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FEATURED Q&A

Will a Laundering Case Lead to Rule Changes in Chile?



A multi-million-dollar money laundering case in Chile has led to debate over the country's bank secrecy laws. // File Photo: FranciscoJavier via Adobe Stock.

Q Chilean police detained 19 suspects on June 3, including a Banco Santander employee who allegedly collected extortion payments and routed funds through accounts at several banks in one of the country's largest Tren de Aragua money-laundering cases, valued at approximately \$85 million. The case has reignited debate over Chile's financial secrecy rules, which date back to the era of Augusto Pinochet's dictatorship and are among the strictest in the world. What does the case reveal about the depth of organized crime's penetration of the country's formal banking sector? To what extent have Chile's bank secrecy laws shielded criminal financial networks from detection? Will this case lead to changes in those laws, and if so, what types of reforms may happen?

A Ricardo Abdala H., Chile-based local partner of Diaz Reus & Targ: "This case reveals that organized crime in Chile has moved beyond informal operations, successfully corrupting the banking sector's first line of defense through the co-optation of employees. However, this evidences a failure in internal bank compliance systems rather than a structural weakness of the formal financial system. Regarding bank secrecy, it is a misconception to view it as an absolute shield; Chilean law already allows it to be lifted through a court order at the request of the Prosecutor's Office or the Internal Revenue Service (SII). Bank secrecy itself has not protected criminals, but the excessive bureaucracy and slowness of the current judicial process to authorize its lifting certainly grant temporary advantages to money laundering networks. Maintaining judicial oversight to lift bank secrecy is

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TOP NEWS

BANKING

Brazilian Banks Seek Advice From Mexico on U.S. Gangs Designation

Brazilian banks have reportedly reached out to peers in Mexico seeking guidance on how to navigate the U.S. designation of two Brazilian organized crime groups as terrorist organizations.

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PAYMENTS

Canada's Nuvei to Acquire Payoneer for \$2.75 Billion

Canadian fintech company Nuvei has agreed to acquire cross-border payments firm Payoneer for approximately \$2.75 billion in cash, the companies announced.

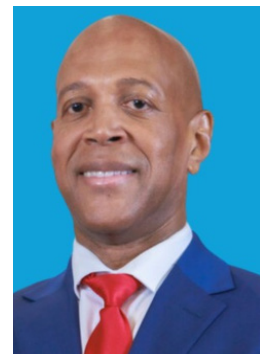
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PAYMENTS

Barbados Launches Instant Payment System

Barbados has launched a new national instant payment system, which central bank chief Kevin Greenidge said will benefit both consumers and businesses.

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Greenidge // File Photo: Central Bank of Barbados.

BANKING NEWS

Brazilian Banks Seek Advice Following U.S. Designation of Gangs

Brazilian banks have reached out to Mexican peers and consultants in recent weeks seeking guidance on how to navigate the fallout from the U.S. government's designation of the country's two main criminal organizations as terrorist groups, according to people familiar with the matter, Bloomberg News reported June 22. Brazilian banks are looking to learn about Mexico's experience after the U.S. Treasury's Financial Crimes Enforcement Network last year blocked three Mexican financial firms from the U.S. financial system over alleged money laundering links to drug cartels. The action triggered a sector-wide compliance overhaul. The Trump administration earlier this year labeled Primeiro Comando da Capital, known as PCC, and Comando Vermelho, or CV, as terrorist organizations. The PCC has infiltrated fuel-distribution networks and fintechs to launder criminal proceeds, Brazilian media has reported, and the CV was the target of Brazil's deadliest police operation last October. A key challenge for Brazilian banks is how to handle clients suspected of ties to the groups who do not appear on any official list. "Simple screening against U.S. sanctions lists is no longer adequate," Jeremy Paner, a partner at Hughes Hubbard & Reed in Washington, told Bloomberg News. "Banks must conduct relatively rigorous due diligence reviews, because these new sanctions are not strictly list-based."

PAYMENTS NEWS

Canada's Nuvei to Acquire Payoneer for \$2.75 Billion in Cash

Canadian fintech company Nuvei has agreed to acquire cross-border payments firm Payoneer

for approximately \$2.75 billion in cash, the companies announced June 15. Nuvei will purchase all Payoneer shares at \$7.40 apiece, a premium of about 44 percent to the stock's closing price on June 8, Reuters reported. Payoneer's shares rose nearly 4 percent in early morning trading on June 15. The deal would combine Nuvei's merchant payment processing business with Payoneer's cross-border network, positioning the combined entity to capitalize on growth in stablecoin transactions and AI-driven commerce, according to Reuters. The merger would also grant Nuvei access to major marketplace clients including Amazon, Walmart, eBay and Airbnb. The combined company is expected to generate around \$3 billion in annual revenue and process more than \$500 billion in annual payment volume. The transaction is expected to close in mid-2027, subject to shareholder approval at Payoneer and regulatory clearances. Benchmark analyst Mark Palmer said antitrust risk appears manageable given the complementary nature of the two businesses and the absence of meaningful horizontal overlap. Goldman Sachs is serving as lead financial advisor to Nuvei, while Qatalyst Partners is advising Payoneer.

Barbados Launches National Instant Payment System

Barbados has launched a new national instant payment system that will allow businesses and consumers to send money transfers within seconds, the Caribbean Media Corporation reported June 16. Prime Minister Mia Mottley sent the first transfer on the system, called BiMPay, a payment to a food vendor. "A modern economy needs a modern payment system," central bank chief Kevin Greenidge said at a launch event, CMC reported. "People need to be able to send money quickly. Businesses need to be able to receive funds and have them available to spend. Vendors want to get their funds and access their money immediately," Greenidge added. All six commercial banks operating in Barbados, as well as the island's top credit unions, are connected to the system.

NEWS BRIEFS

Brazil Police Serve Search Warrant on Lula Ally in Bank Probe: Report

Brazil's Federal Police served a search and seizure warrant on Senator Jaques Wagner, a close ally of President Luiz Inácio Lula da Silva, as part of the investigation into failed Banco Master, Reuters reported June 18. Police said they are investigating possible official involvement in irregularities, without naming suspects. The warrant brings the case closer to Lula's orbit ahead of October elections. Finance Minister Dario Durigan said he trusts Wagner. Banco Master was liquidated in November amid a liquidity crisis.

Mexico's Oxxo to Accept Mortgage Payments After Deal With Infonavit

Mexican convenience store chain Oxxo and national housing fund Infonavit have established a partnership allowing borrowers to pay their mortgage loans at any Oxxo location nationwide, Femsa, which owns and operates Oxxo, announced June 22. The operations will be free of charge and available around the clock. Transactions are capped at 10,000 pesos. The arrangement eliminates dependence on traditional banking hours and expands payment infrastructure across the country, where Oxxo operates thousands of stores.

Crypto Platform Blockchain.com Expanding In Brazil

Cryptocurrency platform Blockchain.com announced June 24 that it is expanding its operations in Brazil with a "dedicated cross-border liquidity solution." The new infrastructure will allow businesses in the South American country to move and settle funds across borders with fewer constraints than systems offer at traditional banks, Blockchain.com said.

REMITTANCES NEWS

Mexico's Remittances Growth Rate Slows Sharply: Study

The growth rate of remittances sent by Mexicans living in the United States has slowed sharply compared to other countries in the region, according to a new analysis by the Center for Latin American Monetary Studies (Cemla). Mexico remains Latin America's top remittance recipient, the study shows, but between 2024 and 2026, Mexico ranked last in remittance growth among the top six Latin American remittances recipients: Guatemala, Colombia, Honduras, the Dominican Republic, El Salvador and Mexico. Cemla attributed the slowdown primarily to a shrinking Mexican immigrant population in the United States, which fell by almost 500,000 people between 2015 and 2024. The decline sets Mexico apart from its regional peers. In the same period, Guatemala and Colombia each added more than 400,000 migrants. In 2025, Mexico was the only country among those analyzed to post negative remittance growth, contracting 3.9 percent, while Honduras led with a 25.3 percent increase. Over the past decade, remittances to the six countries grew a combined 178 percent. Mexico's 148 percent expansion, while significant, lagged behind Guatemala's 319 percent and Honduras's 241 percent.

FINANCIAL TECHNOLOGY NEWS

PayClip, Partners Eye Launch of Digital Wallet in Mexico

Chinese fintech Ant Group has entered into a transaction with PayClip, one of Mexico's leading digital payments and point-of-sale technology companies, law firm White & Case, which advised PayClip on the transaction, said June 23 in a statement. The agreement pairs

FEATURED Q&A / Continued from page 1

fundamental to protecting the constitutional right to privacy and public safety. Removing a judge's oversight to allow mass administrative access would create vulnerable databases that organized crime itself could hack or infiltrate, turning them into 'catalogs' for extortion. Consequently, this case will drive reforms, but the debate should not center on eliminating bank secrecy, but on accelerating its lifting. A viable and necessary reform would be the creation of specialized courts for economic crimes that can resolve prosecutors' requests within hours, ensuring law enforcement efficiency without compromising the security of honest citizens."

A Kathleen C. Barclay, director of AmCham Chile: "This case was a wake-up call for Chile due to the size of the operation and its direct connection to organized crime and brought consideration of modifications to the banking secrecy law to the forefront of public discussion. Access to bank accounts under Chilean law is only permitted with client authorization or judicial order or in certain cases by the tax authorities. Attempts have been made over the years to facilitate access with strong resistance based on consideration of constitutional privacy protections. New legislation was recently submitted for urgent consideration because of the money laundering event involving the Tren de Aragua. The proposal provides for the creation of an economic intelligence system within the Financial Analysis Unit (UAF) which would permit administrative, rather than judicial, access to bank accounts to prevent organized crime. The legislation was approved by the lower house of Congress. The Senate made modifications to the proposal, which is currently under review by a joint committee of the two houses. Timing for advancement of the legislation is not clear and will be taken up in the context of other legislation currently under discussion including a major economic package focused on jump-starting economic growth.

Legislation is clearly needed. Improved security is the highest priority for Chilean citizens and public support for greater flexibility around banking secrecy has never been higher. The financial sector will also be looking for ways to enhance detection of risks. The country needs enhanced intelligence to deter, detect and identify funding flows related to organized crime."

A Jorge Heine, former Chilean government cabinet minister: "In June 2024, on yet another legislative effort to lift Chile's stringent bank secrecy laws, the current chairman of the board of Codelco, Chile's state-owned copper company, economist Bernardo Fontaine, referred to the congressman who submitted that bill as 'another naïve person who believes that drug traffickers use bank transfers.' As recent developments show, he was wrong on that.

“On this issue, the government of President José Antonio Kast finds itself between a rock and a hard place...”

— Jorge Heine

For long, Chile has attempted to build up Santiago as Latin America's financial center. Though the country's capital has much going for it, it is not really in the same category as São Paulo in that regard. One feature that is often peddled to promote Santiago's attractiveness for financial transactions is its bank secrecy laws. As it turns out, it is international organized crime that has taken due notice of it. On this issue, the government of President José Antonio Kast finds itself between a rock and a hard place. On the one hand, a key item on its electoral plat-

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PayClip's merchant network and payments infrastructure in Mexico with Ant Group's proprietary technology and global fintech expertise. Mastercard and TelevisaUnivision are also involved in the project to launch a "consumer-facing digital wallet and financial platform" in Mexico, law firm Davis Polk, which is also advising PayClip, said in a statement earlier in June. In connection with the platform's launch, PayClip has secured \$500 million in funding, Davis Polk added. The initiative signals growing international confidence in Mexico as a destination for high-stakes fintech investment, White & Case said, and reflects a broader trend of global technology companies partnering with locally rooted platforms to drive financial services innovation across Latin America. Ant Group, the financial arm of Alibaba, operates one of the world's largest digital financial services providers. PayClip serves merchants in Mexico with card readers and digital payment services, White & Case said.

POLITICAL NEWS

Official Death Toll Passes 1,700 After Venezuela Quakes

The death toll following the powerful earthquakes that struck Venezuela on June 24 rose past 1,700 on June 29, the government said, though the number of casualties is expected to continue escalating, the Associated Press reported. Rescue crews continued searching for survivors through the rubble of collapsed buildings. However, the window of survival for anyone trapped beneath debris for five days continued closing. Jorge Rodríguez, the head of Venezuela's National Assembly, said crews had restored electricity to 90 percent of La Guajira state, which was the hardest-hit by the earthquakes, which had magnitudes of 7.2 and 7.5, the AP reported. Officials were working to assess the condition of damaged buildings that remained a danger and had established 15 camps for the displaced, Rodríguez added. He said June 28 that more than 12,000 people

ADVISOR Q&A

Will New Reforms Help Reduce Crime in Honduras?

Q Honduras' Congress on May 18 approved penal code reforms that toughen sentences for extortion and gang membership and expand the use of the military to perform public security tasks, among other provisions. The changes came amid a rise in violence in the Central American country, which included two separate mass shootings that killed at least 19 workers at a palm plantation in the municipality of Trujillo and six police officers in the town of Omoa. What factors explain the rise in violence in Honduras? To what extent will the penal code reforms help to reduce violent crime, and to what extent were Honduras' reforms inspired by other governments' tough-on-crime policies? What else should Honduras do in order to fight organized crime?

A Sarah Phillips, manager for northern Latin America at McLarty Associates: "Honduras' recent rise in violence stems from a convergence of factors including transnational drug trafficking, systemic corruption, territorial gang wars and weak institutions. Against this backdrop, Honduras' Congress unanimously approved new criminal policy reforms, signaling a shift toward a more hardline approach to security. These reforms introduce steeper penalties for extortion and expand the military's role in public security.

The shift mirrors a broader trend across Latin America, where some governments are actively looking to replicate Salvadoran President Nayib Bukele's *mano dura* policies. While Bukele's strategy remains popular domestically, it continues to draw backlash from international human rights groups. For foreign investors, this security pivot offers a mixed outlook. On the one hand, a visible crackdown on extortion and the militarization of critical logistics corridors should help lower operational risks. Suppressing street-level crime is an important first step to restoring investor confidence and safeguarding physical assets. On the other hand, companies looking for long-term stability may view these measures with some caution given that a reliance on expanded military policing can raise the risk of civil friction. Ultimately, improving the country's security and business climate will depend on the implementation of more deep-seated structural reforms. To establish legal and regulatory certainty for investors, the Asfura administration should look to pair its immediate security interventions with broader institutional transparency and a strengthening of the judicial framework."

EDITOR'S NOTE: More commentary on this topic appears in the June 24 issue of the daily Latin America Advisor.

were displaced. At the same time, anger from Venezuelans grew over the government's response to the catastrophe. A crowd of residents jeered acting President Delcy Rodríguez, Jorge Rodríguez's sister, yelling "Get out! Get out!" when she visited one devastated neighborhood, The Wall Street Journal reported. Venezuelans searching for missing family

members also have mocked National Guard troops, saying they are only good for suppressing protests, the newspaper reported. Rescue personnel from several countries and other international aid have been arriving in Venezuela for days. As of June 29, the United States had pledged \$300 million in aid, including \$100 million for a rescue response led by the United

NEWS BRIEFS

Ecuador's Mining Regulator Apparently Targeted in Bomb Attack

A bomb that appeared to target Ecuador's mining regulatory agency blew out windows on several floors of a government building June 29 in Quito, Bloomberg News reported. The regulator, known as Arcom, was attacked in relation to illegal mining in the country, the country's agriculture minister, Juan Carlos Vega, told the news service. An earlier attack, on June 12, damaged the regulator's building and nearby homes in the city of Machala. The government is increasing the regulator's budget amid a war on drug gangs that are also involved in illegal gold mining.

Brazil Expects Slight Decrease in Government Spending: Treasury Sec'y

Brazil's government expects total spending to ease to around 19 percent of GDP this year, Treasury Secretary Daniel Leal said June 29, down from 19.6 percent in the 12 months through May, Reuters reported. May's primary deficit rose 26.3 percent year-on-year to 53.257 billion reais (\$10.31 billion), driven mainly by higher pension outlays tied to backlog reduction and a payment calendar shift.

Bukele Registers to Run for Third Term in El Salvador

President Nayib Bukele has registered to run for a third term in El Salvador's presidential election next year, his party, Nuevas Ideas, announced June 28 on social media site X. Bukele and Vice President Félix Ulloa have governed together since 2019 and were re-elected in 2024. Bukele and Ulloa are now eligible for another term following a 2025 constitutional reform that legalized indefinite presidential re-election and extended the presidential term from five to six years.

Nations, The Wall Street Journal reported. The United States has also sent more than 300 search-and-rescue personnel from California, Florida and Virginia. The rescue teams include dogs trained to find trapped survivors, as well as heavy rescue equipment. "The United States is really driving this response," Jeremy Lewin, a top State Department official, told reporters on June 29, The Wall Street Journal reported. "We are not going to leave until the job is done," he added. Several other countries in Latin America and around the world have sent personnel and other aid, Reuters reported. [Editor's note: See [Q&A](#) on the aftermath of the earthquakes in the June 29 issue of the daily Latin America Advisor.]

Cabinet Chief to Argentina's Milei Resigns Amid Probe

Argentine President Javier Milei's cabinet chief and close ally Manuel Adorni resigned June 27 amid a corruption scandal, the Associated Press reported. Adorni had been under federal investigation amid allegations of illicit enrichment after revelations about real estate purchases and lavish spending that appeared inconsistent with his roughly \$2,600 monthly government salary, according to the AP. "I regret that the harassment, the lies and the constant attempts by the media to ruin my reputation have caused us so much harm," Adorni wrote in a resignation letter to Milei posted on social media site X. Adorni added that he had not been involved in "a single act of corruption." Adorni's private life drew scrutiny after his wife joined him on the presidential aircraft for a trip to New York and footage emerged of him flying on a private jet to Uruguay's elite Punta del Este resort, the AP reported. Adorni admitted to purchasing dollars on Argentina's black market and concealing \$500,000 in savings from tax authorities, though he denied any wrongdoing and said the money came from legitimate sources, according to the AP. The week before Adorni's resignation, Milei defended his ally. "Manuel is innocent," he told local media during a visit to Spain, the Los An-

geles Times reported. "I stand by my ministers to the bitter end," he added. On June 28, Milei announced in a posting on X that he would name Interior Minister Diego Santilli as his new cabinet chief.

ECONOMIC NEWS

Bolivia to Adopt Flexible Exchange Rate, End Dollar Peg

Bolivia will adopt a flexible exchange-rate system, effectively devaluing its currency after ending a dollar peg that had been in place since 2011, the government announced June 26, Reuters reported. The decision is a major policy shift aimed at restoring economic stability. It is part of Bolivia's broader effort to normalize currency markets and boost investor

The IMF had recommended ending the dollar peg.

confidence as the government negotiates a financing program of approximately \$3 billion with the International Monetary Fund, according to Reuters. The IMF had recommended ending the peg in its annual report last year. The central bank updated its official exchange rate to 9.73 bolivianos per dollar, implying a roughly 30 percent loss in the currency's value from the previous rate of 6.86 bolivianos, Reuters reported. For years, falling foreign reserves and acute dollar shortages had fueled a parallel market where the dollar traded at nearly 20 bolivianos. The announcement came amid significant social unrest. Labor groups began blocking major roads in early May to protest President Rodrigo Paz's policies. Paz declared a state of emergency earlier this month to clear roadblocks that had paralyzed the economy for nearly two months.

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form was a commitment to fight for citizen security and against organized crime. On the other hand, Chile's leading economic groups, which provided much of the financial backing for Kast's campaign, regard hard and fast bank secrecy laws as a God-given right. Requiring a judicial order to access bank account information makes it very difficult to investigate shady financial transactions because it requires some form of preliminary hard evidence of irregularity, which is often unavailable. Chile's Finance Ministry has said it may increase the resources available to the Financial Analysis Unit, which is tasked with investigating money laundering and other such crimes, but without altering bank secrecy laws. This is something most observers would regard as insufficient."

A José Luis Ruiz, professor of finance at the University of Chile: "The discovery of an \$85 million money laundering operation by the Tren de Aragua in Chile has reopened the debate on modifying bank secrecy. Defenders of this policy justify it as a safeguard against state abuse, political persecution or sensitive data leaks, which are highly critical in today's technological and social media landscape. Economically, they argue it has been a pillar of Chile's development in Latin

America, preventing capital flight to other jurisdictions. Given Chile's institutional development, conditions could be established to mitigate these risks, especially considering the benefits for the Internal Revenue Service (SII) and the Financial Analysis Unit (UAF) in streamlining tax collection and combating money laundering. However, implementing an agile lifting of bank secrecy requires surgical institutional design. To alleviate fears, Chile could adopt international models where access to financial information does not depend on the government in power, but rather on a judicial authority or a highly technical, specialized court. By strengthening state cybersecurity and strictly defining suspicion based on criminal risk profiles or tax gaps, authorities can dismantle organized crime without compromising citizens' rights or financial trust. The country's challenge is not to choose an extreme, but to transition toward 'smart transparency.' Only through an equitable, accountable framework that ensures data traceability can Chile financially suffocate transnational criminal organizations while preserving its historical legal certainty and economic stability."

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

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