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FEATURED Q&A

What Must Brazilian Banks Do to Avoid U.S. Sanctions?

Brazilian banks have reportedly reached out to counterparts in Mexico to determine how to avoid U.S. sanctions after the U.S. designation of two Brazilian crime organizations as terrorist groups. // File Photo: Larysa via Adobe Stock.

Q Brazilian banks have reached out to financial institutions in Mexico to determine how to navigate the U.S. designation of two Brazilian organized crime groups as terrorist organizations, Bloomberg News reported June 22. Banks in Brazil have grown concerned that the recent U.S. designations of Primeiro Comando da Capital (PCC) and Comando Vermelho (CV) could lead to scrutiny of Brazilian financial institutions, similar to last year's targeting of Mexican firms that were accused of laundering drug proceeds, the news service reported. The report came ahead of sanctions that the U.S. Treasury's Office of Foreign Assets Control (OFAC) announced on July 1 against three Brazilian companies, two Brazilian nationals and a Portuguese company over their alleged links to the PCC. What does the U.S. designation of the Brazilian gangs mean for Brazilian lenders, and what must they do to avoid sanctions? To what extent will the U.S. action lead Brazilian banks to overhaul compliance procedures? What can they learn from Mexican firms' recent experience?

A Pedro Fragoso Pires, foreign legal consultant, and Veronica Mayoral, law clerk, both at Diaz Reus International Law Firm: "Specially designated global terrorist (SDGT) designations carry civil liability, specifically financial and economic sanctions for noncompliance. Any U.S. financial institution or Brazilian lender with ties to the United States that holds funds or assets owned by these gangs must immediately block them and report them to OFAC. As the PCC and CV have infiltrated sectors of the Brazilian economy, combining lawful and unlawful activity, the scrutiny process has become

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Brazil Sees Rise in Delinquency Rates for Non-Earmarked Loans

Delinquency rates on Brazilian loans not tied to a specific purpose rose to 6.2 percent in May, the highest rate since at least 2011.

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Tether to Invest $20 Million in Mercado Bitcoin

Financial technology company Tether said it will invest $20 million in a strategic growth financing round for Brazilian platform Mercado Bitcoin.

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FINANCIAL SERVICES

Equifax to Acquire Mexico-Based Credit Bureau

Equifax, led by Chief Executive Officer Mark Begor, has signed a deal to acquire Mexican credit bureau Círculo de Crédito for $750 million. Círculo de Crédito has more than 1,700 clients and data on 80 million identities.

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Begor // File Photo: Equifax.

FINANCIAL SERVICES NEWS

Equifax to Acquire Mexican Credit Bureau for $750 Mn

Equifax has signed a definitive agreement to acquire Círculo de Crédito, Mexico's fastest-growing credit bureau, for $750 million, Equifax said July 7 in a statement. The deal expands Equifax into Mexico, Latin America's second-largest economy, adding data and fraud-prevention tools for Círculo de Crédito's customers. Círculo de Crédito reported $134 million in revenue for the 12 months ending June 30, up 31 percent, with $62 million in adjusted EBITDA, and is expected to continue growing while boosting Equifax's earnings per share in its first full year. Mark Begor, Equifax's chief executive officer, called it the company's 17th bolt-on acquisition in six years, totaling nearly $5 billion. "Our strong performance and balance sheet allow Equifax to reinvest in growth, return cash to shareholders and acquire accretive and strategic acquisitions," he said, adding that about a quarter of Mexicans lack access to formal financial products, while 44 percent remain unbanked. Círculo de Crédito is Mexico's only credit bureau offering both consumer and commercial services, with more than 1,700 clients and data on 80 million identities. Equifax will acquire the full company, with the deal expected to close in the fourth quarter pending regulatory approval.

Brazil Sees Rise in Non-Earmarked Loan Delinquencies

Delinquency rates on Brazilian loans not tied to a specific purpose rose to 6.2 percent in May from 6.1 percent in April, the highest level since the central bank's data series began in March 2011, Reuters reported July 1. The rate for individuals climbed from 7.4 percent to 7.6 percent, while corporate delinquency rose from 4 percent to 4.1 percent, according to Brazilian news website UOL. The increase in so-called non-earmarked loans came despite the government's launch in early May of a new phase of its consumer debt renegotiation program, which offers Treasury-backed guarantees to lower borrowing costs for eligible consumers earning more than five times the minimum wage. In its monetary policy report in late June, the central bank cited rising defaults in vehicle lending, unsecured personal credit and payroll-deducted loans to private-sector workers as the main drivers of deteriorating asset quality. Default rates in all three segments rose in May, reaching 6.5 percent for vehicle loans, 14.2 percent for unsecured personal credit and 7.9 percent for payroll loans. The bank said recent debt-renegotiation measures should reduce delinquency in eligible credit lines in coming months, Reuters reported. Last year, President Luiz Inácio Lula da Silva's government expanded payroll lending to private-sector workers; the segment's balance jumped 140.3 percent from a year earlier to 109.2 billion reais ($21.03 billion) in May. Interest rates on payroll loans stood at 54.1 percent annually in May, versus 142.7 percent for unsecured personal credit. Brazil's benchmark rate stands at 14.25 percent. Total credit stock rose 0.6 percent month-on-month to 7.3 trillion reais in May, up 9.5 percent from a year earlier.

Bolivia Planning to Reintroduce Dollar Savings Accounts

Bolivia is planning to reintroduce accounts that allow savings in U.S. dollars, Bloomberg News reported July 6. The change would amount to a reversal of policies from past decades that discouraged Bolivians from saving in the U.S. currency. The South American country's central bank estimates that Bolivians have about $4 billion outside of traditional banks; Bolivians often buy dollars in order to protect wealth, especially amid political turmoil and inflation, Bloomberg News reported. "We want to move toward a system in which any new depositor who wishes to save in a currency other than the boliviano has a guarantee that those funds

NEWS BRIEFS

Mexico's Banco Plata Expands to Colombia

Mexican neobank Banco Plata will begin operations in Colombia as a financing company after receiving authorization from the Financial Superintendence of Colombia, the company said in a statement July 10. The expansion will let Banco Plata replicate its Mexican technology platform, with a full suite of digital services expected to launch by August, Mexico Business News reported. Neri Tollardo, Banco Plata's chief executive, said the company is starting operations in Colombia with a local team and technological maturity built in Mexico, according to Mexico Business News.

Mexico's Nexu Secures $142 Million Credit Line From HSBC

Mexico-based automotive fintech platform Nexu has secured a credit line of 2.5 billion pesos ($142.75 million) from the Mexico unit of HSBC to finance more than 10,000 vehicles, Mexico Business News reported July 9. Nexu plans to use the financing to expand its auto financing through its distribution network across Mexico, the news site reported. The company has partnerships with more than 1,000 dealerships. Nexu provides auto financing to consumers who have limited access to traditional credit.

Tilt Announces Acquisition of Brazil-Based Billpay

San Francisco-headquartered financial technology company Tilt announced July 2 that it has completed its acquisition of Brazilian salary-advance lender Billpay. The acquisition marks Tilt's fourth foreign market entry, following Mexico, the Philippines and India, the company said. Both Billpay and Tilt seek to extend credit to underserved customers.

will not be frozen," the central bank's president, David Espinoza, told the news service in an interview. Such a government guarantee would help ease a shortage of dollars that started in 2023 when Bolivia's central bank almost completely ran out of liquid reserves. Last month, Bolivia announced that it would adopt a flexible exchange-rate system, Reuters reported.

Brazil Police Target Executive Linked to Banco Master

Brazil's Federal Police launched an operation July 9 targeting Thiago Miranda, an executive hired by banker Daniel Vorcaro to run a communications campaign defending the now-defunct lender Banco Master, according to a court ruling cited by Reuters. The operation is the latest phase of a widening probe into Master, Reuters reported. Vorcaro was arrested in March after

The broader investigation centers on an estimated $2.3 billion in fraud tied to falsified credit instruments.

the central bank liquidated the lender last year amid a liquidity crisis. Supreme Court Justice André Mendonça authorized the seizure of electronic devices, documents and cash at addresses linked to Miranda, citing evidence that he allegedly hired influencers to defend Master and attack the central bank, and helped prepare a dossier on Itaú Unibanco CEO Milton Maluhy Filho, Reuters noted. The wire service was unable to reach Miranda or his legal representatives for comment; Itaú declined to comment to Reuters. The broader Master investigation centers on an estimated 12 billion reais, or roughly $2.3 billion, in fraud tied to falsified credit instruments, with investigators probing whether the lender used a deal with Banco BRB to conceal fabricated loan portfolios and inflate its balance sheet, Folha de S.Paulo

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even more challenging and critical. Foreign terrorist organization (FTO) designations carry criminal liability with extraterritorial jurisdiction. Financial institutions and other organizations interacting with PCC and CV may face exposure to sanctions because of their dealings with SDGTs as well as liability under U.S. federal anti-terrorism statutes for providing 'material support or resources' to designated FTOs. The concept of 'material support' is broadly interpreted under U.S. law (willful blindness is sufficient) and may apply to conduct occurring entirely outside of the United States. To avoid sanctions, organizations should conduct a comprehensive review of their anti-money laundering (AML) and OFAC compliance programs, including sanctions-screening procedures, counterparty diligence protocols and risk assessments, to ensure that they remain aligned with evolving U.S. regulatory expectations. Due to the U.S. action, Brazilian banks will overhaul compliance procedures by conducting a comprehensive review of their AML and OFAC compliance programs to ensure they meet the expectations of U.S. authorities and regulators. It is also strongly recommended that Brazilian banks have a robust compliance program in English. The United States has removed from the U.S. financial system three Mexican financial institutions accused of laundering drug trafficking proceeds. Those institutions were ultimately sold off in parts, prompting financial institutions across the financial sector to strengthen mechanisms for monitoring illicit funds."

A **Amanda Mattingly, former U.S. diplomat and founder of ACM Global Intelligence:** "Since the U.S. government designated CV and PCC as SDGTs and FTOs on May 28, the Brazilian financial community has been on notice. The July 1 sanctions announced against Brazilian companies and individuals should not come as a surprise, as the Trump administration has been very vocal about going after illicit financial flows across Latin America in a larger effort to keep illegal drugs out of the United States. Without a doubt, the new designations have changed Brazil's risk profile. Brazilian banks are smart to look at Mexico as a guide, particularly given that the U.S. Financial Crimes Enforcement Network (FinCen) designated three Mexican financial institutions last year for concerns about money laundering and effectively cut these entities off from the U.S. financial system. Similarly, Brazilian financial institutions, including fintech firms, should be prepared for targeting by FinCen. The exposure should not be underestimated. Reportedly, Brazilian authorities have linked PCC to an estimated $10 billion in investment funds and assets in various economic sectors. The scale means many individuals and entities are likely to have some exposure, knowingly or not. To avoid sanctions, Brazilian banks, as well as U.S. financial institutions doing business with Brazil, need to implement stepped-up compliance procedures, including screening systems for new clients, enhanced due diligence, ongoing transaction monitoring and suspicious activity reporting. Whether Brazilian President Luiz Inácio Lula da Silva agrees with the designations or not, Brazil would also do well to follow the Mexican example and strengthen collaboration with U.S. counterparts."

A **Alexandra Solórzano, chief executive owl at Owl Consultancy Group:** "The U.S. decision to designate PCC and Comando Vermelho as terrorist organizations turns them into counterparties you must actively investigate out of your ecosystem, not just high risk names on a screening list. For banks and corporates operating in Latin America, the real story is about due diligence discipline: OFAC and FinCen are now looking beyond direct accounts to the full supply chain of facilitators, service providers and trade intermediaries around these groups. Brazilian lenders need to assume that any

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reported. Officials are also examining whether political pressure influenced that negotiation, according to Folha.

DIGITAL CURRENCIES NEWS

Tether to Invest $20 Million in Brazil's Mercado Bitcoin

Financial technology company Tether announced July 7 that it will invest $20 million in a strategic growth financing round for Mercado Bitcoin, a Brazilian on-chain financial services platform, as part of an effort to expand blockchain-based infrastructure in Latin America, Tether said in a statement. Founded in 2013, Mercado Bitcoin has grown from a digital asset exchange into a broader financial platform offering trading, tokenized investment products, lending, stablecoin payments and cross-border services. The company serves 4.5 million users, has issued more than 2 billion reais in tokenized assets and holds more than 10 licenses across Brazil and Europe, including a payment institution license from Brazil's central bank. Paolo Ardoino, Tether's chief executive, said in the statement that Mercado Bitcoin's regulatory licensing and integrated financial services are unmatched in the region, calling the company a strategic partner for its next growth phase. Roberto Dagnoni, Mercado Bitcoin's chairman and chief executive, said the investment would help scale infrastructure for tokenization, stablecoins and payments in Brazil and beyond.

ADVISOR Q&A

What Does a Key Aide's Departure Mean for Argentina's Milei?

Q Argentine President Javier Milei's top aide and cabinet chief, Manuel Adorni, who is facing a corruption investigation amid revelations about extravagant spending, resigned June 27. Adorni has denied wrongdoing, and Milei has defended him. What does Adorni's departure mean for Milei's ability to advance his agenda and for the government's public support? Why did Milei tap Interior Minister Diego Santilli as his new cabinet chief, and what will Santilli bring to the role?

A Juan Cruz Díaz, managing director of Cefeidas Group in Buenos Aires: "Adorni's resignation removes a major political distraction for the Milei administration. For months, the corruption investigations dominated the political agenda, consuming the government's attention, complicating its relationship with Congress, and making it increasingly difficult to advance legislative priorities. As the administration continued to stand behind Adorni despite mounting allegations, the controversy also began to erode Milei's anti-corruption credentials and contributed to a decline in public support. Adorni's departure gives the government an opportunity to close a politically costly chapter, reset the narrative and regain momentum in the second half of the year. Milei's decision to appoint Diego Santilli reflects a more pragmatic approach to governing. A seasoned political operator with extensive experience negotiating across party lines, Santilli is well positioned to rebuild legislative dialogue and improve coordination with provincial leaders. His appointment also reinforces the strategic alliance between La Libertad Avanza and PRO, suggesting that political stability and legislative effectiveness have become higher priorities than preserving the administration's original anti-establishment narrative. Whether this shift translates into meaningful legislative progress will ultimately depend on the government's willingness to use Santilli's political capital to build broader congressional support for its agenda."

EDITOR'S NOTE: More commentary on this topic appears in the July 10 issue of the daily Latin America Advisor.

FINANCIAL TECHNOLOGY NEWS

Nubank Reaffirms Plans for $4.2 Billion Investment in Mexico

Nubank reaffirmed plans to invest $4.2 billion in Mexico between 2026 and 2030, after the Brazil-based digital bank's founder and chief executive officer, David Vélez, met with President Claudia Sheinbaum on July 6, as it awaits final approval to begin operating as a bank, El Cronista reported. Sheinbaum said in a post on social media site X that she met with Vélez and his team at the National Palace, where they discussed the planned investment. The commitment was first announced in February as part of Nu's expansion strategy in Mexico, one of its priority Latin American markets, El Cronista reported. Nu is still awaiting final regulatory approval to begin operating as a bank in Mexico, a process that is now in its final stage, the newspaper reported. The shift would let the company broaden its financial product offerings and compete directly with traditional banks, as digital banking expands across the country. According to Mexico's National Banking and Securities Commission, cited by El Cronista, Nu México, which currently operates as a Sofipo, or a regulated non-bank financial institution, held 118.7 billion pesos in assets as of April. Nubank has 135 million customers across Brazil, Mexico and Colombia, the company said.

NEWS BRIEFS

U.S. Federal Officer Fatally Shoots Colombian National in Maine

A U.S. federal immigration officer on July 13 fatally shot a 26-year-old Colombian national in Maine during a traffic stop in the city of Biddeford, The Washington Post reported, citing the Maine Immigrant Rights Coalition. The office of Maine's attorney general said it was launching an investigation and that initial reports indicated that an Immigration and Customs Enforcement officer shot the man as he attempted to flee in his vehicle. "The vehicle attempted to flee the scene and fearing for public safety an officer discharged his weapon," an ICE spokesperson said, The Washington Post reported.

El Salvador's Ruling Party Nominates Bukele for a Third Term

El Salvador's ruling party announced July 12 that it had nominated President Nayib Bukele for a third term, Reuters reported. Bukele, who has been El Salvador's president since 2019, ran unopposed in the Nuevas Ideas party's primary. Lawmakers allied with the ruling party last year approved new measures in order to allow for indefinite presidential re-election. Bukele maintains high approval ratings in El Salvador, where he launched a crackdown on crime in 2022.

U.S.-Canada Bridge Dispute Ends With Toll Agreement

Canada and the United States reached a deal allowing the new Gordie Howe International Bridge, connecting Detroit and Windsor, Ontario, to open July 27, The Wall Street Journal reported July 10. The agreement includes toll adjustments and directs half the bridge's net profit to a regional development fund, the newspaper reported.

POLITICAL NEWS

Mexico to File Criminal Complaints in U.S. Over Deaths

Mexico will file criminal complaints in the United States over the deaths of 17 Mexican nationals who died after being detained by U.S. authorities and those who were killed in operations targeting migrants since last year, Mexican President Claudia Sheinbaum said July 13, The Guardian reported. Sheinbaum's announcement followed the death on July 7 of Lorenzo Salgado Araujo, who was fatally shot by U.S. Immigration and Customs Enforcement (ICE) agents in Houston. Sheinbaum said Salgado Araujo was "practically murdered," The Guardian reported. "It's a case that sparks outrage among all Mexicans," Sheinbaum said July 13 at her morning news conference. Last week, ICE said Salgado Araujo had used his van to ram an ICE vehicle, The New York Times reported. Three other men who were in the van at the time said a federal officer shot at them almost immediately after he exited his vehicle and at no point did Salgado Araujo, who was driving the van, attempt to ram the officers, The Washington Post reported. Mexican Foreign Minister Roberto Velasco said July 9 that Mexico would request that U.S. authorities pursue charges over the deaths of the 17 Mexicans who have died in U.S. custody or in immigration operations since Trump began his crackdown. However, Sheinbaum said on July 13, "We cannot simply continue with diplomatic letters that have yielded no results," The Guardian reported.

Flávio Bolsonaro Barred From Visiting Father for 90 Days

A Brazilian supreme court justice on July 13 barred senator and presidential hopeful Flávio Bolsonaro from visiting his father, former President Jair Bolsonaro, for 90 days, saying the elder Bolsonaro violated the terms of his house arrest, Reuters reported. Justice Alexandre de Moraes ruled that a social media post by the senator over the weekend in which he shared a letter written by his father violated those terms. The former president, who is serving a 27-year sentence after being convicted of planning a coup against his successor, current President Luiz Inácio Lula da Silva, is prohibited from using social media or phones either directly or through another person, Reuters reported. Flávio Bolsonaro called the ruling an "attempt to interfere" in Brazil's presidential election, in which he faces Lula.

ECONOMIC NEWS

IMF Director to Visit Argentina This Month

International Monetary Fund Managing Director Kristalina Georgieva will visit Argentina at the end of July, Reuters reported July 8. The trip, initially announced by Argentine Economy Minister Luis Caputo, will be Georgieva's first visit to the country in her current role, though she has met several times with Argentine officials elsewhere. Georgieva would meet with President Javier Milei and Caputo during the brief visit, which had long been planned, according to Reuters. Caputo said July 6 that Argentina expects to meet debt payments through 2027 using multilateral loans, privatizations and local bond issuance, avoiding a return to international bond markets for now. Argentina faces a foreign-currency debt test in 2027, with more than $23 billion in principal payments due, or more than $32 billion including interest, according to IMF data cited by Reuters. The IMF forecasts Argentina's economy will grow 3.5 percent in 2026, down from 4.4 percent last year, before rebounding to 4 percent in 2027, the Buenos Aires Times reported. Argentina remains the IMF's largest debtor, operating under a $20 billion program agreed in 2025, with principal repayments on a prior arrangement set to begin in September.

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relationship touching PCC/CV—however indirect—can trigger sanctions risk, including measures that cut access to U.S. correspondent banking. That requires a much deeper mapping of counterparties: beneficial owners of small trading firms, logistics and warehousing vendors, 'consultancies' and cash heavy businesses that sit between the gangs and formal finance, and cross border partners in Mexico and elsewhere. Mexican institutions hit under Fend Off Fentanyl Act orders learned that weak investigative work on counterparties was as dangerous as weak controls. Those that emerged intact built joint sanctions–AML teams that could follow transaction trails through shell companies and trade flows, document why they exited certain relationships, and evidence proactive risk based decisions to U.S. regulators. For Latin America focused firms, the lesson is clear: Your defense will not be the existence of a policy, but the quality of your due diligence into who really sits behind your clients, suppliers, and cross border partners—and how quickly you move when that picture changes."

A **Raphael Soré, partner at Machado Meyer Advogados:** "The U.S. designation of PCC and Comando Vermelho does not, by itself, make Brazilian lenders liable. Exposure is not created merely because a bank operates in Brazil. It will depend on the facts: knowledge, the nature of the transaction, involvement of designated persons or entities and the existence of a relevant U.S. nexus, including U.S. persons, correspondent banking, U.S. systems or dollar-clearing. What changes is the risk calculus. Brazilian banks already operate under sophisticated AML controls. But those controls have historically been more client-facing, with a strong know-your-customer focus. The current risk is broader: counterparties, suppliers, beneficiaries, correspondent relationships, beneficial ownership structures and economic fronts several layers removed from the immediate client. For that reason, I would not describe the expected response as a wholesale overhaul of compliance programs. The appropriate path is a targeted, risk-based recalibration of existing risk matrices and procedures. This means enhanced diligence where geographic, sectoral, ownership, transactional or U.S.-nexus indicators justify it, especially in sectors that may be more exposed to organized crime typologies, such as logistics, construction, fuel distribution, scrap metal, real estate and payment services. Blanket de-risking would be costly and often unnecessary. The better approach is proportionate escalation, improved third-party mapping, stronger sanctions screening and clearer decision-making records. The Mexican experience is useful not as a warning to panic, but as a diagnostic reference: It helps Brazilian institutions understand enforcement priorities, typologies and where compliance resources should be sensibly concentrated."

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