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FEATURED Q&A

What Does the Banco Master Case Mean for Brazil?



The owner of failed Brazilian bank Banco Master was arrested earlier this month. Brazil's central bank liquidated the institution last year amid multiple allegations of wrongdoing. // File Photo: Blossom Stock Studio via Adobe Stock.

Q Brazil's federal police on March 4 arrested Daniel Vorcaro, the owner of failed bank Banco Master. The bank was liquidated last November on the orders of the central bank following serious liquidity problems, alleged regulatory violations and a police investigation into accusations of irregular credit operations and fraud. Vorcaro has denied wrongdoing, and the scandal has also led to accusations that two senior regulators at the central bank provided advice to Vorcaro in exchange for bribes. What does the case say about the financial regulatory system in Brazil, and to what extent does that system need changes? How is the case affecting other Brazilian financial institutions? What is the political fallout from the case and how could it affect this year's presidential election?

A Monica de Bolle, senior fellow at the Peterson Institute for International Economics: "The Vorcaro/Banco Master case underscores that Brazil's financial regulation framework still has important governance, enforcement and transparency gaps, despite the many reforms implemented before and after the global financial crisis of 2008. While Brazil's central bank and related agencies have strengthened rules and macroprudential tools, the Master case revealed lapses in real-time supervision and internal controls, allowing serious liquidity and credit irregularities to persist until end-stage intervention. Rather than calling for a broad regulatory overhaul, the case highlights the need for targeted reforms, such as stronger monitoring regulators, tighter conflict-of-interest rules and licensing requirements. Although Banco Master was not a systemically important institution,

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TOP NEWS

BANKING

Banco Santander Brasil Taps Finkelsztain as New CEO

Banco Santander Brasil has named Gilson Finkelsztain, the head of Brazil's B3 stock exchange, as its new chief executive officer.

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FINANCIAL TECHNOLOGY

MercadoLibre to Invest \$3.4 Billion in Argentina

MercadoLibre is planning to invest \$3.4 billion this year in Argentina, the company's CEO said. The company is planning to hire more staff in areas including fintech and e-commerce.

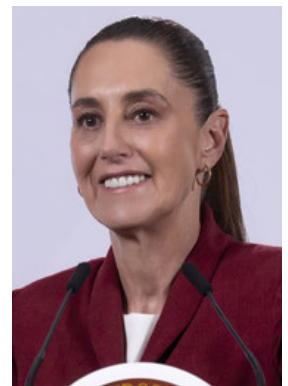
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BANKING

Mexico's President Calls on Banks to Increase Lending

Mexican President Claudia Sheinbaum called on banks to increase lending in order to support her government's efforts to raise investment levels in strategic infrastructure.

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Sheinbaum // File Photo: Mexican Government.

BANKING NEWS

Mexico's President Calls on Banks to Increase Lending

Mexican President Claudia Sheinbaum on March 19 called on banks to increase lending in order to support her efforts to boost investment in strategic infrastructure, Bloomberg News reported. Sheinbaum, who sent a bill to Congress to promote infrastructure investment, said Mexico needs stronger economic growth. The legislation sent to the lower house would establish more high-level planning in order to better allocate resources from both the government and the private sector, Bloomberg News reported, citing a draft of the bill. The introduction of the legislation followed the government's introduction of a plan last month to commit 5.6 trillion pesos (\$323.4 billion)

“What do we ask the banks? We want you to increase lending.”
— Claudia Sheinbaum

toward major development and infrastructure projects over the next four years, Mexico News Daily reported. The plan targets investment in eight sectors: energy, railways, highways, ports, health care, water, education and airports. “This is what the government is doing,” Sheinbaum told more than 1,500 bankers and other financial services professionals at an annual banking event in Cancún, Bloomberg News reported. “What do we ask the banks? We want you to increase lending,” she added. The legislation Sheinbaum submitted would establish a centralized process to allow investment to help spur public works projects, the news service reported. Under the measure, the state would remain a key stakeholder, Jorge Mendoza, the head of state development bank Banobras, told

Bloomberg News in an interview. “The challenge is to figure out how to attract private investment without altering the essence of what the ‘Fourth Transformation’ has been striving for,” Mendoza told the news service, referring to the social and political project launched by Sheinbaum's mentor, Andrés Manuel López Obrador. The legislation is part of Sheinbaum's “Plan México” economic development plan, which seeks to increase investment through foreign and domestic investment, even amid uncertainty over U.S. tariffs and this year's renegotiation of the USMCA trade accord.

Slower Growth Expected at Mexican Banks: Fitch Ratings

Mexican banks will likely see slower revenue growth this year as interest rate cuts lower net interest income and weigh on profitability, Fitch Ratings said March 10 in a research note. However, the financial profiles of the country's banks should remain resilient despite risks in their operating environment, the ratings agency said. It added that Mexican banks' capitalization is “solid and broadly stable” and has the support of regulatory buffers and the capacity to absorb losses. Funding and liquidity in Mexico's banking sector is “considered ample, underpinned by a deposit-based funding mix and ongoing compliance with regulatory liquidity metrics,” Fitch added. The ratings agency noted that major Mexican banks dominate the sector and hold between 65 percent and 70 percent of assets, loans and deposits and that they are expected to weather competition from new digital entrants. “Their strong franchises and well-diversified, cycle-resilient business models support disciplined growth and solid financial profiles, with earnings still largely driven by traditional lending,” Fitch said in the note. It added that Mexican banks' risk management is “generally strong” and is supported by loan growth “through prudent underwriting focused on lower-risk segments and secured retail products.” [Editor's note: See related [Q&A](#) in the Jan. 1-14 issue of the Financial Services Advisor.]

NEWS BRIEFS

Banco Santander Brasil Taps Finkelsztain as New Chief Executive Officer

Banco Santander Brasil has named Gilson Finkelsztain, the head of the B3 stock exchange, as its new chief executive officer, Bloomberg News reported March 20. As CEO, Finkelsztain will replace Mario Leão, who took over as CEO of Santander's Brazilian unit in 2022, the bank said in a statement. Leão will remain in his position until July to help oversee the transition. Finkelsztain has headed the stock exchange since 2017 and previously worked at Santander between 2011 and 2013, according to his LinkedIn profile.

Banco de Brasília to Request \$637 Million Loan for Capitalization Efforts

Banco de Brasília, which is controlled by the government of Brazil's capital city, is planning to request a loan of 3.3 billion reais (\$637 million) from the country's credit guarantee fund to support its capitalization efforts, Reuters reported March 10, citing an unnamed person familiar with the matter. The bank suffered losses related to its purchase of allegedly fraudulent credit portfolios from failed bank Banco Master, which was liquidated in November.

Mexican REIT Fibra MTY Raises \$500 Million to Grow Industrial Portfolio

Mexico-based real estate investment trust Fibra MTY has raised approximately \$500 million to grow its industrial portfolio, Bloomberg News reported March 12. The company, which is headquartered in Monterrey, priced 638.3 million real estate trust certificates at 13.50 pesos each, the news service reported, citing a filing. The offering was Fibra MTY's seventh follow-on sale in the past decade.

FINANCIAL TECHNOLOGY NEWS

MercadoLibre to Invest \$3.4 Billion in Argentina This Year

E-commerce and financial services company MercadoLibre plans to invest \$3.4 billion this year in Argentina, Chief Executive Officer Ariel Szarfsztejn said March 11 at an event in New York, Reuters reported. The company, which was founded in Argentina but is now based in Uruguay, plans to create nearly 2,000 jobs in Argentina this year, Szarfsztejn said at the “Argentina Week” event, the wire service reported. MercadoLibre is seeking to hire more staff in the areas of financial technology, e-commerce, technology and shipping, he added. The company currently has about 16,700 employees in the South American country. The amount that MercadoLibre is planning to invest this year in Argentina represents an increase of about 30 percent from the amount that it had allocated to invest in the country last year. Reuters reported. MercadoLibre said the planned investment this year would “consolidate” its presence in Argentina and “sustain its long-term growth,” EFE reported. “We are committed to continuing to invest in Argentina,” Juan Martín de la Serna, the head of MercadoLibre’s subsidiary in Argentina, said in a statement. “We will expand our logistics infrastructure to reach every corner of the country faster and more efficiently, while simultaneously deepening financial digitalization to promote greater inclusion and support the growth of millions of people and [small and medium-sized enterprises],” he added. MercadoLibre operates in 18 countries in Latin America.

Colombia’s Bre-B Hits 500 Million Transactions

The Colombian central bank’s new electronic instant-payment system Bre-B has processed more than 500 million transactions since its

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thereby posing little direct risk to the broad financial system, funding costs and inter-bank spreads for mid-size banks will likely remain at somewhat higher levels for some time. Importantly, these conditions may result in tighter credit for small and mid-size companies that rely on the mid-size bank segment of the economy. The most important implications of this case, however, are political and institutional. Notably, the case serves as ammunition for opposition and anti-establishment messaging on corruption, weak institutions and cronyism, all of which harm public perceptions of the Lula administration. It also contributes to the ongoing erosion of the credibility of Brazil’s supreme court amid allegations of the involvement of key magistrates, setting the stage for a potentially grave institutional crisis ahead of the general election in October/November.”

A **Cynthia Cohen Freue, founder and managing director of Credit Insights Advisory:** “The Banco Master scandal illustrates both the resilience and the weaknesses of Brazil’s financial system. On the positive side, the central bank acted decisively in ordering liquidation, and the system—dominated by large, well-capitalized institutions and supported by the Credit Guarantee Fund (FGC)—absorbed the shock without systemic collapse. Depositors covered by the FGC were protected, underscoring the strength of Brazil’s institutional safeguards. Yet the case also revealed shortcomings. Mid-sized banks experienced liquidity stress, deposit withdrawals and higher funding costs, as investors shifted toward larger institutions. The FGC’s intervention—one of the largest in its history, estimated at 20 billion to 30 billion reais—protected depositors but highlighted moral hazard: Guarantees were used as a shield to attract funds, with investors relying on coverage rather than assessing fundamentals. Looking ahead, Brazil’s regulatory framework would benefit from stronger preventive oversight. Improvements

could include greater transparency in stress tests, publishing results to discipline the market; requiring resolution plans (‘living wills’) for mid-sized and large banks, as in Europe; reinforcing auditor and rating agency accountability with clear sanctions;

“**Brazil’s regulatory framework would benefit from stronger preventive oversight.”**

— Cynthia Cohen Freue

and deploying regtech tools for real-time monitoring of credit portfolios and liquidity. Politically, the scandal has intensified debates about corruption and regulatory capture. Allegations of bribery involving senior regulators have fueled distrust, and with Brazil’s 2026 election approaching, the case is shaping campaign narratives. Polls show a polarized race between President Lula and Flávio Bolsonaro, and governance concerns—exemplified by Banco Master—are likely to become central themes.”

A **Pedro Fragoso Pires, foreign legal consultant at Diaz, Reus & Targ, LLP:** “The Brazilian central bank performed its role by liquidating Banco Master. However, a lack of budget and personnel affected the investigations. João Accioly, the interim president of Brazil’s Comissão de Valores Mobiliários (CVM), told the Brazilian Senate’s Economic Matters Commission that his agency had been identifying suspicious activities since 2022 and that those investigations are still ongoing. He added that Banco Master had actively manipulated its balance sheets to overvalue the assets it invested in and that investors conspired with fund managers. Corrective measures that are on the table include full transparency and disclosure of the identity of the funds’ investors and more technology integration between CVM and the

Continued on page 6

nationwide launch last October, ACI Worldwide, a core technology provider for the system, said March 19. The rapid growth of Bre-B makes it “one of the most rapidly scaled real-time payment systems in Latin America,” the company said in a statement. The system allows “instantaneous, interoperable transfers across all participating financial institutions,” the company added.

POLITICAL NEWS

At Least 66 Killed in Crash of Colombian Military Plane

At least 66 people were killed March 23 in the crash of a Colombian military plane that went down soon after taking off from Puerto Leguízamo, a town in Colombia’s Putumayo region, along the country’s border with Peru, The New York Times reported. Those killed included 58 members of Colombia’s army, six air force members and two police officers, defense ministry officials said. In all, 128 troops and crew members were aboard the plane, and dozens were injured, Colombian military officials said during a briefing, The New York Times reported. Authorities said the cause of the crash was under investigation, but Colombian Defense Minister Pedro Arnulfo Sánchez said there were “no indications of an attack by illegal actors,” the newspaper reported. “I express my most sincere condolences to the families of those affected and, in respect for their pain, I call for avoiding speculation until official information is available,” Sánchez said in a post on social media site X. He added that the plane was transporting troops to another city in Putumayo. The plane was a C-130 Hercules, a large turboprop aircraft that is used to transport heavy cargo, such as military vehicles, as well as personnel. “At this time we don’t have any more details except that as soon as it took off, the airplane suffered a problem and descended toward the ground, a couple of kilometers from the airport,” General Carlos Fernando Silva Rueda, the commander

ADVISOR Q&A

Will the Cuban Government Be Able to Placate Trump?

Q Cuban President Miguel Díaz-Canel on March 2 told the country’s Council of Ministers that Cuba needs “urgent” economic reforms, a statement that came amid escalating U.S. economic restrictions on Cuba, which have worsened fuel and food shortages on the island. Díaz-Canel’s remarks came after U.S. President Donald Trump on Feb. 27 told reporters that his government is in talks with Havana, adding, “Maybe we’ll have a friendly takeover of Cuba.” What kind of economic reforms will Cuba’s government likely implement? To what extent can policymakers in Cuba feasibly take steps to alleviate the country’s fuel and food shortages? What’s the state of U.S.-Cuba relations, and what will ultimately result from U.S. pressure on Cuba?

A Carlos A. Saladrigas, chairman of the Cuba Study Group and Regis HR Group: “Cuba’s uncertain future leads to one clear conclusion: The reforms required to reverse its economic decline and restore prosperity are the same whether undertaken voluntarily by its government or forced by external pressure from the United States. Gradual, incremental reform is unlikely to work. The time for slow, ‘Vietnam-style’ sequencing has passed, and piecemeal changes would only prolong the country’s current crisis. What is needed instead is a comprehensive transformation that liberalizes not only the economy but Cuban society as well. Broader freedoms and institutional openness are essential to build the trust and confidence investors require. This raises two central

questions. First, after 67 years of economic mismanagement and resistance to change, are Cuba’s leaders prepared to truly unleash the potential of the private sector? Second, does the U.S. administration understand that meaningful reforms in Cuba must be matched by reciprocal actions—specifically, substantial sanctions relief? Without such reciprocity, any surge in private-sector initiative could quickly falter. Complicating matters further is whether the United States has the capacity and political bandwidth to engage in yet another long-term nation-building effort, especially amid other geopolitical conflicts. Such processes take years, not months. Moreover, Cuba’s long and difficult history of struggle for independence suggests that excessive U.S. control over a transformation process could undermine Cuban sovereignty and national dignity, potentially creating lasting political resentment. A more constructive path may still exist. A national dialogue that includes Cubans on the island and in the diaspora—perhaps convened under the moral authority of a respected institution such as the Catholic Church—could help define a broadly supported path forward. Such an outcome would benefit all sides and offer the possibility of a genuine and peaceful breakthrough for Cuba’s future while securing Mr. Trump’s legacy in the region.”

EDITOR’S NOTE: More commentary on this topic appears in the March 16 issue of the daily Latin America Advisor.

of Colombia’s air force, said in a statement, The New York Times reported. The bodies of the victims were taken to a morgue in Puerto

Leguízamo, and the town’s two clinics treated people who were injured before they were airlifted to other cities, said Deputy Mayor

NEWS BRIEFS

Mexican Authorities Find 229 Migrants Packed Into Truck in Veracruz State

Authorities in Mexico found 229 migrants, mostly from Central America, packed into a truck in the eastern state of Veracruz, the Associated Press reported March 23. The truck, which had been stolen, was stopped by police and taken to an impound lot in the city of Xalapa, the wire service reported. Hours after the truck arrived at the lot, workers heard shouting coming from inside. Authorities arrived to release the migrants, finding many dehydrated.

Mexico's Femsa to Lay Off Workers in Financial Technology Division

Mexican bottling firm Femsa will lay off an undisclosed number of workers in its financial technology unit Spin, the firm said on March 20, Reuters reported. Femsa, the world's largest bottler of Coca-Cola, saw slow earnings growth from its consumer credit services in the fourth quarter of last year, the wire service reported. The firm plans to prioritize its Oxxo convenience stores, a spokesperson told Reuters.

OFAC Extends Citgo's Protection From Creditors

The U.S. Treasury's Office of Foreign Assets Control (OFAC) on March 19 extended a license protecting Venezuelan-owned oil refiner Citgo Petroleum from being seized by its creditors through at least May 5, Reuters reported. Citgo is the eighth-largest oil refiner in the United States; the firm's U.S.-based parent company, PDV Holding, is owned by Venezuela's government. In November, a U.S. federal judge ordered Citgo to be sold to hedge fund Elliott Investment Management to satisfy \$20 billion in claims tied to past expropriations in Venezuela's oil sector.

Carlos Claros, the Associated Press reported. After the crash, local residents rushed to the scene in efforts to help, The New York Times reported. "I want to thank the people of Puerto Leguizamo who came out to help the victims of this accident," Claros told Colombian television station RCN. Colombian President Gustavo Petro expressed "so much pain" in a post on X and said Colombia's military needs more modern equipment. He said "bureaucratic difficulties" have blocked his efforts to modernize planes and other equipment used by the military. "If civilian or military administrative officials are not up to the challenge, they must be removed," Petro said, the AP reported. Petro's critics have said budget cuts have led to less flight time for military aircraft, leading to crews having less experience, the wire service reported. The plane involved in the crash had been donated to Colombia by the United States in 2020 and had gone through an overhaul in which its engines and other key parts were replaced, Erich Saumeth, a Colombian military analyst and aviation expert, told the AP.

Venezuela's Acting President Replaces Top Military Leaders

Interim Venezuelan President Delcy Rodríguez announced March 19 that she had replaced all of her top military commanders, a move that followed her firing of the country's longstanding defense minister, Agence France-Presse reported. Rodríguez announced the replacements of the military leaders in a post on social media site Telegram. "I announce the designation of the renewed military high command," she said in the post. Among the new appointments, Rodríguez tapped Dilio Alejandro Agüero Montes as the new commander of Venezuela's navy, Royman Antonio Hernández Briceño to lead the air force and Rubén Darío Belzares Escobar to be in charge of the army. A day earlier, Rodríguez announced she was replacing Vladimir Padrino as the country's defense minister, replacing him with Gustavo González López, who is seen as a close ally of Rodríguez. Padrino had served as defense minister

for 11 years under President Nicolás Maduro, whom U.S. forces captured on Jan. 3 during an early-morning raid in Caracas. In a post on Telegram, Rodríguez thanked Padrino for "his loyalty to the homeland," the Financial Times reported. Padrino's position as defense minister was seen as unsustainable after Maduro's capture in the operation, which left dozens of Venezuelan and Cuban bodyguards dead, the newspaper reported. Naming González López, who served as head of Venezuela's intelligence service, Sebin, under Maduro "means keeping the repressive structure intact and rewarding someone who should be investigated for very serious human rights violations, including torture or arbitrary detentions," Juanita Gobertus, the Americas director of Human Rights Watch, told BBC News.

ECONOMIC NEWS

Mercosur-E.U. Trade Deal to Take Effect on May 1

A major free trade agreement between South America's Mercosur bloc and the European Union will provisionally take effect on May 1, the European Commission announced March 23, Reuters reported. The key elements of the trade deal, which had been under negotiations for more than 25 years, will be in effect beginning on that date between the European Union and the Mercosur countries that have finished their ratification procedures by the end of March, the wire service reported. Four of the five full Mercosur members—Brazil, Argentina, Paraguay and Uruguay—have ratified the deal. Bolivia, the bloc's newest member, did not take part in negotiations, but it will be able to join the accord in the coming years, the Associated Press reported. In January, the European Parliament voted for a legal review of the deal. The deal's enactment would only be halted if the European Court of Justice issues a ruling against it, the AP reported. [Editor's note: See related [Q&A](#) in the Jan. 27 issue of the daily Latin America Advisor.]

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Brazilian central bank, in addition to more budget and personnel capacity to shorten the time of investigations. The case affects other financial institutions that contribute to the Credit Guarantee Fund (FGC). The FGC is a private entity that protects depositors and investors up to 250,000 reais (roughly \$45,000) per person and/or financial institution in the event of bankruptcy or intervention. The FGC has already disbursed around 38 billion reais to Banco Master creditors, and the total to be disbursed is estimated at 56 billion reais with the need to be replenished for the security of the financial system. One of the major shareholders of Banco Master is allegedly extremely well connected with members of the three branches of the Brazilian government, and the fact that he is in jail may lead him to enter into a cooperation agreement with Brazilian authorities that could politically affect the upcoming presidential election."

A lone Amorim, economist at the Brazilian Institute of Consumer Protection (IDEC): "The episode involving Banco Master highlights the urgent need to strengthen the regulatory framework of the national financial system, particularly in light of the expansion of digital institutions following the opening of the market to fintechs and new payment arrangements. The time that it took to identify

and address the risks points to limitations in preventive supervision. This delay amplified the impacts on the financial system and the deterioration of confidence among market participants. The case also reveals a significant mismatch between the pace of technological innovation and the monitoring and supervisory capacity of the central bank. An increasing complexity of products and business models calls for stronger regulatory mechanisms. Additionally, the episode highlights the need to enhance governance, transparency and conflict-of-interest safeguards, particularly in a context of institutional autonomy that requires robust accountability mechanisms. Finally, its repercussions are likely to influence public debate and the election, reinforcing the centrality of issues such as financial regulation, the role of monetary authorities and consumer protection, and calling for institutional responses that strengthen confidence in the system. In this context, IDEC emphasizes the importance of strengthening risk-based supervision, continuously improving regulation and reaffirming prudential principles as the core of the central bank's mandate, in order to preserve liquidity, stability, and confidence in the Brazilian financial system."

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

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Upcoming Event

ONLINE EVENT: Evidence in Motion – A Regional Dialogue on the Challenges of Measuring Child Development

March 25, 2026 | 11:00 a.m. ET



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