

THE DIALOGUE

Financial Services Advisor

www.thedialogue.org

March 26-April 8, 2026

BOARD OF ADVISORS

Ernesto Armenteros
Vice Chairman of the Board,
Banco de Ahorro y Crédito Unión

Michael Diaz Jr.
Partner,
Diaz Reus

Earl Jarrett
Deputy Chairman & CEO,
The Jamaica National Group

Barbara Kotschwar
Professor of Political Economy,
Georgetown University

Manuel Orozco
Director,
Migration, Remittances & Development,
Inter-American Dialogue

Adalberto Palma Gómez
Senior Partner,
Aperture SC

Rodolfo Pittaluga
Adjunct Professor,
Florida International University
College of Law

Roberto Teixeira da Costa
Founder & Board Member Emeritus,
CEBRI

Mario Trujillo
CEO,
DolEx Dollar Express

FEATURED Q&A

Will Mexican Banks Answer the Call to Increase Lending?



Mexican President Claudia Sheinbaum recently told banks that she wants higher levels of lending in order to boost strategic infrastructure projects. // File Photo: AGCuesta via Adobe Stock.

Q Mexican President Claudia Sheinbaum told bankers and other financial services professionals at a March 19 conference that she wants banks to increase lending in order to support her efforts to boost investment in strategic infrastructure.

Sheinbaum's government wants to commit more than \$323 billion toward major infrastructure projects over the next four years. To what extent will Mexican banks increase lending in order to support infrastructure investment? What opportunities exist for banks amid Sheinbaum's infrastructure plans? What risks will banks encounter as they consider such loans?

A Jesus Sotomayor, director at S&P Global Financial Institutions Ratings: "We believe the banking sector has the appetite to participate in these projects. However, such participation will remain contingent on financing conditions offering adequate risk-adjusted returns, as well as the presence of strong legal frameworks to provide certainty and confidence for investors. A recent example of banks' appetite to engage in government financing structures is the mechanisms designed to support other government related entities. These structures, implemented through a government-backed trust, have attracted participation from a broad range of institutions, including the largest banks in the system. From a financial standpoint, the banking sector continues to benefit from solid capitalization levels and relatively stable asset quality metrics, despite the current environment of subdued economic growth. These strengths provide banks with the capacity to participate in such initiatives. In terms of opportunities,

Continued on page 3

TOP NEWS

BANKING

Brazil Now Requiring Banks to Check for Deforestation

A new rule took effect on April 1 in Brazil that requires banks to check for deforestation on the farms of loan applicants.

Page 2

FINANCIAL TECHNOLOGY

El Salvador's Central Bank Starts Electronic Payment System

El Salvador's central bank has launched a new payment system, called Pay, that will provide access to financial services for informal workers.

Page 2

CREDIT CARDS

Brazilian Central Bank Opposes Credit Card Interest Rate Caps

Brazil's central bank is opposed to caps on credit card interest rates but is looking into alternative forms of credit, said central bank chief Gabriel Galípolo.

Page 3



Galípolo // File Photo: Agência Senado via Flickr CC BY 2.0.

BANKING NEWS

Brazil Now Requiring Banks to Check for Deforestation

A new rule took effect April 1 in Brazil that requires banks to check for deforestation on farms of loan applicants using government tools that utilize satellite imagery, Reuters reported. Whenever banks find evidence of deforestation since 2019 on the lands of loan applicants, they must require proof from the loan applicants that the clearing was done in accordance with the law, the Associated Press reported. “We turned every bank manager who handles subsidized credit into an inspector of illegal deforestation,” André Lima, who heads efforts against deforestation at Brazil’s environment ministry, told Reuters. Connecting access to credit to environmental rules encourages sustainable production and strengthens environmental responsibility in the agribusiness sector, Paulo Camuri, the climate and territorial intelligence manager at nonprofit group Imaflorea, which tracks deforestation, told the AP. “It is an intelligent incentive mechanism that uses credit—the main driver of agribusiness development—as a lever for good practices,” Camuri told the wire service. However, the Confederation of Agriculture Livestock of Brazil, the South American country’s main farm lobbying group, opposes the new rules, saying they do not adequately distinguish between legal forest clearings and illegal deforestation. “This scenario may create uncertainty in the credit analysis process and increase the risk of restricting access to financing for producers who comply with environmental legislation,” the group said, the AP reported. The lobbying organization is backing a bill in Congress to block the new rules. Approximately 17 percent of loans disbursed in rural areas of Brazil between 2020 and 2024 went to farms that had instances of deforestation, according to an analysis by the Rio de Janeiro-based Climate Policy Institute, which used public data and satellite images to compile the report, according to Reuters.

FINANCIAL TECHNOLOGY NEWS

TikTok Seeking Brazil’s Approval to Operate as Fintech

TikTok is seeking the approval of Brazil’s central bank to operate in the South American country as a financial technology provider, offering lending and payments services, Reuters reported March 31, citing two unnamed people familiar with the matter. The social media platform, which is controlled by China’s ByteDance, has applied for two licenses with Brazil’s financial regulator, the sources told the wire service. One of the licenses would allow TikTok to operate as an “electronic money issuer,” which would allow users to hold balances in prepaid accounts and also make payments and receive money through TikTok’s app, the sources told Reuters. The second license would make TikTok a “direct credit company,” a fintech that lends its own money or operates as a platform connecting lenders and borrowers; the license would not allow it to accept deposits. TikTok did not respond to requests for comment by Reuters. It also was not clear if the company plans to offer a new range of services or if it is just seeking to support monetization and e-commerce on its platform, the wire service reported. Brazil’s central bank also declined to comment to Reuters. Executives of ByteDance, including the company’s head for global payments, Liao Baohua, met on March 31 with Brazilian central bank chief Gabriel Galípolo, according to his public calendar, Reuters reported. TikTok announced last year that it would invest more than 200 billion reais (\$38.4 billion) in a data center in Brazil, Reuters reported. The social media platform had 131 million users 18 years old and above in Brazil as of late last year, and its ads were reaching 80 percent of all Brazilian adults, the wire service reported, citing research firm DataReportal. TikTok’s shopping platform, TikTok Shop, is a fast-growing brand that drove more than \$500 million in sales in the United States during the four days following Thanksgiving, including Black Friday, which marks the begin-

NEWS BRIEFS

Brazilian Record Bank Defaults May Reportedly Continue Rising

Brazilian banks’ levels of defaults, which are already at record levels, may continue to rise amid doubts about the pace of the central bank’s interest rate cuts, Bloomberg News reported April 7. The central bank in March cut its benchmark Selic interest rate by a quarter point to 14.75 percent. However, the Iran war and rising oil prices could slow the pace of future rate cuts, Bloomberg News reported. That could increase borrowers’ risks of default. Delinquency rates are likely to rise on banks’ credit portfolios this year, said Eduardo Nishio, a partner at Genial Investimentos.

El Salvador’s Central Bank Launches Electronic Payment System

El Salvador’s central bank has launched a new payment system, called Pay, that will provide informal workers access to formal financial services, Global Finance reported April 1. The service will allow users to receive payments by using QR codes and also transfer money. The system is free to use, the central bank said.

BTG Pactual Chile, SURA Launch New Private-Credit Funds in Chile

BTG Pactual Chile and Colombia-based SURA Investments have launched new private credit funds in Chile, Bloomberg News reported April 6. The two asset-management firms are seeking to raise as much as \$200 million in total, the news service reported. SURA’s fund allows as much as 30 percent of its assets to be deployed in other countries. Private-debt funds in Chile managed approximately \$6.5 billion as of the third quarter of last year, according to the Chilean Association of Investment Fund Administrators.

ning of the holiday shopping season, Business Insider reported in January.

CREDIT CARD NEWS

Brazil's Central Bank Opposes Credit Card Rate Caps: Galípolo

Brazil's central bank is opposed to caps on credit card interest rates but is looking into alternative forms of credit for consumers, central bank chief Gabriel Galípolo said March 26 at a press conference, Reuters reported. Household debt in Brazil is largely driven by balances on credit cards, whose interest rates sometimes exceed 400 percent when consum-

Household debt in Brazil is largely driven by balances on credit cards, whose interest rates sometimes exceed 400 percent.

ers do not pay their bills in full, Galípolo told reporters. However, he said he opposes rate caps. "I always stress that price controls tend to constrain supply as well. You may end up worsening the situation, because those already in debt would not benefit, and new borrowers could be shut out due to tighter credit supply," Galípolo said, Reuters reported. The central bank instead wants to provide alternatives that give consumers more beneficial choices on ways to access credit, he said, though he gave no details. Brazilian President Luiz Inácio Lula da Silva, who is seeking re-election in October, said he has asked his new finance minister, Dario Durigan, to find alternative ways to ease consumer debt, Reuters reported. Opinion polls have shown Lula and his rival, Senator Flávio Bolsonaro, the son of former President Jair Bolsonaro, statistically tied in a potential runoff election. The Brazilian central bank's Pix elec-

FEATURED Q&A / Continued from page 1

the appetite of these projects will largely depend on the structure and conditions of these financings. For instance, projects that might include full or partial guarantees from the government and/or government-owned banks could reduce bank's capital requirements for regulatory metrics. Additionally, the stable and diversified funding base—primarily composed of deposits, provides financial flexibility to engage in longer terms without generating significant asset-liability mismatches or pressures on interest margins. While capital levels remain solid, banks will need to contain excessive capital consumption without adequate returns. Also, legal certainty remains a key consideration, particularly for long-term infrastructure projects, where robust legal frameworks will be necessary to safeguard investors' rights. Finally, there is inherent risk associated with these projects. These include execution risks that could affect projected returns and thus loan performance."

A **Alfredo Calvo, founder and managing director of Credit Insights Advisory:** "At Mexico's recent banking convention, banks and the government set a target to raise credit from 35 percent-37 percent of GDP over the past five years to 45 percent by 2030. Achieving this would mark a structural shift for the financial system, though the country would still trail other emerging markets with deeper credit access. Infrastructure investment is central to this effort, creating opportunities for banks to finance transport, energy and social projects while innovating with green bonds, syndicated loans and public private partnerships. Backed by solid capitalization and ample liquidity, Mexican banks are well positioned to support these initiatives, with lower interest rates further enhancing their capacity to lend. Well structured projects can boost productivity, attract foreign capital and align with ESG standards, reinforcing nearshoring momentum under the USMCA.

Lending from private banks to infrastructure is expected to grow moderately and selectively, focusing on projects with strong guarantees and legal certainty. The pace of expansion will depend on regulatory stability and institutional capacity. There are persistent challenges across Latin America, where weak structuring and frequent policy changes have discouraged private participation. Without stronger frameworks and risk sharing mechanisms, Mexico risks repeating these obstacles and limiting financing. Still, genuine opportunities exist under President Sheinbaum's infrastructure agenda and the nearshoring wave. Banks can position themselves as partners for U.S. and Canadian firms relocating operations, particularly in energy, transportation and industrial parks. Yet these opportunities carry significant risks: regulatory uncertainty, fragile project design and limited institutional capacity; macroeconomic volatility from high interest rates, peso fluctuations and inflation; and geopolitical pressures such as the USMCA review and trade disputes. Sector specific vulnerabilities further complicate long term credit exposure, underscoring the need for cautious but strategic expansion."

A **Alejandro Tapia, senior director for Latin American banks at Fitch Ratings:** "Mexican banks, especially the largest ones with good capital levels, have ample opportunities to participate, particularly in view of the current presidential administration's growth strategy via a state-led model but with active participation from the private sector, where benefits and risks from projects are shared. Banks in the country have ample room to expand lending driven by the national development plans, as the system's capitalization and liquidity levels are at relatively sound levels. As of the end of 2025, the system's total capital ratio stood at a relatively high level of 20 percent. Considering local regulatory limits and under a break-even scenario, this figure implies a hypothetical loan growth

Continued on page 6

tronic payment system has grown in popularity in recent years. The total number of transactions using Pix surpassed the total number of credit card and debit card transactions in Brazil in 2023, Reuters reported. [Editor's note: See related [Q&A](#) on Pix's popularity in e-commerce in the Feb. 25 issue of the Financial Services Advisor.]

POLITICAL NEWS

Cuba Frees Prisoners Under Pressure From U.S. Government

Cuba's government on April 3 began releasing prisoners after announcing that it would free 2,010 inmates in what it called a "humanitarian" gesture during Holy Week, Agence France-Presse reported. More than 20 prisoners emerged on Good Friday from La Lima penitentiary on the eastern outskirts of Havana,

More than 20 prisoners emerged from La Lima penitentiary on the eastern outskirts of Havana.

holding their release paperwork and hugging relatives who had been waiting for them. "Long-live freedom!" one man, who had been convicted of theft, shouted as he left the prison in Guanabacoa, a township in eastern Havana, Reuters reported. The wire service interviewed several released inmates who had been convicted of crimes including theft and bribery, but none appeared to have been involved in anti-government protests. Another released inmate, Abel Tamayo, had been convicted in 2024 of bribery and told Reuters that the prison released showed the Cuban government had an openness toward change. "This shows they are open to everything, open to dialogue, open to national unity," Tamayo told the wire service. "There are many people who are imprisoned who may well be bad people, but there are also

ADVISOR Q&A

What Do Local Election Results Mean for Bolivia?

Q Bolivians went to the polls on March 22 to elect nine departmental governors, more than 300 mayors and thousands of local legislators. The results were highly fragmented, with the formerly dominant MAS party of ex-President Evo Morales failing to compete as a unified national party and the allies of President Rodrigo Paz winning only the governorship of Tarija department outright. What are the most significant results from the election? What do the fragmented results suggest about the state of Bolivian politics? What issues resonated with voters in the election, and what do the results mean for Paz's agenda as president?

A Callan Hummel, assistant professor in the Department of Political Science at the University of British Columbia:

"The subnational elections reinforced that Bolivian politics have fragmented across all levels of government. The personalities who rushed to fill the vacuum left by the electoral collapse of the MAS have not formed cohesive slates or party platforms. In La Paz, El Alto, Cochabamba, Oruro, Potosí and Sucre, mayors won with an often shockingly low plurality of the vote and a handful of supporters on city council. In some places,

many who are good people," he added. Cuba's government announced on April 2 that it would free 2,010 prisoners, a move that came days after U.S. President Donald Trump eased a de facto oil blockade on the island by allowing a Russian tanker loaded with oil to dock in Havana. Since January, U.S. restrictions on oil shipments to Cuba have worsened the communist nation's energy crisis and shortages of food, medicine and other basic goods.

like El Alto, more people cast blank or spoiled ballots than a vote for the winning mayoral candidate. A notable exception is Mamén Saavedra, who won 71 percent of the votes for mayor of Santa Cruz and whose party won a majority of the seats in the city council through a social media-driven campaign around anti-corruption. Bolivian municipalities control substantial resources, following a 1994 decentralization reform. Mayors in most major cities and many small ones will have to negotiate with local political opponents in order to pass budgets and policy. It is possible that local leaders will be able to forge a new era of constructive dialogue leading to consensus-based, consultative policymaking. However, it is much more likely that fractured city councils will deadlock without clear majorities or empowered mayoral leadership. Governability and the quality of services that millions of Bolivians depend on will likely suffer as the churn of candidates without cohesive party organizations increases the gridlock already present in Bolivian municipal politics."

EDITOR'S NOTE: More commentary on this topic appears in the April 7 issue of the daily Latin America Advisor.

Trump has called for change in Cuba and in mid-March said he believed he would have the "honor of taking Cuba." Both the U.S. and Cuban governments have confirmed in recent weeks that they are in talks. Cuba's embassy in Washington announced April 2 in a post on social media site X that prisoners being released "includes young people, women, adults over 60 years of age—those reaching the end of their early release in the last six months and next

NEWS BRIEFS

At Least One Killed in Apparent Crowd Rush at Soccer Stadium in Lima

At least one person was killed and 60 others were injured in an apparent crowd crush at Lima's Alejandro Villanueva Stadium on April 3 night, the Associated Press reported. The incident occurred as Alianza Lima fans packed the south stands ahead of their match against rival Universitario. Authorities rescued several people trapped in the surge. Fire officials confirmed one fatality and dozens of hospitalizations but said the cause remains unknown.

China Retaliating Against Panama-Flagged Ships After Port Seizure: Rubio

U.S. Secretary of State Marco Rubio on April 2 accused China's government of detaining an irregular number of Panama-flagged ships for inspection in Chinese ports in retaliation for Panama's seizure earlier this year of two ports on the Panama Canal that were owned by Hong Kong-based CK Hutchison, the Associated Press reported. Rubio's statement referenced public data showing that 75 percent of all ships that were inspected in Chinese ports in March were Panama-flagged, the AP reported. China's embassy in Washington denied the allegations.

Canada's Consumer Confidence Falls to Lowest Level in Nearly a Year

Consumer confidence in Canada has fallen to its lowest level in almost a year amid soaring energy prices due to the war in Iran as well as concerns about inflation, Bloomberg News reported April 6. Only 15 percent of Canadians expect the country's economy to strengthen six months from now as compared to 27 percent a month ago. Two Bloomberg indexes of consumer confidence in Canada showed their lowest readings since May 2025.

year—as well as foreigners and Cuban citizens residing abroad.” [Editor's note: See related [Q&A](#) in the April 3 issue of the daily Latin America Advisor.]

Two U.S. Lawmakers Blast Oil Restrictions After Visiting Cuba

Two Democratic U.S. lawmakers are calling for a resolution to Cuba's deepening humanitarian crisis following an official five-day visit to the island, the Associated Press reported April 6. Representatives Pramila Jayapal of Washington and Jonathan Jackson of Illinois met with Cuban President Miguel Díaz-Canel, Foreign Minister Bruno Rodríguez and members of Cuba's legislature. “This is cruel collective punishment—effectively an economic bombing of the infrastructure of the country—that has produced permanent damage. It must stop immediately,” Jayapal and Jackson said in a joint statement, referring to U.S. restrictions that have blocked nearly all of Cuba's oil imports. Díaz-Canel said on social media site X that upon meeting the representatives he “denounced the criminal damage caused by the #blockade, particularly the consequences of the energy embargo imposed by the current U.S. administration and its threats of even more aggressive actions.” Both governments have acknowledged that high-level talks are ongoing, though no details have been disclosed. Jayapal cited recent gestures by Cuba—including opening the country's economy to some investments by Cubans living outside the country, its pardoning of more than 2,000 prisoners and its cooperation with the FBI in a shooting investigation—as signs the moment is ripe for genuine negotiations. Cuba, which produces only 40 percent of its oil needs, has endured months of blackouts, fuel shortages and paralyzed public services amid the de facto U.S. blockade. A Russian tanker recently delivered the island's first petroleum shipment in three months, though experts say it covers only about 10 days of demand. Jayapal and Jackson pledged to advance measures in the U.S. House of Representatives to lift sanctions.

Keiko Fujimori Leads Crowded Field Ahead of Peru Election

Right-wing candidate Keiko Fujimori leads Peru's presidential race a week ahead of the first round of the country's presidential election on April 12, according to three polls that were released on April 5, Reuters reported. With a record 35 candidates on the ballot and none expected to surpass 50 percent, a runoff is widely anticipated for June 7. Fujimori is polling at 14.5 percent, up from 13 percent previously, according to a Datum International survey. The daughter of late President Alberto Fujimori is now on her fourth presidential bid. Following her in the polls, former comedian Carlos Álvarez has seen the sharpest rise in support, climbing to second place at 10.9 percent, up from 6.9 percent, the Datum survey showed. Far-right former Lima Mayor Rafael López Aliaga slipped to third with 9.9 percent, down from 11.7 percent, in the survey. Two other polls, from Ipsos Perú and the Peruvian Market Research Company, also put Fujimori ahead, though they differ on whether Álvarez or López Aliaga holds second place.

U.N. Substantiates Allegations of Abuse by Force in Haiti

Investigators at the United Nations have substantiated four instances of sexual abuse and exploitation by members of a U.N.-backed security force in Haiti, Reuters reported April 2. The force, designed to help Haiti fight gangs, was led by Kenya and was first deployed in June 2024. Last October, the United Nations Security Council passed a resolution to replace the force, known as the Multinational Security Support Mission, with a new police and military body called the Gang Suppression Force. The office of Haiti's prime minister told the wire service that it was unable to comment on the report of the allegations against the Multinational Security Support Mission troops.

FEATURED Q&A / Continued from page 3

potential for the system of around \$100 billion. However, current macro uncertainties arising from the renegotiations of the U.S.-Mexico-Canada (USMCA) trade agreement, the Middle East conflict and concerns around the business environment, aggravated by reforms to overhaul the judiciary and dismantle autonomous regulatory bodies, could also constrain the effective interest on business opportunities coming from the government's plans or increase asset quality pressures by entering infrastructure loans if uncertainty is extended or exacerbated. U.S. trade protectionism policies and the upcoming trade agreement renegotiation have affected Mexican banks, with lower demand for corporate and commercial loans. Fitch's deteriorating banking sector outlook for 2026 considers total lending growth of 7 percent but could accelerate after the second quarter once there is more clarity around the USMCA, specifically whether negotiations will result in an unchanged or more favorable position for Mexico and details and rules of the infrastructure projects are defined."

A **Amanda Mattingly, former U.S. diplomat and founder of ACM Global Intelligence:** "Mexican President Claudia Sheinbaum's infrastructure plan funded by mixed investments with minority private participation is ambitious, economically appealing and politically savvy from her perspective. The Mexican government wants to spur domestic economic growth through major projects in strategic sectors such as energy, transportation, telecom and water. However, Sheinbaum's \$323 billion plan to fund such projects also relies on private investment. According to Secretary of Finance Édgar Amador, the Mexican government's offer to give private investors priority in revenue streams presents significant financial advantages for them. But these private investors would still have a minority stake relative to the state. This means they would

take a back seat to the Mexican government when it comes to decision making, feasibility studies, project budgeting, tender offerings or even determining which projects are deemed strategic. The Mexican Institute for Competitiveness (IMCO) has called these

“**For the banks considering loans, the lack of transparency on revenue certainty and how profits will be distributed between the state and private partners is a major concern.**”

— Amanda Mattingly

'investor-certainty gaps' for good reason. For the banks considering loans, the lack of transparency on revenue certainty and how profits will be distributed between the state and private partners is a major concern. Another concern, of course, is that the Mexican government is promoting these infrastructure projects as part of 'Plan México' through 2030, which is when Sheinbaum's term ends, but there is no guarantee that her successor will want to fund the same projects. Recall that in 2014, then-President Enrique Peña Nieto announced plans for the new Mexico City International Airport, but in 2018, his successor, President Andrés Manuel López Obrador, canceled the half built \$13 billion-plus project. Since this costly episode, the Inter-American Development Bank has rightly warned investors 'to guard against political risks in Mexico' as investment projects of one administration may not always align with the priorities of the next."

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

FINANCIAL SERVICES ADVISOR

is published biweekly by the
Inter-American Dialogue ISSN 2163-7962

Gene Kuleta
Editor

Jack Quinn
Reporter

Luiza Franco
Reporter

 **THEDIALOGUE**

Rebecca Bill Chavez, Ph.D., President & CEO

Lila Abed, Director, Mexico Program

Alfonso Blanco, Director, Energy Transition & Climate Program

Margaret Myers, Senior Advisor, Asia & Latin America Program

Manuel Orozco, Director, Migration, Remittances and Development Program

Bruna Santos, Director, Brazil Program

Peter Hakim, President Emeritus

Financial Services Advisor is published biweekly, with the exception of major holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

www.thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the Inter-American Dialogue. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the Inter-American Dialogue.

**Financial Services
Advisor**

**Click here
to subscribe**