana Turbay, was killed in 1991 during a failed rescue mission after she was kidnapped by the Medellín drug cartel, then headed by drug lord Pablo Escobar. In a post this morning on social media site X, U.S. Secretary of State Marco Rubio lamented Uribe's death. "Deeply saddened to learn of Colombian Senator [Miguel Uribe Turbay's] tragic death," Rubio said in the post. "The United States stands in solidarity with his family, the Colombian people, both in mourning and demanding justice for those responsible," he added.

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and regulatory complexity. Interfacing with the U.S. payments landscape—characterized by fragmented acquirer networks and varied state-level compliance requirements—requires robust interoperability and data protection standards. The Pix rail itself is secure and proven, but integration partners must ensure compliance with local laws and consumer protection frameworks. As for the U.S. Trade Representative's recent concerns, it's important to separate the facts from the noise. Pix is public infrastructure built to promote competition and financial inclusion. It's not a barrier to U.S. firms; it's an open network that has, in fact, allowed several foreign players, including American ones, to thrive in Brazil. Rather than a threat, it represents a modern, interoperable model that could help inspire improvements globally. In short, Pix's expansion is less about exporting a 'Brazilian solution' and more about responding to the users' expectations for simpler, faster and fairer payments. It provides a blueprint for how open, inclusive, and efficient public infrastructure can complement (and inspire) global modernization efforts in payments."

**A** Wes Michael Tomaselli, director of bespoke research at Hxagon, LLC: "The U.S. investigation into Brazilian payment platform Pix is an issue that goes beyond the Verifone-PagBrasil deal. This is about the geopolitics of financial infrastructure competition. President Trump's objective is to build a U.S. digital dollar by using privately issued stablecoins and platforms underpinned by U.S.-made cryptography and technology. Brazil's team of central bank economists who built Pix now want to build a central bank digital currency (CBDC), a digital real currency that would accommodate high-value, international transactions like agricultural and energy commodities. That plants the Pix issue squarely in the crosshairs of Trump's geopolitical maneuvering around

natural resources, China influence and cyber risks in the U.S.-Brazil relationship. In the mind of Trump's advisors, the international expansion of Pix could represent a threat to a budding digital dollar ecosystem. The Pix investigation could cut in one of two directions. The findings could give Republi-

**“This is about the geopolitics of financial infrastructure competition.”**

— Wes Michael Tomaselli

cans the ammunition to shut out Pix, torch the Verifone-PagBrasil deal on grounds of national security concerns and set a firm precedent for future BRICS Plus countries that try to plug their CBDCs into the U.S. financial system. Applying the Defense Counterintelligence and Security Agency's regulations on Foreign Ownership, Control or Influence, or having the Committee on Foreign Investment in the United States review the Verifone-PagBrasil deal, might be the tactical way Washington handles this. But Trump's negotiation team could also use a Verifone-PagBrasil green light as one concession granted to Brasília if President Luiz Inácio Lula da Silva's government agrees to certain conditions for hooking Pix and Brazil's future CBDC (which is currently in a pilot phase) into the existing U.S. financial infrastructure. That would put the onus on Verifone and PagBrasil to lobby the Brazilian government and align Pix infrastructure with the recently passed GENIUS Act. Trump might go so far as to demand that Brazil halt its CBDC project altogether in exchange for lower tariffs on agricultural and energy commodities."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.*

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