

2025 LATAM Crypto Regulation Report

Executive Summary

Cryptocurrencies in Latin America are quickly changing the overall financial environments as a result of economic instability and innovative demand. In the region, regulation varies greatly across countries – from permissive to restrictive – posing risks and opportunities. Strategic investment and operational choices must take into account complex regulatory frameworks relevant to each nation. The purpose of this report is to provide a comprehensive review of cryptocurrency legislation in Latin America, examining the legality of digital assets in each nation, as well as investment prospects and legal viewpoints.

The results reveal that 2025 will be the most significant year for cryptocurrency adoption in Latin America. As of early 2025, 57.7 million individuals in the area hold some kind of digital money, with a 12.1% adoption rate. Furthermore, the region's crypto adoption grew 63% between mid-2024 and mid-2025, with its usage increased by 116% in 2024, making it one of the world's fastest-growing cryptocurrency industry – with a drastic increase year by year when it comes to crypto adoption.

Co-Authors & Contributors

The following organizations and experts co-authored sections of this report by sharing real-world regulatory insights and case studies from their operations across LATAM:

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[Bitso](#) is a leading cryptocurrency exchange operating across Latin America. It provides trading, custody, and payment solutions for both retail and institutional users. **Christiana Cardoso** contributed expertise on stablecoin compliance, regional regulatory developments, and crypto compliance frameworks.

M0

[M0](#) is the universal stablecoin platform. With M0, developers can build safe, programmable and interoperable digital dollars. The M0 team provided detailed perspectives on stablecoin platform operations and market dynamics in the region.

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[Kast](#) is a neobank leveraging digital assets for payment solutions. It offers banking services integrated with crypto assets to simplify payments and transfers. The Kast team analyzed how neobanks use stablecoins to enhance payment services.

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Merge Madrid

[MERGE Madrid](#) is a premier global Web3 event that connects tech communities from Latin America and Europe, focusing on blockchain, decentralized finance, the metaverse, and NFTs. It serves as a bilingual platform fostering international collaboration through panels, discussions, and startup competitions featuring industry leaders, major corporations, and innovative startups.

Part I: Macro Analysis of Crypto Regulation in LATAM

Latin America's economic issues – such as high inflation, currency instability, and financial exclusion – are the driving factors for such a large and quick cryptocurrency adoption. Cryptocurrencies, especially stablecoins, affect monetary policy and financial stability differently in each jurisdiction, which requires appropriate and suitable regulatory responses. Comparative international practices highlight diverse LATAM regulatory approaches.

The surge in cryptocurrency adoption across Latin America is evidenced by the remarkable statistic that 57.7 million people own some form of digital currency, which is an [adoption rate of 12.1% at the beginning of 2025](#). This adoption is not uniform across the region, with Argentina leading at an 18.2% ownership rate, followed by Brazil at 16.7% and El Salvador at 14.2%. In fact, this year seems to be the [biggest year for cryptocurrency in Latin America](#), as there is a lot of exposure to crypto media in the region. This rapid increase indicates not just speculative interest, but also provides a real solution to daily financial concerns of Latin Americans.

On top of that, [recent research from Binance](#) indicates that 95% of cryptocurrency users in Latin America want to increase their holdings by 2025. In Q2 2025, [Latin American startups raised USD 961 million](#) across seed-through growth stage deals – a 16 % year-on-year increase.

Stablecoins have become a particularly significant part in the region's cryptocurrency ecosystem, providing a sort of a “hedge” against local currency depreciation and inflation. In countries like Argentina, as inflation is high, stablecoins provide certain protections to savings. Cryptocurrencies are useful for more than just keeping money safe. For example, [crypto-based transfers have grown by 40% in the last year for cross-border remittances](#). This tendency is particularly important in a place where remittances make up as much as around 20% of GDP, such in El Salvador and Guatemala. The increasing use of digital currency for regular purchases shows how cryptocurrencies are changing from speculative investments to useful financial instruments that meet the demands of certain areas. Moreover,

[USDT specifically accounts for almost half of total trading volume in Latin America.](#)

Regulatory reactions in Latin America range from lenient to harsh. But the rules for cryptocurrencies are still changing. Ten nations in Latin America and the Caribbean have already put in place rules for how to utilize them.

The use of stablecoins in Latin America, as in other emerging territories, has evolved from an investment or payment tool to become a store of value, just like legal tender, given that by converting their funds from local currency to stablecoins, users can avoid the consequences of depreciation of their assets caused by local inflation.

The consequences of this trend are profoundly interesting, as can be seen in the [first CBDC report from the Central Bank of Bolivia](#), which expressly states that the Bolivian government is considering launching a CBDC with the aim of replacing the use of stablecoins in the country in order to increase the level of state control over its citizens' finances.

In this report, they indicate that part of their project would allow for the establishment of maximum transfer limits per volume and per citizen, as well as the creation of two parallel payment systems, one for individuals and another for institutions, allowing the regulator even greater control over both sectors and further restricting the country's exchange freedom.

This is a clear example of the importance of using stablecoins in emerging countries as a basic tool for maintaining individual freedom, not only to maintain control of private assets but especially to prevent expropriation of assets by the state.

This is an initial response to the regulations observed in the Genius Act, which gives the US exhaustive control over the issuance of dollar-based stablecoins, subjecting both issuers and digital assets to US jurisdiction. It is not surprising that countries not aligned with US policy are seeking other means of transferring assets in order to boost their foreign trade without such regulatory influence.

All of the above are merely consequences of the growing mass adoption of stablecoins throughout Latin America and the undeniable reality of the contribution they have made not only to the development of financial businesses, but also to facilitating financial inclusion and the development of sectors completely abandoned by traditional banking.

Recent Developments:

- **EU MiCA (Markets in Crypto-Assets)** has started to influence Latin American regulatory drafting.
- **Tokenized RWA Pilots** in Brazil, Chile, and Colombia have been launched or are under discussion.
- **CBDC Research and Pilots** are active in Brazil (Drex), Uruguay (e-Peso), and others.

Recent Developments Shaping LATAM Cryptocurrency Regulation

EU MiCA (Markets in Crypto-Assets)

[The European Union's Markets in Crypto-Assets \(MiCA\)](#) law has emerged as a key impact on Latin American cryptocurrency regulatory frameworks, while being geographically remote from the area. MiCA's comprehensive approach to digital asset regulation is providing a roadmap for LATAM governments aiming to develop effective regulatory frameworks. The regulation's influence on Latin America works mostly via cross-border payment systems and the formation of worldwide regulatory norms that LATAM nations are rapidly following.

The following are some examples of the MiCA standards that the LATAM region adopted:

- **Brazil's Digital Asset Law:** Brazil's 2022 Crypto Assets Law offers defined standards for digital assets, closely mirroring MiCA's regulatory structure.
- **Mexico's Fintech Law:** Mexico's 2018 Fintech Law controls virtual assets with principles related to MiCA, regulated by the Bank of Mexico.
- **Chile's Fintech Regulation:** Chile's 2023 Fintech Law demands registration and regulation of crypto service providers, replicating MiCA's multi-agency control.
- **Stablecoin Reserve Rules:** Brazil and Mexico require stablecoins to retain a significant proportion of reserves in commercial banks, echoing MiCA's 60%+ reserve requirements.
- **AML and KYC Enhancements:** Colombia and Brazil are tightening anti-money laundering and customer due diligence laws inspired by MiCA's comprehensive AML framework.
- **Mandatory Licensing:** LATAM nations are proposing obligatory registration and licensing for crypto asset service providers, akin to MiCA's CASP scheme.

- Operational requirements: Regulators demand crypto businesses to fulfill capital, cybersecurity, custody, and reporting requirements based on MiCA principles.
- Consumer Protection: Chile and others mandate risk disclosures, asset segregation, and transparent marketing to protect crypto users, adopting MiCA's consumer protections.
- Cross-Border Payment Compliance: LATAM is updating payment systems to provide safe, transparent cross-border crypto transactions complying with EU MiCA requirements.
- EU Market Alignment: LATAM enterprises operating with the EU must comply with MiCA rules, pushing regional authorities to unify their frameworks appropriately.

Brazil and Mexico are among the most impacted nations, since their regulatory frameworks demonstrate obvious compatibility with MiCA principles, notably in stablecoin monitoring and anti-money laundering measures. Colombia and Chile are also implementing MiCA-inspired components into their expanding digital asset rules. The effect extends to nations with major EU trade links, where compliance with MiCA rules becomes mandatory for cross-border crypto transactions.

Main points that help shape LATAM regulation:

- Stablecoin Reserve Requirements: MiCA's strict reserve requirements for stablecoins, demanding that large stablecoins keep 60% or more of deposits with commercial banks, are being implemented by Brazilian and Mexican authorities. These criteria offer more stability and consumer protection, concepts that LATAM nations are integrating into their respective systems.
- Cross-Border Payment Standards: The regulation's focus on openness and security in cross-border payments directly affects Latin American enterprises who engage with EU markets. This has forced LATAM authorities to improve their own supervision measures to ensure conformity with EU requirements.
- Anti-Money Laundering (AML) Framework: MiCA's extensive AML regulations are pushing LATAM nations to tighten their own compliance

standards, especially in countries like Colombia and Brazil where regulatory sandboxes are being utilized to test these expanded safeguards.

The actual application of MiCA has already shown its worldwide significance, with just [12 cryptocurrency trading sites successfully acquiring licenses inside the EU as of March 2025](#), illustrating the regulation's severe standards. This regulatory filtering effect is driving LATAM nations to adopt comparably rigorous frameworks while retaining innovation-friendly settings. The regulation's influence on stablecoin issuance has been especially severe, with major exchanges delisting non-compliant stablecoins like USDT in favor of MiCA-approved alternatives like USDC. This trend is forcing LATAM authorities to adopt their own stablecoin compliance rules to guarantee their local markets remain competitive and accessible to foreign partners.

Tokenized RWA Pilots

Tokenized Real-World Assets (RWA) projects are transforming Latin America's financial environment by democratizing access to formerly illiquid assets and establishing new routes for financial inclusion. The tokenization industry in the area is set to achieve substantial size, with the [worldwide RWA market estimated to touch \\$13 billion by 2030](#), and Latin America positioned as a major contributor to this development as it had [generated \\$387.1 million in 2024](#). These experiments are especially revolutionary in countries like Brazil, Chile, and Colombia, where legislative frameworks are being built to enable asset tokenization activities.

Brazil leads the area with ANBIMA's complete Tokenization Initiative, which links tokenized asset trading to the Drex CBDC platform via defined protocols and interoperability frameworks. Colombia has proven forward-thinking ways via its regulatory sandbox initiatives, enabling regulated testing with tokenized assets. Chile is emerging as a prominent participant with its Fintech Law setting legal frameworks that designate crypto assets as financial instruments, opening the path for tokenized asset intermediation. Panama is promoting itself as a regional center for real estate tokenization, exploiting its business-friendly policies and geographical location.

Main points that help shape LATAM regulation:

- Financial Inclusion Through Fractional Ownership: Tokenization provides fractional ownership of high-value assets, making real estate, commodities, and financial instruments available to smaller investors throughout LATAM. This democratization of investment options is generating regulatory frameworks that emphasize consumer safety while encouraging larger market involvement.
- Regulatory Sandbox Development: Countries like Colombia and Brazil are adopting regulatory sandboxes to test tokenized asset implementations under controlled contexts, enabling regulators to learn risks and advantages before introducing extensive frameworks. These sandboxes have allowed cooperation between conventional financial institutions and crypto platforms, such as the collaboration between Banco de Bogotá and bitcoin exchanges Bitso and Buda.com.
- Integration with Traditional Financial Systems: The tokenization initiatives are meant to interface with current financial infrastructure rather than replace it, as evidenced by Brazil's method of linking tokenized assets to its Drex CBDC platform. This integration strategy is impacting regulatory approaches throughout the area, stressing interoperability and gradual implementation.

The tokenization movement is especially essential in tackling Latin America's financial inclusion concerns, since a considerable segment of the population lacks access to conventional financial services. By 2025, [tokenized real estate platforms in Panama are planned to facilitate foreign investment](#) in regional properties, with tokens reflecting fractional ownership that can be readily sold on blockchain systems. [Brazil's Technical Guide for the Issuance of Tokenized Assets](#) offers best practices for designing tokenized goods and explains standards for token issuance, providing a regional standard that other governments are likely to follow. The success of these pilots is illustrating how tokenization may turn previously illiquid markets into more accessible and efficient platforms, impacting regulatory approaches across Latin America.

CBDC Research and Pilots

Central Bank Digital Currency programs are rapidly altering the way Latin America views money and regulation. With countries like Brazil, Uruguay, Jamaica, and Mexico leading development programs that are influencing legislative frameworks throughout the continent, the region has emerged as a critical testing ground for the implementation of CBDC. The goals of financial inclusion, the effectiveness of the payment system, and the preservation of monetary sovereignty in an increasingly digitalized financial world are the main forces behind these initiatives.

Currently in its second experimental phase, Brazil's Drex project – which includes Visa, Santander, Mastercard, and Microsoft – represents the most sophisticated CBDC endeavor in the area. Jamaica's JAM-DEX has been in use since 2022 and, despite acceptance issues, provides useful insights for future regional deployments. The groundbreaking e-Peso pilot program in Uruguay (2017–2018) established the groundwork for contemporary CBDC concerns by highlighting the significance of token-based solutions and simplicity. Building upon its CoDi mobile payment system, Mexico is working on the digital peso, which is anticipated to be finished by 2025.

Main points that help shape LATAM regulation:

- **Financial Inclusion Integration:** CBDC designs across LATAM prioritize offline capabilities and simplified access mechanisms to serve unbanked populations, particularly in remote areas with limited internet infrastructure. Brazil's Drex specifically targets poor populations in rural and riverside communities through offline functionality, while Jamaica's JAM-DEX uses simplified KYC processes to onboard users without traditional bank accounts.
- **Payment System Modernization:** CBDCs are pushing the development of real-time payment infrastructures that complement current systems rather than replacing them. Colombia's Bre-B rapid payment system, coming in September 2025, exhibits this strategy by establishing interoperable platforms that combine with conventional banking while facilitating digital currency transactions.

- **Regulatory Framework Development:** CBDC pilots are producing complete regulatory frameworks that address privacy, security, and monetary policy issues while promoting innovation. The lessons learnt from Jamaica's JAM-DEX deployment, especially the necessity of merchant integration and point-of-sale system interoperability, are guiding regulatory approaches throughout the region.

The CBDC environment in Latin America displays varied methods to adoption, with some governments concentrating on wholesale applications while others favor retail accessibility. Brazil's Drex platform relies on distributed ledger technology utilizing the open-source Hyperledger Besu platform, emphasizing programmability and privacy while preserving regulatory compliance. The challenges faced by these implementations, such as Jamaica's problems with merchant acceptance and Brazil's difficulty balancing decentralization with regulatory authority, provide valuable insights for regulatory development throughout the region. These experiences are raising regional understanding that successful CBDC deployment requires a careful balance between technological innovation, financial inclusion goals, and regulatory compliance limits.

Part II: Country-by-Country Analysis

Country	Argentina	Chile	Peru	Brazil	Paraguay	Uruguay	Bolivia	Colombia	Mexico	Salvador
Fintech Regulation	NO	YES	YES	YES	YES	NO	YES	YES	YES	NO
VASP Regulation	YES	NO	NO	YES	NO	YES	NO	NO	NO	YES
VASP Public Register	YES	NO	NO	NO	NO	NO	NO	NO	NO	YES
Compliance and Public Relations	YES/YES	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO
Obligated subjects	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
OS Public Register	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO

MEXICO

- Regulatory Stance: Neutral to Restrictive
- Key Bodies: [Banco de México](#), [CNBV](#), [SHCP](#)
- Frameworks: Fintech Law (Ley Fintech, 2018) strictly controls cryptocurrency use and stablecoin issuance. Recent 2024 consultation paper addresses stablecoin definitions.
- Stablecoins: Explicit authorization required; restricted to regulated institutions.
- Licensing: Mandatory for exchanges and fintech operations.
- Enforcement: Active enforcement, AML monitoring.
- Outlook: Gradual regulatory refinement expected.

Ecosystem

Mexico represents the third-largest crypto market in Latin America, with [over 3.1 million crypto owners](#). The country ranks 23rd in the [2025 Global Crypto Adoption Index by Chainalysis](#), and 14th in the 2024 [Global Crypto Adoption Index](#). Mexico's crypto ecosystem is primarily driven by remittances, with the US-Mexico corridor being the largest remittance corridor globally, valued at [\\$63 billion in 2023](#). Moreover, [Bitso alone processed over \\$6.5 billion in remittances](#) between the US and Mexico in 2024.

The country operates 63 crypto ATMs and has seen substantial institutional adoption, with [40% of Mexican companies eager to implement blockchain technology](#). Communication companies like Telefónica (Movistar) and Nova Labs are rolling out blockchain-based mobile infrastructure, while financial giant Grupo Salinas has committed to accepting Bitcoin payments via the Lightning network.

Regulation

Mexico operates under the comprehensive "Fintech Law" (Ley para Regular las Instituciones de Tecnología Financiera), enacted in 2018, which legitimizes crypto in banks and payment platforms. The law recognizes cryptocurrencies as digital assets and legitimate payment methods while establishing a regulatory sandbox for innovative projects. The Comisión Nacional Bancaria y

de Valores (CNBV) serves as the primary regulatory authority, with minimum capital requirements ranging from 500,000 to 700,000 UDI depending on transaction types.

Banco de México (Banxico) maintains central authority over crypto regulation, stating that while crypto use is "not supported," citizens have "freedom to carry out operations" provided firms prevent money laundering. The Mexican government planned to launch a Central Bank Digital Currency (CBDC) by late 2024, now postponed to this year, 2025. Current taxation follows general provisions with interpretations applying 30–35% income tax, 16% VAT on domestic transfers, and 10% capital gain.

VASP Regulation

The Fintech Law (Law No. 21,521) provides a framework for fintech activities, but VASP-specific regulations:

Primary regulators:

- Financial Market Commission (Comisión para el Mercado Financiero, CMF).
- Financial Analysis Unit (Unidad de Análisis Financiero, UAF) aligned with (FATF) recommendations.

VASP Public Register

- Current: No dedicated public VASP registry.
- UIF: Non-public AML/CTF registry.
- Proposed: 2024 bill proposes public VASP registry under CNBV.

Compliance and Public Relations

Compliance:

- Appoint compliance officer for AML/CTF (Fintech Law, AML Law).
- Implement AML/CTF programs (risk assessments, training, audits).
- Ensure consumer protection under Law No. 44/1975.

Public Relations:

- No mandatory PR manager; transparent communication required.
- VASPs (e.g., Bitso) publish compliance/risk statements.

AML/CFT Policies

Framework: Governed by AML Law (2012) and Circular 4/2019, aligning with FATF Recommendations 10, 11, 20.

Obligations:

- Customer Due Diligence (CDD): Verify identities, EDD for high-risk clients.
- Suspicious Transaction Reporting (STR): Report to UIF within 24 hours via SPPLD.
- Record-Keeping: Maintain records for 5 years.
- Sanctions Screening: Check sanctions/PEP lists.
- Travel Rule: Not fully implemented, expected by 2026 (FATF gap).

Legal Establishment

- Requirements: Mexican-domiciled companies (SA, SAPI, SAS) or foreign branches.
- CNBV Authorization: Requires ~MXN 700,000 (~USD 35,000) capital.
- Proposed: 2024 bill may increase capital requirements.

Monthly UIF Reporting

Requirements:

- Report cash transactions > MXN 200,000 (~USD 10,000).
- Report suspicious transactions with client details.
- Scope: Fiat-to-crypto, crypto-to-crypto, VA transfers.
- Process: Via SPPLD; 15-day deadline for cash, 24 hours for STRs.

Cybersecurity Standards

Fintech Law/Circular 4/2019: Requires encryption, multi-factor authentication, vulnerability tests, incident response.

- Compliance: Aligns with Law No. 1581/2012 (Data Protection).
- UIF Guidance: Mitigate hacking risks.

- Industry: VASPs adopt ISO 27001 voluntarily.

Asset Custody

Fintech Law/Circular 4/2019: Requires CNBV authorization, secure custody (cold storage, segregated accounts).

- Proposed: 2024 bill may mandate audits/insurance.
- Gap: Non-tokenized VA custody regulated only under AML/CTF.

User Risk Disclosure

Fintech Law: Disclose risks (volatility, cybersecurity), fees, custody policies.

- UIF: Inform clients of AML/CTF obligations.
- Proposed: 2024 bill mandates detailed risk warnings.
- Industry: VASPs publish voluntary warnings.

Periodic Reporting and Audits

CNBV/UIF:

- Quarterly AML/CTF reports (risk assessments, STRs, CDD).
- Annual CNBV audits by approved auditors.
- Proposed: Semi-annual audits under 2024 bill.

Key Players

Bitso dominates as the leading exchange, serving over [9 million global users with 1,900+ B2B clients and processing \\$12 billion in transactions during 2024](#).

Other significant exchanges include Volabit, which partners with Compropago for cash deposits at [over 135,000 locations](#) including OXXO, 7-Eleven, and Walmart. Major financial institutions include Banco Azteca and traditional banks working with Banxico on regulatory frameworks.

Technology companies such as Telefonica, Helium, and Etherfuse are driving blockchain infrastructure development. Investment firms Exponent Capital, Lvna Capital, and GBM provide funding and support, while educational initiatives include ConsenSys Academy partnerships with BIVA exchange.

BRAZIL

- Regulatory Stance: Permissive
- Key Bodies: [Banco Central do Brasil](#), [CVM](#)
- Frameworks: Lei 14.478/2022 (Crypto Law) implemented in phases through 2024.
- Stablecoins: Defined as digital assets.
- Licensing: Registration required for exchanges and custodians.
- Enforcement: Regular audits, tax compliance mandates.
- Outlook: Positive, with growing institutional activity.

Ecosystem

Brazil stands as Latin America's largest crypto market, ranking 5th according to the 2025 Global Crypto Adoption Index, with millions of registered investors and thousands of companies. [Around 90% of crypto related activity is linked to stablecoins, and 12% of the population utilizing cryptocurrency.](#) The ecosystem has matured significantly with major traditional finance players entering the market following regulatory clarity. [Itaú Unibanco](#), Brazil's largest bank, launched cryptocurrency trading services, while Santander plans similar offerings. The Brazilian Central Bank's DREX CBDC pilot, now in its second phase ([having been challenging](#)), involves major players including Visa, Santander, Mastercard, and Microsoft. Brazil hosts the first spot Bitcoin and Ethereum ETFs in Latin America, with HASH 11 by Hashdex becoming the second-most purchased futures on the Brazilian stock exchange. The country's regenerative finance (ReFi) ecosystem includes projects like Moss (carbon credits), RibonDAO (donation incentives), and Play4Change (education and financial inclusion). Brazil recorded significant crypto-related ETF success, with investment options ranging from carbon-neutral bitcoin to DeFi, Metaverse, and Web3.

Regulation

Brazil operates under Law No. 14,478/2022, which established the "Legal Framework for Virtual Assets" effective June 2023. The Brazilian Central Bank (BCB) and Brazilian Securities and Exchange Commission (CVM) share regulatory oversight, with BCB targeting complete crypto regulation by the

end of 2024. Virtual Asset Service Providers (VASPs) must obtain BCB authorization and comply with KYC/AML requirements under Law No. 9,613/98. The CVM published Circular Letter 04/2023 classifying Receivable Tokens and Fixed Income Tokens as securities subject to securities law. Brazil's taxation system applies 15–22.5% capital gains tax on profits above BRL 35,000 per month, with a new 15% income tax on cryptocurrencies held on foreign exchanges effective 2024. The DREX pilot program explores tokenized government bonds, real estate, and agribusiness assets, with privacy solutions being a key development focus. A second regulatory sandbox centered on cryptocurrency and tokenization applications launched in 2024, building on the first sandbox that saw over \$36 million in assets tokenized.

VASP Regulation

- Law No. 14,478/2022 (effective June 2023) defines VAs and mandates BCB authorization for VASPs.
- Decree No. 11,563/2023 assigns BCB as primary regulator.
- VASPs require BCB authorization; six-month transitional period for existing VASPs.
- Tokenized securities under CVM oversight (Resolution No. 175, 2023).
- Proposed regulations (Public Consultation No. 109/2024, November 2024) define intermediaries, custodians, and brokers; final rules expected mid-2025.

VASP Public Register

- No public VASP registry; BCB developing VASP Authorization Registry (expected 2025).
- COAF: VASPs listed as obligated entities, but registry is not public.

Compliance and Public Relations

- Appoint compliance officer for AML/CTF and risk management.

AML/CTF Policies

- Customer Due Diligence (CDD): Verify identities, conduct EDD for high-risk clients.

- Suspicious Transaction Reporting (STR): Report to COAF within 24 hours.
- Record-Keeping: Maintain records for 5 years.
- Travel Rule: Proposed for VA transactions, incomplete implementation.
- Sanctions Screening: Check against sanctions/PEP lists.
- COAF Guidance: Provides training for risk-based AML/CTF.

Legal Establishment

- Register as a Brazilian legal entity (e.g., Ltda, SA) with one shareholder.
- Foreign VASPs need a local subsidiary/branch.
- Minimum capital: ~BRL 2M (~USD 321,000) for exchanges/custodians, ~BRL 1–1.5M (~USD 160,000–241,000) for tech/consulting, USD 500 minimum.

Monthly UIF Reporting

- Report cash transactions > BRL 50,000 (~USD 8,000).
- Report suspicious transactions with client details
- Scope: Fiat-to-crypto, crypto-to-crypto, VA transfers.

Cybersecurity Standards

Proposed BCB Resolution (2024):

- Implement encryption, multi-factor authentication, private key protection.
- Develop incident response plans.
- Comply with Law No. 13,709/2018 (LGPD).
- COAF Guidance: Mitigate hacking risks.
- Industry: VASPs adopt ISO 27001.

Asset Custody

- BCB/CVM: Custodians audited; tokenized securities under CVM

User Risk Disclosure

- Disclose risks (volatility, cybersecurity), fees, custody policies.
- Assess client risk profiles; obtain statements for high-risk transactions.

- Consumer Protection: Subject to Law No. 8,078/1990.
- VASPs publish risk warnings/education.

Periodic Reporting and Audits

- Quarterly BCB reports (transactions, clients, risks).
- Monthly COAF reports (STRs, cash transactions).
- Annual independent audits.
- CVM: Annual reports for tokenized securities.

Key Players

Major traditional financial institutions include Itaú Unibanco (crypto trading services), Nubank (Bitcoin/Ethereum offerings, Nucoin loyalty program with Polygon), BTG Pactual (Mynt exchange, BTG Dol stablecoin, partnerships with Crypto.com). Leading crypto-native companies include Mercado Bitcoin (acquired by 2TM), Hashdex (ETF provider), Foxbit, and Cryptum (Blockchain-as-a-service). [Mercado Livre invested in 2TM and enables crypto through Mercado Pago with over 20 million active users. Circle officially launched in Brazil in 2024](#), partnering with BTG Pactual and Nubank to provide USDC access. Infrastructure providers include Lumx, Stratum Blockchain, and Pods Finance, while regenerative finance leaders include MOSS, OnePercent, QR Capital, and Muda Outras Economias. The NFT ecosystem features successful projects like Cryptorastas, NounsBR, and Surf Junkies.

ARGENTINA

- Regulatory Stance: Neutral
- Key Bodies: [BCRA](#), [CNV](#)
- Frameworks: No crypto-specific law; 2023 tax circulars on crypto holdings and transactions.
- Stablecoins: Popular informal use.
- Licensing: Not required.
- Enforcement: Minimal, though AFIP has issued reporting requirements.
- Outlook: Likely movement toward regulation amid inflation pressures.

Ecosystem

Argentina is quite a large crypto market in Latin America, with an [estimated 5 million crypto holders](#), ranking 20th on Chainalysis' 2025 Global Crypto Adoption Index. The ecosystem is driven by extreme economic conditions, with [annual inflation reaching 211% in 2023](#) and strict government capital controls limiting [dollar purchases to \\$200 per month](#). President Javier Milei's election has transformed the regulatory landscape with crypto-friendly economic reforms, including legal acceptance of Bitcoin and other cryptocurrencies for contract payments. The country benefits from cheap energy rates and cool climate for mining operations, exemplified by Canadian company Bitfarms' Bitcoin Megafarm with pre-paid power contracts at \$21 per megawatt-hour. Argentina has emerged as a regional fintech leader, with companies like Ripio launching LaChain blockchain and UXD stablecoin, serving over 8 million users [with \\$200+ million in transaction volume](#). The ecosystem demonstrates innovation in cross-border employment, with [the number of Argentines using Bitwage platform to receive wages in crypto growing 300% in 2023](#).

Regulation

The Milei administration introduced the "Law of Bases and Starting Points for the Freedom of Argentines," featuring an asset regularization scheme allowing taxpayers to declare crypto assets without additional documentation. The tiered tax structure offers 5% rates for declarations by March 2024, 10% from April–June 2024, and 15% from July–September 2024. An

executive order was expected in early March 2024 to regulate crypto exchanges with KYC and AML compliance requirements to prevent FATF grey list inclusion. Argentina operates three crypto tax categories: Income Tax (15% on digital currency sales), Provincial Taxes (4–6.5% gross income tax in provinces like Cordoba, 0.25% on crypto payments for goods/services), and Check Tax (up to 0.6% on banking debits/credits for crypto transactions). A landmark legal precedent was established in 2024 when an Argentine law firm registered a company with cryptocurrency capital, including 0.00457621 BTC and 195 USDC, with transfers between Lemon Cash and Ripio wallets.

VASP Regulation

Virtual Asset Service Providers (VASPs) must comply with a robust regulatory framework:

- Primarily governed by Law 27,739 (March 2024),
- CNV General Resolutions 994/2024, 1058/2025, and 1025/2024
- UIF Resolution 49/2024, aligning with Financial Action Task Force (FATF) standards.

VASP Public Register

- <https://www.cnv.gov.ar/SitioWeb/ProveedoresServiciosActivosVirtuales/RegistrosPSAV>

Compliance and Public Relations

- Appoint a compliance officer to ensure regulatory adherence.
- Designate a public relations manager for communications with regulators and clients.

AML/CFT Policies

VASPs are “obliged subjects” under Law 25,246, requiring:

- Internal AML/CTF policies, manuals, and codes of conduct.
- Customer due diligence (CDD) and know-your-customer (KYC) procedures.

- Reporting of suspicious transactions to the Financial Information Unit (UIF)

Legal Establishment

- Foreign VASPs must establish a local corporation (SA, SRL, SAS) or a foreign branch.
- Maintain a minimum net worth of USD 85,000–170,000 (reduced by 50% for low trading volumes)

Monthly UIF Reporting

- Client account openings/closures with detailed personal information.
- Transactions $\geq$ six times the minimum wage (~USD 1,350), including fiat-to-crypto, crypto-to-crypto, and crypto transfers.
- Details like sender/recipient info, public keys, wallet addresses, and transaction amounts.

Cybersecurity Standards

- Implement robust cybersecurity infrastructure to protect user data and prevent breaches, per CNV guidelines.

Asset Custody

- Maintain secure systems for safekeeping and administering virtual assets, ensuring client asset protection

User Risk Disclosure

- Provide transparent information to clients about risks associated with virtual asset transactions.

Periodic Reporting and Audits

- Submit quarterly CNV reports on clients, accounts, trading volumes, and operational countries.
- Conduct semi-annual and annual audits for net worth and compliance verification.

Key Players

Leading exchanges include [Ripio](#) (8+ million users, LaChain blockchain, USD stablecoin) and [Lemon Cash](#) (1.8 million users, Lemon Card with BTC cashback, first national P2P crypto marketplace). Infrastructure companies feature SenseiNode (raised \$3.6 million, \$1 billion+ assets under management), which recently achieved the milestone of operating blockchain nodes across Latin America where less than 1% are currently deployed. Mining operations include Bitfarms (Canadian company with Megafarm operations and expansion plans) and various smaller operations benefiting from favorable energy conditions. Financial services include Bitwage (300% growth in Argentine users for overseas wage collection) and Mercado Libre integration. Innovative projects include Open Vino (blockchain transparency for wine industry at Costaflores winery in Mendoza) and various DeFi applications built on RSK infrastructure. The ecosystem also includes traditional players like EOS Argentina participating in Latam Link regional alliance and Binance, though the latter faced compliance issues leading to cancelled AFA sponsorship.

Case Study: Coinflow Enables Instant, Compliant Cross-Border Payments in LATAM

One of LATAM's fastest-growing fintechs, [Takenos](#), partnered with [Coinflow](#) to modernize cross-border payroll and remittance infrastructure for freelancers and global workers.

Using Coinflow's stablecoin-powered instant settlement, full pay-in / payout coverage, and built-in fraud and chargeback indemnification, Takenos doubled its transaction approval rates and achieved 28% month-over-month user growth while expanding into new markets.

This case study highlights how compliant, stablecoin-based payment infrastructure can address one of LATAM's biggest bottlenecks – fragmented settlement systems – while improving access to USD and cross-border liquidity.

COLOMBIA

- Regulatory Stance: Neutral
- Key Bodies: [Banco de la República](#), [Superintendencia Financiera](#)
- Frameworks: Decree 1234 (2020), updated sandbox guidelines in 2023.
- Stablecoins: Piloted within sandbox.
- Licensing: Required for sandbox participation.
- Enforcement: Active sandbox oversight.
- Outlook: Increased legislative activity anticipated.

Ecosystem

[Colombia has over 5.6 million Colombians actively engaged in cryptocurrency transactions.](#) The country operates 45 Bitcoin ATMs with 5 new installations between 2022–2023, demonstrating growing infrastructure development. Colombia's crypto adoption is driven by high inflation rates and [significant remittance flows of \\$9.4 billion](#) received in 2022, primarily from the US. The Colombian government has embraced blockchain technology, issuing implementation guides for public projects in 2022 and launching initiatives with Ripple Labs for land distribution reform. The Central Bank partnered with Ripple to explore CBDC platforms and improve high-value payment systems through the [Ministry of Information and Communications Technologies](#) (MinTIC). Notable ecosystem developments include partnerships between traditional banks and crypto exchanges through the regulatory sandbox: Buda.com with Banco de Bogotá, Binance with Davivienda, and Gemini with Bancolombia.

Regulation

Colombia operates a friendly regulatory framework centered on the regulatory sandbox established in 2021 through Decree 1234 of 2020. [The Financial Superintendence](#) (SFC) oversees the sandbox program, which involves five stages: application, selection, structuring, monitoring, and feedback. The government published crypto tax guidelines and comprehensive anti-money laundering (AML) regulations, with the Financial Information and Analysis Unit (UIAF) requiring transaction monitoring systems and designated compliance officers. A comprehensive bill to regulate crypto

assets was presented to parliament in late 2023, seeking to establish frameworks for digital platforms based in Colombia, following Brazil's successful legislative model. The regulatory approach maintains balance between adequate supervision, crisis prevention, illegal financial activity prevention, and promotion of technological advances in financial services. Colombia's Minister of Finance Ricardo Bonilla emphasized in November 2023 the need to build transparent cryptocurrency infrastructure while recognizing the transformative potential of digital currencies.

VASP Regulation

- Law No. 2195/2022 and Circular 100-000015/2021 designate VASPs as obligated subjects for AML/CTF, requiring Superintendency of Companies registration.
- VASPs offering fintech services comply with Decree 1234/2020, needing SFC authorization.
- VAs not legal tender; External Circular 052/2017 prohibits supervised entities from handling VAs.
- Proposed Crypto-Asset Regulation Bill (2023, pending) aims for licensing by 2026.

VASP Public Register

- Current: No public VASP registry; Superintendency of Companies and UIAF registries are not public or VASP-specific.
- Proposed: 2023 bill proposes public VASP registry under SFC.

Compliance and Public Relations

Compliance:

- Appoint compliance officer for AML/CTF (Circular 100-000015/2021).
- Implement AML/CTF programs (risk assessments, training, audits).
- Ensure consumer protection under Law No. 1480/2011.

Public Relations:

- No mandatory PR manager; transparent communication encouraged.

AML/CFT Policies

Framework: Governed by Law No. 2195/2022 and Circular 100-000015/2021, aligning with FATF Recommendations 10, 11, 20.

Obligations:

- Customer Due Diligence (CDD): Verify identities, EDD for high-risk clients.
- Suspicious Transaction Reporting (STR): Report to UIAF within 48 hours.
- Record-Keeping: Maintain records for 5 years.
- Sanctions Screening: Check sanctions/PEP lists.
- Travel Rule: Not implemented, expected by 2026 (FATF gap).

Legal Establishment

- Requirements: Colombian-domiciled individuals/companies (SAS, SA) or foreign branches.
- Registration: Superintendency of Companies requires ~COP 500M (~USD 120,000) capital.

Monthly UIF Reporting

Requirements:

- Report cash transactions > COP 40M (~USD 10,000).
- Report suspicious transactions with client details.
- Scope: Fiat-to-crypto, crypto-to-crypto, VA transfers.
- Process: Via SAGRILAF; 15-day deadline for cash, 48 hours for STRs.

Cybersecurity Standards

- External Circular 033/2020: Requires encryption, multi-factor authentication, TUIC compliance.
- UIAF Guidance: Mitigate hacking risks.

Asset Custody

- Decree 1234/2020: Requires SFC registration, secure custody (cold storage, segregated accounts).

- Circular 100-000015/2021: Mandates secure VA custody, details unspecified.
- Proposed: 2023 bill may mandate audits/insurance.

User Risk Disclosure

- Decree 1234/2020: Disclose risks (volatility, cybersecurity), fees, custody policies.
- UIAF: Inform clients of AML/CTF obligations.
- Proposed: 2023 bill mandates detailed risk warnings.

Periodic Reporting and Audits

SFC/UIAF:

- Quarterly AML/CTF reports (risk assessments, STRs, CDD).
- Annual audits by SFC-approved auditors.
- Proposed: Semi-annual audits under 2023 bill.

Key Players

Major exchanges operating in Colombia include Buda.com Colombia, Panda Exchange, and international platforms like Binance, Bitso, Gemini, and Paxful. Infrastructure development is led by RSK (Bitcoin-based smart contracts), ViveLab Bogotá (innovation hub), and LACChain (regional blockchain alliance). Notable Colombian projects include Tropykus, a DeFi platform built on RSK focusing on the Latin American market for lending and credit products connecting Bitcoin holders with borrowers in emerging economies. The creative ecosystem features Populart (NFT project highlighting Hispanic talent) and Hash House (web3 hub in Medellin). Financial infrastructure includes Cajero.co, IntiColombia, and Obsidiam.com, while Banexcoin provides local exchange services. Ripple maintains a significant presence through government partnerships and CBDC exploration initiatives. The ecosystem benefits from LACChain's regional blockchain infrastructure, which serves as the largest permissioned public blockchain globally [with over 101 entities and 191 nodes deployed across 15 countries](#).

CHILE

- Regulatory Stance: Neutral to Permissive
- Key Bodies: [Banco Central de Chile](#), [Comisión para el Mercado Financiero \(CMF\)](#)
- Existing Frameworks: No comprehensive cryptocurrency regulations, oversight under general financial laws
- Stablecoins: Informally permitted, lacking clear legal definition
- Licensing: General financial registration required for fintech companies
- Enforcement: Limited enforcement actions, occasional advisories
- Outlook: Development of explicit regulatory guidelines anticipated

Ecosystem

Chile's cryptocurrency ecosystem has experienced remarkable growth – [with the crypto revenue in the country expected to reach USD 558.6 million](#).

Cryptocurrencies rank as the third most popular investment asset among Chileans, with [national exchanges recording up to 50% growth in stablecoin transactions in 2022](#) as residents sought protection from inflation and peso depreciation. The ecosystem benefits from active conference participation including Bitcoin Meetup Chile 2023, Ethereum Santiago 2022, and the upcoming ICBC – International Conference on Blockchain and Cryptocurrencies in September 2024⁷. Mercado Libre enabled cryptocurrency trading and payments through Mercado Pago in partnership with Ripio, while Bitfinex invested in Chilean exchange OrionX with expansion plans to Peru, Colombia, and Mexico targeting one million regional users by 2024⁷.

Successful local projects include [Endangered Tokens](#) (regenerative finance for nature conservation) and [Wbuild](#) (tokenized real estate investments starting at \$50, achieving 46% growth in six months to February 2024).

Regulation

Chile enacted the "Fintech Law" in January 2023 to promote financial inclusion and competition through innovation and technology for financial services, though implementation regulations are still being drafted. The law regulates cryptocurrency exchange and custody services, requiring Chilean fintechs to register with the Financial Market Commission (CMF) for operating

authorization. Currently, no banks in Chile offer cryptocurrency-related services. The CMF stated in June 2016 that crypto assets are not regulated as securities but can be used as means of exchange with party agreement, subject to AML/CFT frameworks. The Chilean Central Bank established a "Blockchain Observatory" in 2022 to investigate CBDC implementation complexities, though no concrete plans have materialized. The Central Bank confirmed in 2019 that crypto assets can serve as means of exchange and investment despite not being legal tender. The Financial Analysis Unit (UAF) published the 2021 Alert Signals Guide addressing suspicious cryptocurrency transaction characteristics and behaviors.

VASP Regulation

The Fintech Law (Law No. 21,521) provides a framework for fintech activities, but VASP-specific regulations:

Primary regulators:

- Financial Market Commission (Comisión para el Mercado Financiero, CMF).
- Financial Analysis Unit (Unidad de Análisis Financiero, UAF) aligned with (FATF) recommendations.

VASP Public Register

Chile does not maintain a dedicated public VASP registry.

- CMF Registry: VASPs offering regulated fintech services must register in the CMF's Financial Services Providers Registry.
- UAF Oversight: VASPs classified as obliged entities must report to the UAF.
- https://www.cmfchile.cl/institucional/estadisticas/seg_rgpsf.php

Compliance and Public Relations

- VASPs must appoint a compliance officer to liaise with the CMF and UAF, ensuring regulatory adherence and reporting.

AML/CFT Policies

- AML/CTF compliance is mandatory for VASPs classified as obliged entities by the UAF.
- Customer Due Diligence (CDD): VASPs must verify customer identities, assess risk profiles, and conduct enhanced due diligence (EDD) for high-risk clients.
- Suspicious Transaction Reporting (STR): VASPs must report suspicious activities to the UAF within 24 hours via the UAF's online portal.

Legal Establishment

- VASPs operating in Chile must be legally established as companies under Chilean law (e.g., SpA, SA, or SRL).
- VASPs providing regulated services must register with the CMF and meet minimum capital requirements.
- Foreign VASPs: Foreign entities must establish a local subsidiary or branch to operate regulated services and comply with CMF registration.

Monthly UIF Reporting

- Cash transactions exceeding USD 10,000 (or equivalent in pesos).
- Suspicious transactions, regardless of amount, with detailed client information.
- Scope: Reports cover fiat-to-crypto, crypto-to-crypto, and VA transfers, aligning with FATF standards.

Cybersecurity Standards

Must implement cybersecurity measures to protect client data and assets, including:

- Secure IT infrastructure (e.g., encryption, multi-factor authentication).
- Incident response plans for data breaches or cyberattacks.

Asset Custody

- Implement secure custody solutions (e.g., cold storage, multi-signature wallets).

- Maintain segregated client accounts to protect assets in case of insolvency.

User Risk Disclosure

- The Fintech Law requires transparency in communications, including clear disclosure of services, fees, and risks to clients.
- Consumer Protection: The Fintech Law requires VASPs to disclose custody risks (e.g., hacking, loss) and ensure robust safekeeping measures.

Periodic Reporting and Audits

CMF Requirements:

- VASPs registered as PSFs must submit quarterly and annual financial and operational reports to the CMF, detailing transaction volumes, client numbers, and risk management.
- Annual audits by CMF-approved auditors are mandatory to verify compliance with the Fintech Law.

UAF Reporting:

- VASPs must submit periodic AML/CTF compliance reports, including risk assessments and STR summaries.

Key Players

Major exchanges include OrionX (Bitfinex investment recipient), Buda.com, CryptoMKT, and Colledge. Mercado Pago operates through Ripio partnership for cryptocurrency trading and payments. International presence includes Worldcoin (sign-ups exceeded 1% of Chilean population), Bitfinex (OrionX investor), and various regional platforms. Innovation projects feature Endangered Tokens (regenerative finance), W Build (real estate tokenization), and Eth Chile community. The ecosystem includes ONG Bitcoin Chile for advocacy and education. Traditional financial integration faces ongoing legal challenges, shown by Chile's Court of Appeals ordering Banco del Estado to reopen crypto exchange accounts, ruling closures illegal and discriminatory.

PERU

- Regulatory Stance: Neutral, Ambiguous
- Key Bodies: [Banco Central de Reserva](#), [Superintendencia de Banca, Seguros y AFP](#)
- Existing Frameworks: Absence of dedicated crypto legislation
- Stablecoins: Informal yet widespread, no explicit regulation
- Licensing: Undefined licensing regime
- Enforcement: Periodic consumer advisories on crypto risks
- Outlook: Expected gradual regulatory formalization

Ecosystem

[Peru hosts 1.28 million crypto owners representing 3.83% of the population](#), supported by 50+ crypto-friendly businesses and 5 crypto ATMs. The Blockchain Association Peru (ABPE), launched in October 2021, channels adoption efforts and interacts with government, private, and academic entities to promote blockchain initiatives. A notable grassroots initiative is the Peruvian NGO Motiv, which works on Bitcoin-based circular economies in 16 towns, accepts crypto donations, and has won awards for its community impact. Motiv teaches digital wallet usage, encourages merchants to pay staff in Bitcoin, incentivizes wholesalers, and provides entrepreneurship education. While inflation previously drove adoption, decreasing rates bear market conditions have slowed growth, highlighting the need for comprehensive awareness and education efforts.

Regulation

Bill No. 1042/2021-CR ("Ley marco de comercialización de criptoactivos") was presented in December 2022 by José Elías Ávalos, proposing regulation for companies offering crypto services. The bill grants Bitcoin "asset with accounting value" status while maintaining that cryptocurrencies would not be legal tender, with investors bearing primary responsibility. Proposed regulations include a public registry of crypto service providers and mandatory reporting of "suspicious operations" to the Financial Intelligence Unit. The Central Reserve Bank of Peru (BCRP) is developing a CBDC following a white paper phase with IMF assistance, with the next phase involving

stakeholder engagement for pilot programs. Peru maintains a cautious regulatory approach emphasizing consumer protection and robust framework development before full embrace. The regulatory environment reflects the government's priority on establishing comprehensive oversight before widespread adoption.

VASP Regulation

Fintech Law (Law No. 32102) September 2024, regulates crowdfunding, payment services, and technological financial services.

- Superintendency of Banking, Insurance, and Private Pension Fund Administrators (SBS), Financial Intelligence Unit (UIF-Perú), Superintendency of the Securities Market (SMV) Central Reserve Bank of Peru (BCRP).
- Definition: Virtual Asset Service Providers (VASPs) include entities conducting exchange, transfer, custody, or financial services related to virtual assets (VAs).
- Supreme Decree No. 006-2023-JUS (July 2023) designates VASPs as “obligated subjects” under Law No. 27,693 for AML/CTF compliance.

VASP Public Register

- No dedicated VASP public registry.
- SBS Registration: VASPs register with SBS as obligated subjects for AML/CTF
- <https://www.sbs.gob.pe/app/uif/voc/>

Compliance and Public Relations

- Designate a compliance officer for AML/CTF oversight.
- No mandatory PR manager; encouraged to communicate transparently.

AML/CFT Policies

- Framework: Governed by Law No. 27,693 and Supreme Decree No. 006-2023-JUS, aligning with FATF Recommendations 10, 11, 20.

Obligations:

- Customer Due Diligence (CDD): Verify identities, conduct enhanced due diligence (EDD) for high-risk clients.
- Suspicious Transaction Reporting (STR): Report to UIF-Perú within 24 hours.
- Record-Keeping: Maintain records for 10 years.
- Sanctions Screening: Check against sanctions and PEP lists.

Legal Establishment

- VASPs must be Peruvian-domiciled individuals, companies (e.g., SAC, SRL), or foreign branches.

Monthly UIF Reporting

- Report cash transactions > PEN 40,000 (~USD 10,000).
- Report suspicious transactions with client details (name, ID, address, amount).
- Scope: Fiat-to-crypto, crypto-to-crypto, VA transfers.

Cybersecurity Standards

- Requires encryption, multi-factor authentication, and incident response plans.

Asset Custody

- Custody of tokenized assets requires SBS/SMV registration, secure solutions (e.g., cold storage), and segregated accounts.
- Supreme Decree No. 006-2023-JUS: Mandates secure VA custody, details unspecified.

User Risk Disclosure

- Fintech Law: Mandates disclosure of risks (volatility, cybersecurity), fees, and terms.
- UIF-Perú: Requires informing clients of AML/CTF obligations.
- Industry: VASPs publish voluntary risk disclosures.

Periodic Reporting and Audits

- Quarterly AML/CTF reports (risk assessments, STRs, CDD).
- Annual audits by SBS-approved auditors.
- Fintech Law: Annual financial/operational reports for regulated VASPs.

Key Players

Leading exchanges include Agente BTC, Buda.com, Buenbit, and Cripto Bank of Peru, alongside international platforms Binance and Kraken. Technology and infrastructure companies include Pachacuy, Qolkrex, Kaytrust Criptovision, Kindly, Unisuam, Fireblocks, and Cryptometales. The ecosystem includes Algorand for blockchain infrastructure, CoinCaex for trading services, and Sumara Hub Legal for regulatory compliance. Educational initiatives involve Adolfo Ibañez University and various academic programs. Gaming and entertainment sectors include Metary, Buenbit.com, EY, Sura Gaming, and Axie Infinity communities. The Peruvian NGO Motiv stands out for its community-focused Bitcoin adoption work across 16 towns, demonstrating practical cryptocurrency implementation for unbanked populations and local economic development.

PANAMA

- Regulatory Stance: Permissive
- Key Bodies: [Superintendencia de Bancos](#), [Ministerio de Economía y Finanzas](#)
- Existing Frameworks: Crypto Law (Bill No. 697) under legislative consideration
- Stablecoins: Explicitly recognized pending final legislative approval
- Licensing: Proposed regulatory framework awaiting legislative finalization
- Enforcement: AML-focused compliance and minimal intervention
- Outlook: Adoption of comprehensive crypto legislation expected soon

Ecosystem

Panama operates as the fifth Latin American nation with the most crypto ATMs at 32 units. The country maintains high internet penetration but faces challenges with poverty, unemployment, and unbanked populations. Approximately 41 establishments accept cryptocurrency payments, with 34 located in Panama City. Towerbank has embraced crypto integration by hosting Bankathon 2023, sponsoring [Blockchain Summit Latam](#) 2023, and releasing the Ikigii Bitcoin wallet. The first Ethereum-based event, Eth Canal, took place in March 2024⁷. Panama's official USD currency, similar to El Salvador, suggests potential for crypto adoption as an inflation hedge. High adoption is anticipated if pending regulations receive approval, potentially positioning Panama as a regional crypto hub. However, protests against government and mining firms led to deactivation of some Bitcoin ATMs, indicating social and political tensions affecting crypto infrastructure.

Regulation

The 'Ley Cripto' (Crypto Bill) was introduced in September 2021 by Gabriel Silva, allowing free agreement on crypto use for civil and commercial operations and regulating tokenization of precious metals and digital value issuance. President Laurentino Cortizo objected in June 2022, requesting adjustments for AML compliance, expanded definitions, tax obligations, and single regulatory agency oversight. After approval in the third debate, Silva

expressed displeasure with alterations made to the original bill. President Cortizo sent the bill to the Supreme Court in January 2023, claiming unconstitutionality. The Supreme Court ruled in July 2023 that the bill was unconstitutional on procedural and formal grounds, effectively blocking its implementation. The regulatory uncertainty continues to impact potential crypto business development and institutional adoption.

VASP Regulation

- No VASP-specific licensing yet. A proposed bill (Mar-Apr 2025) would legalize voluntary crypto payments and introduce VASP registration, AML compliance, licensing for wallets/exchanges/custodians.

VASP Public Register

- No public register at present; draft law envisions official registry upon enactment.

Compliance and Public Relations

- Required compliance officer; no mandatory PR manager; emphasis on transparent communication. International firms are encouraged to align with FATF standards.

AML/CFT Policies

- AML/KYC obligations under general financial AML law; proposed detailed CDD/STR rules with FATF-aligned Travel Rule above thresholds.

Legal Establishment

- Corporate forms under Panamanian law (S.A., S.R.L.); proposed local incorporation or branch for foreign VASPs.

Monthly UIF Reporting

- Not yet defined; future law likely to mandate reporting thresholds for transactions over ~USD 10,000.

Cybersecurity Standards

- Cyber hygiene likely mandated: encryption, MFA, incident response plans; aligning with international norms per draft.

Asset Custody

- Draft bill covers custody standards: secure cold storage, segregation; insurer/audit requirements proposed.

User Risk Disclosure

- VASPs under draft law are expected to disclose volatility, cybersecurity, and AML risks to clients.

Periodic Reporting and Audits

- Once bill enacted: periodic AML/CFT reports (CDD, STRs), and annual operational audits by approved auditors.

Key Players

Towerbank leads traditional financial sector crypto integration with Ikigii wallet, Bankathon 2023 hosting, and Blockchain Summit Latam 2023 sponsorship. Community organizations include Eth Canal, Eth Kipu, and We Dao Latam for blockchain education and development. Professional associations feature CAPATEC and Enterprise Ethereum Alliance for industry standards and networking. Educational platforms include Colledge for crypto and blockchain learning. The ecosystem awaits clearer regulatory frameworks to enable more comprehensive institutional participation. Various grassroots initiatives continue operating despite regulatory uncertainty, focusing on education and community building.

URUGUAY

- Regulatory Stance: Neutral
- Key Bodies: [Banco Central del Uruguay](#)
- Existing Frameworks: No specific crypto legislation, governed by general financial regulations
- Stablecoins: Informal allowance, no specific classification
- Licensing: No explicit licensing requirements yet
- Enforcement: Minimal oversight and advisory actions
- Outlook: Regulatory clarity anticipated due to ongoing CBDC research

Ecosystem

Uruguay ranks 106th in the 2025 Global Crypto Adoption Index. The country operates 42+ businesses accepting cryptocurrency payments, with 17 in Montevideo and others in border towns, but maintains only 1 crypto ATM. Common exchange facilities include Criptala, Bitex, Cex.io, Binance, Satoshi Tango, and Paxful. Tether, the USDT issuer, is investing in energy production and sustainable Bitcoin mining facilities, taking advantage of [Uruguay's 94% renewable energy capacity](#). The country demonstrates innovative blockchain applications in cannabis foreign trade, with US-based company Cend using private and public blockchains for import processes. A unique historical preservation initiative involves a militant group storing national data from the dictatorship period on public blockchain to prevent destruction. The ecosystem benefits from Uruguay's stable political environment and advanced digital infrastructure.

Regulation

The Central Bank of Uruguay (BCU) published a "Conceptual framework for the regulatory treatment of virtual assets in Uruguay" in December 2021, providing frameworks for understanding and categorization. A comprehensive bill presented by the Executive branch in September 2022 proposes designating the Superintendence of Financial Services (BCU department) as the main overseer of virtual asset service providers. The proposed legislation modifies the 2009 securities market law to include crypto assets as "book-entry securities"⁷. If passed and currently under Senate

review, all virtual asset entities would fall under BCU supervision. The regulatory approach reflects Uruguay's methodical progression toward comprehensive crypto oversight while maintaining financial system stability.

VASP Regulation

- BCU Regulation on Virtual Assets (2021) mandates BCU registration and AML/CTF compliance under Law No. 19,574.
- VASPs are “non-financial obligated subjects” with risk-based supervision.
- VAs not legal tender; BCU warnings (2017, 2023) highlight risks.
- Tokenized securities regulated by SSF.
- Proposed Crypto-Asset Framework Bill (2023, pending) aims for licensing and custody standards.

VASP Public Register

- Public VASP Registry under BCU, accessible at www.bcu.gub.uy, (NOT FOUND)
- Details: Includes company details, services, and compliance status.
- UIAF: Non-public AML/CTF registry.

Compliance and Public Relations

Compliance:

- Appoint compliance officer for AML/CTF (BCU, 2021).
- Implement AML/CTF programs (risk assessments, training, audits).
- Ensure consumer protection under Law No. 17,250.

Public Relations:

- No mandatory PR manager; transparent communication encouraged.

AML/CFT Policies

Framework: Governed by Law No. 19,574 and BCU Regulation (2021), aligning with FATF Recommendations 10, 11, 20.

Obligations: Customer Due Diligence (CDD):

- Verify identities, EDD for high-risk clients.
- Suspicious Transaction Reporting (STR): Report to UIAF within 24 hours.
- Record-Keeping: Maintain records for 5 years.
- Sanctions Screening: Check sanctions/PEP lists.

Legal Establishment

- Requirements: Uruguayan-domiciled individuals/companies (SA, SRL) or foreign branches.
- BCU Registration: Required, with ~UYU 10M (~USD 240,000) capital.

Monthly UIF Reporting

Requirements:

- Report cash transactions > UYU 400,000 (~USD 10,000).
- Report suspicious transactions with client details.
- Scope: Fiat-to-crypto, crypto-to-crypto, VA transfers.

Cybersecurity Standards

- BCU Regulation (2021): Requires encryption, multi-factor authentication, incident response.
- Compliance: Aligns with Law No. 18,331 (Data Protection).
- UIAF Guidance: Mitigate hacking risks.

Asset Custody

- BCU Regulation (2021): Requires secure custody (cold storage, segregated accounts).
- SSF: Regulates tokenized securities custody.
- Proposed: 2023 bill may mandate audits/insurance.

User Risk Disclosure

- BCU Regulation (2021): Disclose risks (volatility, cybersecurity), fees, custody policies.
- UIAF: Inform clients of AML/CTF obligations.
- Proposed: 2023 bill mandates detailed risk warnings.

- Industry: VASPs publish voluntary warnings.

Periodic Reporting and Audits

BCU/UIAF:

- Quarterly AML/CTF reports (risk assessments, STRs, CDD).
- Annual audits by BCU-approved auditors.

Key Players

Major cryptocurrency service providers include Tether (investment in renewable energy mining), Binance (international exchange services), Bitex (local exchange), Criptala (trading platform), Cex.io (international platform), and Satoshi Tango (regional exchange). Energy sector involvement includes various renewable energy companies partnering with Tether for sustainable Bitcoin mining operations. Innovation companies include Cend (blockchain applications for cannabis trade) and various community organizations promoting blockchain adoption. The ecosystem benefits from Uruguay's progressive approach to technology adoption and regulatory development.

COSTA RICA

- Regulatory Stance: Neutral
- Key Bodies: [Banco Central](#), [Consejo Nacional de Supervisión del Sistema Financiero \(CONASSIF\)](#)
- Existing Frameworks: No clear crypto guidelines, informal market prevalent
- Stablecoins: Ambiguous status, informally used without clear definition
- Licensing: No explicit licensing currently required
- Enforcement: Minimal regulatory engagement
- Outlook: Gradual emergence of regulatory framework anticipated

Ecosystem

Costa Rica ranks 86th on the 2025 Global Crypto Adoption Index (90th on the 2024 index), but maintains a vibrant cryptocurrency ecosystem with widespread business adoption. Many businesses accept cryptocurrencies as payment, with workers able to receive portions of wages in crypto. The country operates 6 Bitcoin ATMs for a population of 5 million. The active blockchain association Asos Blockchain promotes events and gatherings, including the Tico Blockchain Conference and community-led Crypto Cantina. Costa Rica offers attractive conditions for crypto mining with stable internet connections and [98% renewable energy output](#), making it one of the "greenest" countries for cryptocurrency operations. The Bitcoin Jungle community has expanded from Dominical Beach to the Golden Triangle area (Dominical, Uvita, Ojochal, Platanillo, Tinamaste), actively promoting meetups and educational efforts. The Blockchain Jungle conference positions Costa Rica as a global hub for sustainable blockchain technology.

Regulation

Congresswoman Johana Obando presented the Crypto Assets Market (MECA) Law to regulate cryptocurrencies, provide clarity, and attract investment. The proposed bill would prevent taxing cryptocurrency for goods purchases, exempt cold storage and mining from profit taxes (though trading profits remain subject to income tax). The legislation aims to attract foreign investors, fintech companies, and tourists while creating jobs. Unlike El

Salvador, Costa Rica pursues consensual rather than forced adoption. Cryptocurrencies are not regulated by the Central Bank but are legal and acknowledged as legitimate payment means. A 2017 government statement advised cryptocurrency use "at their own risk". The Central Bank (BCCR) will not regulate or enforce crypto use since they are not issued or backed by the institution. Article 166 of the labor code allows commonly accepted assets as payment, enabling salaries above minimum wage to be paid in cryptocurrency.

VASP Regulation

- No formal VASP licensing yet, but Legislative Assembly advanced Bill No. 22.837 in July 2025 to regulate VASP providers (wallets, exchanges) under AML/CFT regime.

VASP Public Register

- No public register currently. Future regimes may include a registry of obligated entities.

Compliance and Public Relations

- Mandate to appoint a compliance officer; transparent disclosure encouraged; PR managers not compulsory.

AML/CFT Policies

- AML/CFT obligations via amended Law 7786; required KYC/CDD, STR reporting to authorities, record retention.

Legal Establishment

- Crypto firms can register as SRL or S.A., include crypto services in object; foreign entities may operate via local subsidiaries.

Monthly UIF Reporting

- Reporting of cash/transaction thresholds and STRs; detailed modalities TBD.

Cybersecurity Standards

- Bill envisions encryption, access controls, and incident response. Costa Rican data protection laws apply.

Asset Custody

- Custody guidance is likely to require secure wallets, segregation; insurance provisions may be added later.

User Risk Disclosure

- Consumer protection requirements: risk notices on volatility, cybersecurity, AML obligations.

Periodic Reporting and Audits

- Bill likely to require periodic AML reports and annual audits.

Key Players

Community organizations include AsoBlockchain, Blockchain Costa Rica, Edenia (web3 infrastructure validator), EOS Costa Rica, and Cambiatus (blockchain-based platform for complementary currencies). Infrastructure providers feature Genesis Blockchain Technologies, Data Center CR, LACChain, and Cryptoreds. Notable projects include Bitcoin Jungle community, Blockchain Jungle conference, and various regenerative finance initiatives. Cambiatus operates successful local currency projects including Verdes community in Monte Verde and CoFi Blocks for coffee producers. The ecosystem benefits from sustainable energy advantages and growing tourism integration with cryptocurrency payments.

EL SALVADOR

- Regulatory Stance: Highly Permissive
- Key Bodies: [Banco Central de Reserva](#), [Asamblea Legislativa](#)
- Existing Frameworks: Bitcoin adopted as legal tender
- Stablecoins: Informal adoption alongside Bitcoin
- Licensing: Simplified and encouraged procedures for crypto enterprises
- Enforcement: Active encouragement and regulated oversight
- Outlook: Continued aggressive promotion and supportive crypto policies

Ecosystem

El Salvador ranks 89th 2025 Global Crypto Adoption Index, attributed to low adoption rates despite government incentives. The country has actively created incentives for crypto adoption since 2021, attracting businesses and tourists while maintaining low inflation at 1.23% in 2023. Despite [a high remittance volume of \\$8.18 billion in 2023 \(nearly 30% of GDP\)](#), [crypto remittances paradoxically dropped to \\$82.93 million in 2023 from \\$116.4 million in 2022](#). President Bukele's Bitcoin investments have become profitable with 2,464 BTC valued at \$122.011 million as of March 6, 2024. The Volcano Bonds program, approved in December 2023, aims to purchase \$500 million in Bitcoin, fund mining operations, and offer 6.5% interest to investors. The Freedom Visa program attracts crypto entrepreneurs with \$1 million BTC/USDT investment requirements for permanent residency, while Volcano Bond investors with \$100k become eligible for citizenship after 5 years residency. Tourism grew 43% in 2023, positively impacting Bitcoin Beach initiatives.

Regulation

El Salvador enacted the historic Bitcoin Law in 2021, becoming the first country to adopt Bitcoin as legal tender effective September 7, 2021. The legal framework eliminates capital gains tax on Bitcoin due to its legal tender status. Congress approved a comprehensive bill in December 2023 to fully adopt crypto assets, positioning El Salvador as a "Hub of Crypto Innovation". The legislation established frameworks for Volcano Bonds, created the National Commission for Digital Assets, and formed the Bitcoin Funds

Administration Agency. The "Law for the Promotion of Innovation and Manufacture of Technology" passed in April 2023 provides 15-year exemptions from income, capital gains, and municipal taxes, plus import duty exemptions for technology investments. The Central Bank reported 59 registered crypto and blockchain companies including Bitfinex Securities, Strike, and Paxful with "La Casa del Bitcoin".

VASP Regulation

LEAD (2023) mandates CNAD registration for VASPs, including Bitcoin Service Providers (BSPs) and Digital Asset Service Providers (DASPs).

- Supreme Decree No. 27/2024 strengthens AML/CTF, transaction limits, and cybersecurity.
- Bitcoin is legal tender and a VA, creating a dual framework.
- Tokenized securities regulated by CNAD.
- Proposed Digital Asset Enhancement Bill (2025, pending) aims for streamlined licensing by 2026.

VASP Public Register

- Current: Public VASP Registry at: <https://cnad.gob.sv/es/registro-publico/>
- Details: Includes company details, services, and compliance status.
- UIF: Non-public AML/CTF registry.

Compliance and Public Relations

Compliance:

- Appoint compliance officer for AML/CTF (LEAD, Supreme Decree No. 27/2024).
- Implement AML/CTF programs (risk assessments, training, audits).
- Ensure consumer protection under Decree No. 666/1996.

Public Relations:

- No mandatory PR manager; transparent communication required.
- VASPs publish compliance/risk statements.

AML/CFT Policies

Framework: Governed by Law No. 498/2004 and Supreme Decree No. 27/2024, aligning with FATF Recommendations 10, 11, 20.

Obligations:

- Customer Due Diligence (CDD): Verify identities, EDD for high-risk clients.
- Suspicious Transaction Reporting (STR): Report to UIF within 24 hours.
- Record-Keeping: Maintain records for 5 years.
- Sanctions Screening: Check sanctions/PEP lists.
- Travel Rule: Partial implementation for transactions > USD 1,000, full compliance incomplete (FATF, 2025).

Legal Establishment

- Requirements: Salvadoran-domiciled companies (SA, SRL) or foreign branches.
- CNAD Authorization: Requires ~USD 100,000 capital.
- Proposed: 2025 bill may increase capital requirements.

Monthly UIF Reporting

Requirements:

- Report cash transactions > USD 10,000.
- Report suspicious transactions with client details.
- Scope: Fiat-to-crypto, crypto-to-crypto, VA transfers.
- Process: Via UIF portal; 15-day deadline for cash, 24 hours for STRs.

Cybersecurity Standards

- Supreme Decree No. 27/2024: Requires encryption, multi-factor authentication, cold wallet keys, incident response.
- Compliance: Aligns with Decree No. 59/2022 (Data Protection).
- Industry: VASPs adopt ISO 27001 voluntarily.
- Gap: No VASP-specific standards.

Asset Custody

- LEAD/Supreme Decree No. 27/2024: Requires CNAD authorization, secure custody (cold storage, segregated accounts).
- Proposed: 2025 bill may mandate audits/insurance.
- Gap: Non-tokenized VA custody lightly regulated.

User Risk Disclosure

- LEAD: Disclose risks (volatility, cybersecurity), fees, custody policies.
- UIF: Inform clients of AML/CTF obligations.
- Proposed: 2025 bill mandates detailed risk warnings.
- Industry: VASPs publish voluntary warnings.

Periodic Reporting and Audits

CNAD/UIF:

- Quarterly AML/CTF reports (risk assessments, STRs, CDD).
- Annual CNAD audits by approved auditors.
- Proposed: Semi-annual audits under 2025 bill.

Key Players

Government entities include the El Salvadoran government, [Chivo Wallet](#) (official Bitcoin wallet), and various state agencies supporting Bitcoin adoption. International partnerships feature Strike (Lightning Network payments), Blockstream (Bitcoin infrastructure), AlphaPoint (trading technology), Bitfinex Securities (financial services), and Algorand (blockchain infrastructure). Exchange and payment services include Bitso, BitGo, Paxful (with educational center "La Casa del Bitcoin"), and Athena Bitcoin (ATM network). Infrastructure providers include Koibanx (blockchain solutions) and various mining operations. The Bitcoin Beach community represents the original grassroots adoption model that inspired similar initiatives across Latin America. Educational and community initiatives continue expanding through partnerships with international crypto companies establishing local presence.

El Salvador: a new ecosystem for digital capital markets

El Salvador has become the first country in the world to establish a comprehensive legal framework for digital assets, through the Digital Asset Issuance Law (LEAD) and the creation of the National Commission for Digital Assets (CNAD). Unlike other jurisdictions, this framework was designed from the ground up to integrate issuance, distribution, and trading of digital financial instruments under clear rules, with licensing processes, supervision, and periodic reporting.

The country offers several competitive advantages:

- Regulatory certainty: CNAD licenses issuers and markets under transparent guidelines, creating trust for banks, auditors, and global investors.
- Dollarized economy: reduces FX risk and facilitates seamless international capital flows.
- Bitcoin-based infrastructure: leveraging the world's most secure network, while Liquid Network enables regulated issuance, full traceability, instant settlement, and low transaction costs.
- Tax incentives: special regimes for digital asset and technology investments, including significant exemptions.

Within this framework, two licensed institutions — NexBridge and NexPlace — are shaping the next phase of the ecosystem. They operate as part of a broader vision referred to as NexGroup, a market architecture designed to connect issuance and trading in a seamless and regulated way.

NexBridge delivers ETF-style exposure on Bitcoin rails, combining the familiarity of ETFs with the advantages of being on-chain: 24/7 settlement, programmable transfer controls, auditable supply, and wallet interoperability. Its focus is regulated issuance, ensuring that every product is launched under clear and trusted frameworks. To maintain independence and direct institutional access, NexBridge operates its own OTC Desk while also partnering with centralized exchanges to drive global retail distribution for their issuances and USTBL.

NexPlace is a next-generation hybrid exchange that allows the trading of real-world assets and cryptocurrencies within a regulated environment. Its architecture blends an order book for continuous price discovery with APIs for banks and market makers, while supporting larger flows through an integrated OTC function. NexPlace is designed as a gateway for global investors, starting with Latin America, to access tokenized instruments safely and efficiently.

This dual architecture is not a closed loop but an open ecosystem: issuance without a trading venue would remain dependent on third parties, while a venue without regulated issuance would lack institutional-quality products. By combining both under the same regulatory umbrella, the system achieves efficiency and unlocks powerful use cases — from U.S. Treasuries to equities, managed portfolios, and structured products — while remaining scalable and interoperable with global markets.

Backed by an \$8M Series A led by Fulgur Ventures, NexBridge and NexPlace are accelerating the rollout of a Bitcoin-based capital markets platform in the second half of 2025. Their commitment is to democratize access to institutional-grade products across Latin America without compromising on compliance or investor protection — recognizing that financial and regulatory education will be as important as technology itself in driving sustainable adoption.

Use Case

Founded in El Salvador in 2023, NexBridge set out with a clear mission: to build a regulated bridge between traditional finance and Bitcoin, starting with U.S. Treasuries and laying the foundation for a blockchain-native capital market. In just two years, it has become a regional benchmark for regulated tokenization — proving that institutional-grade products can be brought on-chain under transparent frameworks.

Key milestones include the launch of USTBL, the first public, regulated U.S. Treasury-backed digital asset issued on the Bitcoin Liquid Network; surpassing \$30M in issuance; and receiving an “A” rating from Particula, the independent digital asset rating agency. Each issuance is subject to monthly

Proof of Reserve audits by leading firms such as Grant Thornton, ensuring full transparency and providing the same kind of assurance expected in traditional capital markets. This strengthens credibility and reinforces the narrative that blockchain is not an alternative, but rather the next inevitable step in the evolution of global capital markets.

This first use case is now expanding across new distribution venues, starting with NexBridge's proprietary OTC desk with integrated self-custody options and subsequently through listings on other regulated centralized exchanges (CeX). Upcoming issuances will go beyond already-listed assets to include entirely new financial products. Thanks to the group's ability to structure agreements directly with regulated banks, NexBridge can design instruments tailored to market needs rather than merely replicating existing securities.

As a next step, this includes the on-chain issuance of equities of companies incorporated in jurisdictions such as Switzerland, where tokenized shares can be directly integrated into the shareholder registry. This ensures a genuine use case of ownership while avoiding synthetic wrappers and enables the token transfer itself to instantly convey both ownership and all associated rights. When combined with El Salvador's dedicated Digital Asset framework, this creates a unique architecture in which Swiss corporate law and Salvadoran digital asset law converge. The result shows how Latin America can drive innovations with global relevance — enabling instant legal actualization of shareholder registries and scalable issuance of new financial products. Far from being a peripheral experiment, El Salvador demonstrates that emerging markets can shape the future of digital finance, not only matching but in some cases surpassing jurisdictions traditionally considered more advanced, while opening the door to greater financial inclusion.

Backed by an \$8M Series A led by Fulgur Ventures, NexBridge and NexPlace are now scaling their pipeline while expanding the ecosystem under the broader NexGroup vision. NexBridge serves as the regulated issuer of tokenized instruments, while NexPlace is the next-generation exchange designed to provide liquidity, accessibility, and global investor reach. This dual architecture ensures that issuance is not dependent on external venues and that trading platforms offer true institutional-quality products — together

creating a Bitcoin-native capital markets platform that bridges traditional finance with the on-chain economy.

Finally, both institutions recognize that technology alone is not enough. Transparency, financial literacy, and regulatory education are embedded pillars of the strategy, with dedicated content and community programs designed to foster inclusion and build long-term trust in digital markets.

PARAGUAY

- Regulatory Stance: Neutral
- Key Bodies: [Banco Central del Paraguay](#), Secretaría de Prevención de Lavado de Dinero o Bienes (SEPRELAD)
- Existing Frameworks: Lack of explicit crypto-specific regulations
- Stablecoins: Informally adopted, unclear legal status
- Licensing: No clear licensing structure established
- Enforcement: Limited advisories and minimal enforcement
- Outlook: Increased regulatory developments anticipated

Ecosystem

Paraguay ranks 75th on the Global Crypto Adoption Index (88th in 2024) with only 5 crypto ATMs but significant potential in cryptocurrency mining. The primary adoption driver is exceptionally low energy rates at \$0.033/kWh and hydroelectric power overproduction from the Itaipú dam. Mining projects are flourishing with Bitfarms operating a 10 MW facility expanding to 100MW, Commons Foundation securing 100 MW deals, Pow.er operating 12 MW facilities, and Sazmining running 5 MW operations despite curtailments. Main mining companies include Qurubiqa and Penguin Infrastructure, which has partnerships with Marathon Digital and operates Penguin Academy educational units. The [Crypto Summit del Sur](#) annual conference held its third edition in February 2024, gaining ecosystem traction. Business adoption includes Grupo Cinco entertainment company accepting BTC, ETH, SHIB, and CHZ. Signatura.co provides blockchain-based ID verification, signatures, and certifications. X4T operates as a Paraguayan exchange provider.

Regulation

Paraguay came close to implementing crypto regulation in 2022 when bills were approved by both Senate and Deputy chambers, but President Mario Abdo Benitez vetoed the legislation citing energy consumption concerns versus low employment in mining. Currently, there are no clear rules for crypto-related activities. The Paraguayan Central Bank reiterated in May 2019

that the guaraní is the only official currency while warning about cryptocurrency risks. The failure to pass comprehensive crypto legislation may slow entry of new companies into the market. The regulatory uncertainty particularly impacts mining operations despite favorable energy conditions.

VASP Regulation

- Law No. 1,015/1997 and SEPRELAD Resolution No. 200/2023 designate VASPs as obligated subjects for AML/CTF.
- No VASP-specific licensing; proposed Crypto-Asset Regulation Bill (2022, pending) would require BCP registration and oversight.
- VAs not legal tender; BCP warns of risks (2018, 2024).
- Tokenized securities regulated by CNV.

VASP Public Register

- No public VASP registry
- SEPRELAD registry for obligated subjects is not public.

Compliance and Public Relations

- Designate compliance officer for AML/CTF.
- Implement AML/CTF programs (risk assessments, training, audits).
- Ensure consumer protection (transparent terms).

AML/CTF Policies

Framework: Governed by Law No. 1,015/1997 and Resolution No. 200/2023, aligning with FATF Recommendations 10, 11, 20.

- Customer Due Diligence (CDD): Verify identities, EDD for high-risk clients.
- Suspicious Transaction Reporting (STR): Report to SEPRELAD within 48 hours.
- Record-Keeping: Maintain records for 5 years.
- Sanctions Screening: Check sanctions/PEP lists.
- SEPRELAD Guidance: Limited, focuses on risk-based AML/CTF.

Legal Establishment

- Paraguayan-domiciled individuals/companies (SA, SRL) or foreign branches.
- SEPRELAD Registration: Required for AML/CTF, proof of establishment needed.

Monthly UIF Reporting

- Report cash transactions > PYG 70M (~USD 10,000).
- Report suspicious transactions with client details.
- Scope: Fiat-to-crypto, crypto-to-crypto, VA transfers.

Cybersecurity Standards

- Current: No VASP-specific standards; relies on Law No. 6,534/2020 (Data Protection).
- Fintech Context: BCP requires encryption, incident response for PSPs.
- SEPRELAD Guidance: Urges cybersecurity best practices.

Asset Custody

- No VA custody regulations; tokenized securities under CNV

User Risk Disclosure

- No mandatory requirements; general consumer laws apply.
- VASPs publish voluntary risk warnings.

Periodic Reporting and Audits

SEPRELAD:

- Quarterly AML/CTF reports (risk assessments, STRs, CDD).
- Annual audits by approved auditors.

Key Players

Mining companies include Bitfarms (major Canadian operation with expansion plans), Pow.er (12 MW facility), Commons Foundation (large-scale

deals), Sazmining (5 MW operations), and various smaller operations. Local companies feature Cripex, Gobit SA, Casa Bitcoin, Signatura.co (blockchain services), Grupo Cinco (entertainment/payments), and X4T (exchange services).

VENEZUELA

- Regulatory Stance: Restrictive-Permissive
- Key Bodies: [Superintendencia Nacional de Criptoactivos \(SUNACRIP\)](#), [Banco Central de Venezuela \(BCV\)](#)
- Existing Frameworks: State-backed crypto Petro; strict oversight of crypto activities
- Stablecoins: Informal adoption alongside official Petro currency
- Licensing: Mandatory registration and oversight by SUNACRIP
- Enforcement: Active regulatory interventions and compliance enforcement
- Outlook: Regulatory developments uncertain due to political volatility

Ecosystem

Venezuela ranks 18th in the 2025 Global Crypto Adoption Index (up from 13th in 2024), demonstrating strong user adoption driven by necessity amid hyperinflation reaching 190% in 2023. [The country received \\$28.3 billion in crypto in 2021 and \\$37.4 billion in 2022, representing a 32% increase.](#)

Stablecoins are widely adopted, representing 34% of small retail transaction volume, the largest percentage in Latin America, due to the failing fiat currency. Venezuelans have found significant revenue opportunities in crypto ecosystems, with the largest community presence on Hive (decentralized social media) and second-largest on Axie Infinity gaming platform. Many Venezuelans work in crypto-related roles including community management, translation, and design services. The ecosystem features active communities and projects for Bitcoin, Bitcoin Cash, Ethereum, DASH, EOS, Polkadot, and Litecoin. Caracas Blockchain Week took place in October 2023, demonstrating continued community engagement despite regulatory challenges.

Regulation

The Superintendencia Nacional de Criptoactivos (SUNACRIP), created in 2019, was closed in March 2023 following corruption scandals but is set to reopen in March 2024. Venezuela maintains clear legal frameworks for mining operations requiring user licenses, with the same requirement for exchanges. Previous legislation revolved around the government-backed Petro

cryptocurrency, which was eventually dropped after corruption issues. A bill passed in 2022 established taxation on any non-government-backed currency ranging from 2% to 20%. The regulatory environment reflects the government's attempt to maintain control over

VASP Regulation

- Strong VASP control by SUNACRIP and government; state-issued Petro cryptocurrency under Decree 3196 (2017) remains central. Regulation tight, with risk management mandates for VASPs.

VASP Public Register

- No public register; SUNACRIP maintains closed oversight and licensing.

Compliance and Public Relations

- Must appoint compliance officers; PR not enforced; government's narrative emphasizes sovereign control.

AML/CFT Policies

- Obligated under Venezuelan AML laws; mandatory CDD, STRs; oversight of cryptocurrency used in state trade. High-risk environment flagged by external experts.

Legal Establishment

- Local incorporation required or Venezuelan branch; tight capital controls.

Monthly UIF Reporting

- Reporting of suspicious and volume transactions; strict scrutiny on USDT/Tether use, especially in PDVSA exports.

Cybersecurity Standards

- Government mandates cybersecurity controls; but enforcement quality uneven amid economic crisis.

Asset Custody

- Custody typically state-supervised; private custody tightly regulated.

User Risk Disclosure

- Risk disclosure mostly state-oriented; consumer education lacking.

Periodic Reporting and Audits

- Regular internal audits; state-led monitoring; external audit transparency limited.

Key Players

Government-backed exchanges include Amberes and CryptoLago, while private companies feature Cryptobuyer and various service providers. Technology infrastructure includes Locha Mesh for decentralized communications and CryptoMiner for mining operations. International platforms operating in Venezuela include Paxful, Tether, Libertex, and Shapeshift (DeFi platform). Gaming and social media platforms with significant Venezuelan participation include Axie Infinity, Hive blockchain social media, and various earning opportunities. The DASH cryptocurrency maintains a particular presence in Venezuela with dedicated community support. Despite regulatory uncertainty, various grassroots initiatives continue operating to provide financial alternatives for citizens facing economic hardship.

BOLIVIA

- Regulatory Stance: Restrictive
- Key Bodies: [Banco Central de Bolivia](#)
- Existing Frameworks: Strict prohibition on cryptocurrency activities; exploratory framework for a potential CBDC
- Stablecoins: Explicitly prohibited
- Licensing: None permitted
- Enforcement: Strict penalties and consistent enforcement
- Outlook: Persistent restrictive regulatory environment expected

Ecosystem

Bolivia has a very cautious regulatory stance on cryptocurrency, yet still hosts a lot of crypto owners. Due to banking restrictions, there are no local brokers or exchange companies, forcing Bolivians to use foreign companies or peer-to-peer methods for crypto transactions. The ecosystem operates primarily in an educational phase, focusing on spreading awareness about Web3 technologies and economic solutions. Ethereum Bolivia represents the largest crypto event in the country, with the first meetup bringing together 150 people in capital city La Paz in 2023. A political movement has emerged advocating for crypto and web3 as tools for financial inclusion, development, education, and capitalizing on rising international economic interest. Despite legal restrictions, grassroots educational efforts continue building community awareness of cryptocurrency benefits.

The [Banco Central de Bolivia](#) released its first report on a potential CBDC ("[Primer informe del Boliviano Digital](#)"), marking a cautious institutional shift toward exploring digital monetary infrastructure. The report emphasizes financial inclusion, payment system modernization, and sovereign monetary control, explicitly distinguishing a state-issued digital currency from private or decentralized cryptocurrencies. The BCB states that any future CBDC would operate within a closed, state-controlled system, ensuring monetary sovereignty and regulatory compliance.

Regulation

The Bolivian Central Bank banned cryptocurrencies in early 2014 through Resolution N044/2014, which was ratified in 2022. The bank prohibited financial institutions from using, marketing, or transacting cryptocurrency in 2022. Unlike most countries with crypto bans, Bolivia has refrained from criminalizing cryptocurrency holding or trading. Congresswoman Mariela Baldivieso recently presented a bill to lift the cryptocurrency ban, arguing that the government should embrace such technologies for economic turnaround. The proposed legislation represents hope for policy change amid Bolivia's economic struggles and dollar reserve shortages. Current regulations remain restrictive but not punitive toward individual users.

VASP Regulation

- Supreme Decree No. 4966/2023 designates VASPs as obligated subjects under Law No. 1,393/2021 for AML/CTF.
- ASFI Resolution 5040/2025 integrates VASPs into fintech regulation, requiring ASFI registration.
- VAs not legal tender; BCB Resolution No. 144/2014 prohibits VA payments.
- Tokenized securities regulated by ASFI.
- Proposed Crypto Regulation Bill (2024, pending) aims for licensing by 2026

VASP Public Register

- Current: No public VASP registry; ASFI fintech registry not VASP-specific or fully public.
- UIF: Non-public AML/CTF registry.
- Proposed: 2024 bill proposes public VASP registry under ASFI.

Compliance and Public Relations

Compliance:

- Appoint compliance officer for AML/CTF (Supreme Decree No. 4966/2023).
- Implement AML/CTF programs (risk assessments, training, audits).
- Ensure consumer protection under Law No. 453/2013.

Public Relations:

- No mandatory PR manager; transparent communication encouraged.
- VASPs publish compliance/risk statements.

AML/CFT Policies

- Framework: Governed by Law No. 1,393/2021 and Supreme Decree No. 4966/2023, aligning with FATF Recommendations 10, 11, 20.

Obligations:

- Customer Due Diligence (CDD): Verify identities, EDD for high-risk clients.
- Suspicious Transaction Reporting (STR): Report to UIF within 48 hours.
- Record-Keeping: Maintain records for 5 years.
- Sanctions Screening: Check sanctions/PEP lists.

Legal Establishment

- Requirements: Bolivian-domiciled individuals/companies (SA, SRL) or foreign branches.
- ASFI Registration: Required, with ~BOB 2M (~USD 290,000) capital.

Monthly UIF Reporting

Requirements:

- Report cash transactions > BOB 70,000 (~USD 10,000).
- Report suspicious transactions with client details.
- Scope: Fiat-to-crypto, crypto-to-crypto, VA transfers.
- Process: Via UIF portal; 15-day deadline for cash, 48 hours for STRs.

Cybersecurity Standards

- ASFI Resolution 5040/2025: Requires encryption, multi-factor authentication, incident response.
- Compliance: Aligns with Law No. 1,641/2023 (Data Protection).
- UIF Guidance: Mitigate hacking risks.

Asset Custody

- ASFI Resolution 5040/2025: Requires secure custody (cold storage, segregated accounts).
- Supreme Decree No. 4966/2023: Mandates secure VA custody, details unspecified.

User Risk Disclosure

- ASFI Resolution 5040/2025: Disclose risks (volatility, cybersecurity), fees, custody policies.
- UIF: Inform clients of AML/CTF obligations.

Periodic Reporting and Audits

ASFI/UIF:

- Quarterly AML/CTF reports (risk assessments, STRs, CDD).
- Annual audits by ASFI-approved auditors.

Key Players

Community organizations include Bolivian Mind Blockchain, Ethereum Bolivia, Asociación Blockchain Bolivia, and Comunidad Bitcoin Bolivia. These groups focus on education, advocacy, and preparing for potential regulatory changes. Educational initiatives center around building awareness of cryptocurrency benefits and blockchain technology applications. The ecosystem relies primarily on international platforms and services due to domestic restrictions. Community leaders work to build political support for regulatory reform and economic modernization through cryptocurrency adoption.

ECUADOR

- Regulatory Stance: Restrictive-Neutral
- Key Bodies: [Banco Central del Ecuador](#)
- Existing Frameworks: Informal crypto use, lack of clear legal definition
- Stablecoins: Ambiguous informal use
- Licensing: Undefined
- Enforcement: Minimal
- Outlook: Continued regulatory ambiguity expected

Ecosystem

Ecuador adopted the US dollar as its currency in 2000, providing relative economic stability that influences crypto adoption patterns. [Ecuador has been cautious of cryptocurrency usage](#), but also remains neutral in other instances.. The ecosystem demonstrates innovative blockchain applications, including the Sustainable Shrimp Partnership with IBM Food Trust for fish and shrimp market traceability. Ernst & Young conducted a case study featuring an energy production company implementing blockchain for carbon footprint tracing through the DEEP platform. Ecuador became the first Latin American country to apply blockchain to electoral processes through a partnership between Eminkatech and ZEYO in 2023. The tourism sector shows crypto integration with Despegar using cryptocurrency payments. The infrastructure includes only 1 crypto ATM in Cuenca, with 36 establishments accepting cryptocurrency payments.

Regulation

Ecuador maintains a cautious pragmatic legal approach to cryptocurrency regulation. The Central Bank stated in 2018 that cryptocurrencies are not authorized as payment means, but online buying and selling remains legal. Article 94 of the Organic Monetary and Financial Code explicitly denies legal tender status to Bitcoin. The regulatory focus emphasizes crypto as an alternative investment rather than daily payment method. The Monetary Policy and Regulation Council issued Resolution in August 2023 on digital

wallets, requiring permits for companies, continuous immediate fund availability, regulatory sandbox opportunities for private sector testing, and temporary permits for innovation. The legal framework reflects Ecuador's strategy of controlled experimentation while maintaining traditional monetary policy centered on USD adoption.

VASP Regulation

- UAFE (Unidad de Análisis Financiero y Económico) regulates VASPs via Director General's resolution. Defined activities include exchange between fiat-crypto, crypto-crypto.

VASP Public Register

- No public registry; UAFE lists obligated entities internally.

Compliance and Public Relations

- Compliance officer designation mandatory; public transparency not enforced.

AML/CFT Policies

- Obligated entity AML rules: CDD, STRs, record-keeping; aligned with FATF via UAFE resolution.

Legal Establishment

- Companies must register locally; SRL/S.A. forms; foreign branches allowed.

Monthly UIF Reporting

- Reporting of cash thresholds, suspicious transactions.

Cybersecurity Standards

- UAFE resolution mandates basic cybersecurity practices; broader industry standards emerging.

Asset Custody

- Custody not deeply regulated; exchanges required to secure customer assets per UAFE guidelines.

User Risk Disclosure

- Limited formal disclosure requirement; some VASPs issue voluntary statements.

Periodic Reporting and Audits

- Periodic AML/CFT reporting to UAFE; audits not widely publicized.

Key Players

Leading technology companies include ZEYO (electoral blockchain applications), Ethereum Ecuador community, and Road to Blockchain Week organizers. Professional services feature Ernst & Young (carbon footprint blockchain solutions) and IBM Food Trust (supply chain traceability). Trading platforms include eToro and Deribit for cryptocurrency access. The ecosystem benefits from various community organizations promoting blockchain education and adoption. ZEYO's partnership with electoral authorities represents a significant institutional blockchain implementation. The tourism sector includes Despegar as a notable crypto-accepting service provider. The "Road to Blockchain Week" event in May 2023 was hosted by ETH Tricolor/ETH Ecuador, which is transitioning to a DAO structure.

GUATEMALA

- Regulatory Stance: Neutral
- Key Bodies: [Banco de Guatemala](#)
- Existing Frameworks: No explicit crypto regulation, informal market operations
- Stablecoins: Informal usage without defined legal framework
- Licensing: Undefined
- Enforcement: Limited regulatory oversight
- Outlook: Gradual regulatory developments anticipated

Ecosystem

Guatemala has lower inflation rates ([4.18% in 2023](#)), grassroots adoption continues driven by electoral transparency needs and high international payment fees. The Supreme Election Tribunal (TSE) used the Bitcoin network and Simple Proof for transparency and immutability in 2023 elections. Bitcoin Lake operates in the Lake Atitlán region as a crypto-based circular economy inspired by Bitcoin Beach, with nearly 70 businesses onboarded in the Panajachel area. The ecosystem addresses significant financial inclusion challenges, with 50% of the population unbanked and 90%+ of Bitcoin-accepting shops in the area being unbanked. Bitcoin Lake recorded 4,764 transactions totaling 7.39 BTC in 2022. The community implements MyFirstBitcoin educational curriculum and operates "Bitcoin boats" for peer-to-peer services. Sustainable mining initiatives include using recycled cooking oil to mine Bitcoin.

Regulation

Guatemala currently operates without specific laws or regulatory guidelines for cryptocurrencies. Erick Vargas, Superintendent of Banks, stated in 2021 that cryptocurrencies are not supported by the State, not legal tender, and users remain unprotected. The absence of prohibitory law allows merchants to accept cryptocurrency payments. The Central Bank announced in 2021 that it was investigating a CBDC project (iQuetzal), which remains in the investigational phase as of March 2024. Expected friendlier regulatory stance may develop due to successful electoral blockchain application and growing

grassroots adoption. The regulatory environment reflects cautious observation rather than active restriction or promotion.

VASP Regulation

- No license required;
- VASPs can operate as any commercial provider under existing corporate registry.
- Draft Law No. 6538 introduced June 2025 to formalize crypto payments and licensing.

VASP Public Register

- Currently no public VASP register; future bill may create one.

Compliance and Public Relations

- Compliance officer required under new law; PR transparency encouraged.

AML/CFT Policies

- AML/CFT via existing financial crimes law: KYC, CDD, STR reporting.

Legal Establishment

- Local entity formation (S.A., SRL); existing company registration accepted..

Monthly UIF Reporting

- Proposed regime likely to mandate monthly or transactional reporting to UIF-equivalent.

Cybersecurity Standards

- Draft includes cybersecurity mandates: encryption, incident response, access controls.

Asset Custody

- Custody regulations to be defined; likely secure storage, segregation, consumer protection rules.

User Risk Disclosure

- Bill forecasts mandated user risk disclosures: volatility, hacks, AML obligations.

Periodic Reporting and Audits

- Periodic reporting and annual audits envisaged under draft law.

Key Players

Community initiatives include Bitcoin Lake (Lake Atitlán circular economy), Centro Educativo Josué (educational programs), and various grassroots organizations. Technology providers feature Simple Proof (electoral blockchain solutions), Coincaex (exchange services), and IBEX (infrastructure). Regional organizations include Asociación Centroamericana de Usuarios de Criptomonedas for cross-border advocacy. The ecosystem benefits from international educational support and growing merchant adoption in tourist areas. Success stories demonstrate practical cryptocurrency implementation for unbanked populations and local economic development.

DOMINICAN REPUBLIC

- Regulatory Stance: Neutral
- Key Bodies: Banco Central
- Existing Frameworks: Ambiguous informal use
- Stablecoins: Informal adoption without explicit legal status
- Licensing: Undefined
- Enforcement: Minimal interventions
- Outlook: Expected incremental increase in regulatory clarity

Ecosystem

The Dominican Republic ranks 88th on the 2025 Global Crypto Adoption Index (93rd in 2024), but still maintains steady evolution and growing adoption despite restrictive regulations. Three out of ten banked population members have purchased cryptocurrency. The majority use cryptocurrency for investment, followed by payments. The country shows the highest proportion of the banked population willing to use crypto for payments, with the sentiment overall leaning towards cryptocurrency acceptance. Educational initiatives include "Run with Bitcoin" meetups and projects like "Mi primer Bitcoin" by Bitcoin Dominicana. Increasingly popular crypto services include BitcoinRD offering exchanges and 12 BTC ATMs, Athena Pay for businesses, and Paxful for peer-to-peer trading and education. Financial inclusion represents a strategic objective of the Superintendency of Banks.

Regulation

The Central Bank issued a statement in September 2021 declaring that crypto assets lack support and authorization, are not legal tender, and institutions are not authorized to use them in the Payment System. Cryptocurrency use occurs "at their sole risk". The Central Bank Governor expressed interest in CBDCs and proposed a Digital Money Financial Innovation Hub. The crypto market remains largely unregulated due to lack of further official statements following initial warnings. Government scrutiny has emerged in cases like the Harvest Trading Cap bankruptcy. The regulatory environment reflects cautious observation rather than active framework development.

VASP Regulation

- Currently no specific VASP law; virtual assets treated as non-legal tender per Central Bank statements (Law 183-02).
- New 2024-25 crypto regulations aim at foundation for regulation but details are pending.

VASP Public Register

- No public register. Potential future SEC/CNBV registry not yet defined.

Compliance and Public Relations

- Compliance officer expected under proposed rules; no explicit PR manager. Warnings issued to financial institutions.

AML/CFT Policies

- AML/KYC required under general laws; banks prohibited from crypto transactions; STR reporting to FIU likely under new regulations.

Legal Establishment

- Standard corporate entities required; foreign branches maybe; crypto firms operate commercially.

Monthly UIF Reporting

- Reporting modalities uncertain; may involve thresholds similar to within local AML law.

Cybersecurity Standards

- Regulatory proposals include encryption, MFA, vulnerability assessments; no official guidelines yet.

Asset Custody

- Custody lightly regulated; future framework may require secure wallets and segregated assets.

User Risk Disclosure

- Users warned about risk; financial institutions prohibited from crypto; consumer alerts published by the central bank.

Periodic Reporting and Audits

- Proposed frameworks may incorporate periodic AML reporting and audits once formal rules are enacted.

Key Players

Community organizations include Bitcoin Dominicana (education and advocacy), BitcoinRD (exchange services and 12 BTC ATMs), Paxful (peer-to-peer trading and education), and Athena Pay (business payment solutions). Regional infrastructure includes LACChain blockchain alliance participation. The ecosystem benefits from growing community education efforts and increasing business adoption despite regulatory uncertainty.

Statements from Successful LATAM Companies: Bitso

Stablecoins

At Bitso, we take a proactive approach to stablecoin compliance, prioritizing user protection and sound risk management practices. We only support reputable, globally recognized stablecoins issued by audited companies, and we partner with regulated financial institutions for fiat on-boarding and custody. Across all our markets, we apply strict KYC/AML procedures and maintain internal policies to detect and prevent misuse of stablecoins on our platform.

This framework allows us to offer access to reliable digital dollars while staying fully aligned with local regulations and international best practices. Stablecoins play a key role in our mission to make crypto useful, especially in inflationary economies, and we believe in supporting their adoption in a secure, transparent, and compliant manner.

South America

Operating in South America requires navigating diverse regulatory environments, and Bitso has adopted a collaborative, transparent approach in each country. In Argentina, we've successfully registered with the CNV under the new Virtual Asset Service Provider regime, and we maintain ongoing engagement with tax, financial, and central bank authorities. In Brazil, we've adapted our structure to meet the requirements of the new VASP framework, and we are actively progressing through the licensing process with the Central Bank. In Colombia, although crypto regulation is still under development, we operate through a local entity and maintain an open channel with financial regulators, including participating in sandbox and policy discussions.

These experiences have reinforced the importance of local presence and proactive dialogue. Our key takeaway is that in high-inflation and highly regulated economies, trust and regulatory clarity are essential to long-term success. By showing strong compliance standards, building formal relationships with regulators, and contributing to local industry associations, Bitso helps shape balanced frameworks that support both innovation and user protection. This positions us as a trusted partner in the development of the crypto ecosystem across Latin America.

Compliance

Bitso operates under a strict and comprehensive compliance framework, fully aligned with local and international regulations, including AML/CFT, consumer protection, and fraud prevention. We hold licenses in multiple jurisdictions and maintain robust internal control and monitoring structures. We actively collaborate with financial, tax, and public security authorities, keeping open and constant communication channels, responding diligently to information requests, and supporting investigations in accordance with the law. Leveraging advanced technology, we employ cutting-edge tools for transaction analysis, blacklist screening, risk monitoring, and identity verification (KYC), enabling us to anticipate potential risks and ensure secure, transparent, and traceable operations.

Analysis of Cryptocurrency Regulatory Policies in Latin America

Colombia

Legal and Regulatory Framework

Main Regulatory Bodies

- Superintendencia Financiera de Colombia (SFC): The primary regulator of cryptocurrency, overseeing pilot programs since 2021 and supervising financial institutions' risk management and compliance in crypto-related activities.
- Unidad de Información y Análisis Financiero (UIAF): Responsible for AML/CFT monitoring and reporting.
- Dirección de Impuestos y Aduanas Nacionales (DIAN): Oversees tax collection and customs.
- Superintendencia de Sociedades (Supersociedades): Under the draft bill PL510/2025 (PSAV Act), Supersociedades is expected to establish and manage the VASP registration system. If enacted, this body would become the primary authority for registration, disclosure, and compliance oversight of VASPs.

Registration and Compliance Requirements

Current Regime (UIAF Resolution 314/2021): While no full licensing regime exists, Resolution 314 effectively established an AML reporting and registration framework.

All businesses providing crypto exchange, custody, or brokerage services in Colombia must register on UIAF's SIREL platform.

KYC processes must be in place.

Suspicious Transaction Reports (ROS) are mandatory.

Future Developments: The PSAV/VASP registration bill under congressional review would require all VASPs (exchanges, brokers, custodians) to register

with Supersociedades. This would shift exchanges from a “reporting-only” regime to a quasi-licensing system.

Enforcement Actions

In 2018, major Colombian banks (Bancolombia, BBVA, Davivienda) closed accounts of the unregistered exchange Buda.com, citing a Ministry of Finance warning that crypto posed AML risks and lacked compliance safeguards.

Overall: Colombia maintains a relatively moderate stance toward crypto regulation. P2P operations remain viable. If the 2025 bill passes, a stricter VASP registration system will be introduced, requiring continued monitoring.

Mexico

Legal and Regulatory Framework

Crypto exchange regulation in Mexico is primarily governed by the Fintech Law (Ley Fintech, 2018) and related regulations, involving multiple regulators and strict compliance procedures.

Main Regulatory Bodies

Comisión Nacional Bancaria y de Valores (CNBV): Core regulator authorizing and supervising fintech companies, including crypto exchanges. Responsible for AML/KYC, transaction reporting, and licensing approval.

Banco de México (Banxico): Issues authorization for platforms handling virtual assets or foreign currencies and defines the list of tradable cryptocurrencies. Higher capital requirements apply for exchanges offering derivatives (minimum 700,000 UDI).

Financial Intelligence Unit (UIF): Monitors AML/CFT compliance, requiring reporting of transactions over 57,804 MXN (~USD 2,900).

National Financial System Oversight Committee: Coordinates cross-agency regulatory policies.

Registration and Compliance Requirements

Exchanges must register as one of two fintech entities (Instituciones de Tecnología Financiera, ITF):

- Electronic Payment Institutions (IFPE)
- Crowdfunding Institutions (IFC)

Requirements include:

- KYC/AML enforcement and reporting of transactions exceeding ~USD 2,500.
- Minimum paid-in capital (varies by ITF category).
- Restrictions on directly advertising crypto as a means of payment.
- Regular reporting to CNBV.

Enforcement Actions

In 2021, UIF accused 12 exchanges of operating illegally without registration or AML reporting. Penalties ranged from MXN 29,000 to MXN 295,400. Authorities also cooperated with U.S. DEA, FBI, and FinCEN to trace crypto used in drug trafficking and money laundering.

Overall: Mexico primarily relies on legal deterrence, technical oversight, and international cooperation, with relatively fewer direct enforcement actions against exchanges.

Argentina

Legal and Regulatory Framework

Since April 2024, the Comisión Nacional de Valores (CNV) has operated the Virtual Asset Service Provider (VASP) Registry (Registro de Proveedores de Servicios de Activos Virtuales).

All entities offering crypto-related services to Argentine residents must register.

Main Regulatory Bodies

CNV: Core authority overseeing VASP registration and supervision.

UIF: Financial intelligence unit handling AML reports.

BCRA: Oversees payment systems, requiring banks/payment providers to only work with registered platforms.

Registration and Compliance Requirements

VASPs must disclose company information, UBOs, and executive details.

Must implement AML/KYC systems and file Suspicious Transaction Reports (ROS) to UIF.

Obligated to disclose risks, segregate user funds, and provide regular reports to CNV.

Enforcement Actions

In June 2025, Argentina blocked HTX for refusing to share customer KYC data in a fraud investigation. Authorities cited the exchange's unregistered operations and lack of cooperation.

Argentina increasingly enforces compliance through platform blocking, asset freezes, and judicial cooperation.

Overall: Argentina is strengthening oversight to curb AML/TF risks, pushing exchanges into a fully regulated framework.

Brazil

Main Regulatory Bodies

Banco Central do Brasil (BCB): Main regulator of VASPs, overseeing licensing, compliance, and supervision.

Comissão de Valores Mobiliários (CVM): Regulates "security tokens" when crypto assets are classified as securities.

Registration and Compliance Requirements

All VASPs offering exchange, custody, brokerage, or clearing services to Brazilian residents must obtain a license from BCB.

Requirements include:

Minimum paid-in capital (millions of BRL).

Governance aligned with financial institution standards.

AML/KYC compliance with suspicious transaction monitoring.

User protection, risk disclosure, and fund segregation.

Tax compliance with reporting obligations to RFB.

Stablecoins (e.g., USDT, USDC): Proposed stricter regulation, including potential restrictions on withdrawals to self-custody wallets. Exchanges offering stablecoin services may also need FX licenses.

Enforcement Actions

2025: CVM ordered Ukuchuma Financial Services LTD and IGM Forex LTD to cease operations for unlicensed securities trading, including crypto.

2024: CVM fined Binance ~BRL 9.6 million (~USD 1.7 million) for unauthorized derivatives offerings; Binance settled and ceased the service.

2022: Federal Police raided six unregistered exchanges for tax evasion and AML violations.

Overall: Brazil combines strict enforcement against unlicensed operations with efforts to integrate crypto into its financial regulatory framework. Regulators (CVM, BCB) use fines, bans, and asset freezes, while also formalizing licensing systems for future adoption.

Part III: Sectoral Implications and Investment Opportunities

The Latin American cryptocurrency industry is one of the most interesting places to invest in the world right now, because of changes in the economy, regulations, and technology. In 2024, the regional cryptocurrency market estimated at [USD 162.1 billion in 2024 and was anticipated to reach USD 442.6 billion by 2033](#), which indicated a compound annual growth rate (CAGR) of 10.93% – and over the period [from July 2022 to June 2025, Latin America recorded ~\\$1.5 trillion in on-chain transaction volume](#), which is why Latin America provides enormous prospects for strategic investors and institutional capital.

In developed countries, people mostly buy cryptocurrencies to make money. In LATAM, on the other hand, the crypto ecosystem drives long-term demand for digital asset solutions.

Market Size and Growth Dynamics

[Latin America represents 9.1% of global bitcoin value acquired during 2023-2024](#), establishing it as the fifth-largest crypto economy worldwide. [In 2024, the area had a huge 116% increase in the use of cryptocurrencies](#), and [between mid-2024 and mid-2025, crypto adoption in LATAM grew ~63 % year over year](#) – making it the fastest-growing crypto market in the world. This rise is especially important since [57.7 million individuals in the area currently possess digital currencies, which is a 12.1% adoption rate](#).

[With \\$6 billion in crypto trading volume in early 2024](#), Brazil has the biggest cryptocurrency market in Latin America. In Brazil, cross-border cryptocurrency payments for goods and services reached [\\$12.9 billion in the first nine months of 2024](#). This was a 60.7% rise from the same time last year. Mexico is another important market, where businesses like Bitso handled more than \$3.3 billion in cross-border payments in 2022.

The Venezuelan market has a lot of room to develop, with growth of [110% from one year to the next](#), which is far more than any other nation in the area.

People are looking for alternatives to the falling Venezuelan bolívar, and bitcoin offers both a store of value and a way to trade.

Venture Capital Investment Landscape

Venture capital investment in LATAM's crypto sector has demonstrated remarkable expansion, with flows to cryptocurrency firms spiking tenfold from [\\$68 million in 2020 to over \\$650 million by 2022](#). In 2024, the fintech and crypto sector continued to lead regional venture capital funding, maintaining steady investment levels [around USD 10 billion](#), and significantly surpassing other sectors such as e-commerce and AI & machine learning.

Total startup financing in Latin America reached [\\$4.2 billion in 2024, reflecting a 27% rise over the previous year](#), with fintech businesses spearheading this rebound. Notable deals include Argentina's Ualá concluding a \$300 million Series E round and Brazil's Asaas obtaining \$148 million in Series C investment. The fourth quarter of 2024 witnessed the greatest financing volume in almost two years at [\\$1.23 billion](#), suggesting significant investor confidence in the sector's potential.

The move from trading-focused to infrastructure-focused investments signifies a substantial development of the LATAM crypto sector. While early investments focussed on exchanges and trading platforms, contemporary fund flows increasingly target infrastructure-as-a-service companies, regulatory compliance solutions, and business blockchain applications.

High-Growth Investment Sectors

Cross-Border Payments and Remittances

Cross-border payments offer the most important investment potential in LATAM's crypto industry, with 71% of regional respondents choosing it as their preferred use, far above the 49% worldwide average. [Cryptocurrency remittances in Latin America grew by over 40% in 2024](#), with growth rates anticipated to reach 120% by 2025. This rise is especially noticeable in nations with substantial expatriate populations, such as Mexico, Colombia, and Venezuela.

[Remittances utilizing cryptocurrency surged 900% globally in 2024](#), with Venezuela, Argentina, Brazil, Mexico, and El Salvador having the greatest levels of growth in crypto money transfers. The practical benefits of cryptocurrencies over conventional remittance methods include decreased transaction costs, quicker payment times, and accessibility for unbanked populations.

Stablecoin Infrastructure and Adoption

Stablecoins have developed as key infrastructure in LATAM's financial ecosystem, [functioning as a buffer against local currency depreciation and inflation](#). In Argentina, Brazil, Colombia, and Mexico, stablecoins accounted for up to 50% of all crypto purchases in 2024, with Argentina leading at 50% adoption rate. Regional stablecoin preference underscores the pressing demand for dollar-denominated savings vehicles in high-inflation environments.

Brazil's introduction of BRL1, a real-pegged stablecoin backed by Brazilian government bonds, displays institutional commitment to stablecoin infrastructure. Similarly, Bancolombia Group's Colombian peso-backed stablecoin (\$COPW) via its Wenia platform highlights the emerging trend of bank-issued stablecoins. These changes present considerable opportunity for stablecoin issuance systems, reserve management solutions, and regulatory compliance technologies.

Stablecoin Infrastructure

Stablecoins have rapidly emerged as a crucial component of modern financial infrastructure, moving beyond their initial role in crypto trading to become a credible and efficient payment rail. Stablecoin platforms like [M0](#), enable companies to issue their own application-specific stablecoins while retaining control over branding, compliance, and yield distribution mechanics. M0 operates with regulatory oversight and manages fiat-backed reserves; all M0-powered stablecoins tap into a shared unified liquidity layer, meaning they can be seamlessly swapped for one another within the network. M0's model is designed to be flexible, giving builders of crypto and fintech applications the ability to launch programmable, compliant digital

dollars under their own terms. With its architecture, M0's technology can empower LATAM builders to rapidly develop stablecoin solutions that address the region's unique financial needs. Builders such as [KAST](#)—a neobank built on stablecoins and using M0 to customize two digital dollars (USDK and USDKy)—are unlocking new digital dollar use cases for payments and savings and are already expanding in the region.

Decentralized Finance (DeFi) Platforms

[The LATAM monthly trade volume reached more than 3 billion USD in 2025.](#)

The DeFi market produced USD 1.68 billion in revenue in 2024 and is predicted to reach USD 18.31 billion by 2030, reflecting a CAGR of 52.9%. Blockchain technology accounts for 54.65% of the DeFi market category, demonstrating high core infrastructure demand. Venezuela illustrates DeFi development potential, with rising market share for decentralized services, notably noticeable in late 2023.

DeFi apps target unique regional requirements like peer-to-peer lending, yield farming using stablecoins, and alternative financial services for underprivileged areas. The sector's development is encouraged by restricted access to conventional financial services, making DeFi protocols viable choices for savings, lending, and investment goods.

Tokenized Real-World Assets (RWAs)

Asset tokenization promises a revolutionary prospect for LATAM's historically illiquid markets, with a landmark [\\$75 million acquisition of an operating oil and gas facility in Latin America](#) completed in June 2025 using tokenized debt and equity. This transaction is the first time a completely tokenized capital stack has been utilized to buy operational real estate related to commodities production.

Tokenization applications in LATAM concentrate mostly on real estate, agricultural commodities, and financial instruments, allowing fractional ownership and democratizing access to high-value assets. Panama envisions itself as a regional powerhouse for real estate tokenization, utilizing business-friendly policies and geographical location. Brazil's Agrotoken

initiative exhibits effective agricultural product tokenization, transforming financing access for small farmers.

Blockchain Infrastructure and Enterprise Solutions

Infrastructure-as-a-service providers represent the next generation of crypto unicorns in LATAM, with businesses like Koibanx, Parfin, and Exa Labs providing fundamental layers for corporate blockchain adoption. These firms help established corporations, financial institutions, and governments to use blockchain technology for real-world applications beyond consumer trading platforms.

The trend toward business blockchain solutions tackles basic infrastructural concerns while creating tangible economic benefit for established industries. Opportunities include payment processing infrastructure, smart contract platforms, and interoperability solutions connecting traditional financial systems with blockchain networks.

Utila's Perspective: Enabling Bottom-Up Growth with Institutional-Grade Infrastructure

Utila is targeting Latin America as a key region for growth, driven by a strong market fit with companies focused on cross-border payments and stablecoin infrastructure. This growth is compelling because it's happening from the bottom up, with digital assets providing a superior alternative to the inefficiencies of traditional banking. The scale is undeniable; as this report notes, Brazil alone processed approximately \$12.9B in cross-border crypto payments in just the first nine months of 2024, demonstrating the market's demand for a new financial infrastructure.

This organic adoption creates unique technical and regulatory demands. Systems must not only handle high-volume, small-value transactions and integrate with local payment networks, but they must also meet institutional-grade security and AML/KYC requirements without sacrificing the speed that drives user growth.

We are proud to help our partners overcome these hurdles. A prime example is Lumx, a Brazilian stablecoin payment provider, which leverages Utila's

enterprise-grade wallet platform and its built-in Chainalysis integration to combine MPC security with real-time KYT monitoring. This allows them to automate compliance and secure their treasury operations, unlocking greater efficiency for high-volume cross-border payment flows.

This is just one example of how modern infrastructure allows companies to build compliance directly into their operational core, turning a regulatory necessity into a competitive advantage. Utila is committed to providing this foundational layer for innovators across the region. Looking ahead, we will continue to expand our platform's capabilities with more compliance tooling and multi-chain support, while launching new solutions like Utila Link to create a secure network that brings our institutional clients together for enhanced connectivity and liquidity.

Cross-Border Stablecoin Payments and Compliance in Latin America

Latin America has become a primary market for real world-stablecoin usage primarily due to persistent dollar demand, large remittance flows, and active fintech adoption. Borderless addresses the demand with a networked model that looks less like a single processor and more like “VisaNet for stablecoins” giving companies one connection into regulated counterparties across multiple corridors. Borderless’s flow of funds includes enabling common corridor patterns such as – collections into a local bank account, on-chain USD stablecoin conversion, and local payout – while remaining non-custodial. Funds never touch Borderless itself and instead move directly between the customer’s own accounts at PFIs (partner fin institutions) while Borderless’ non-custodial API transmits instructions to PFIs and integrated blockchain service providers. Our connectivity layer lets LATAM businesses collect locally, hold dollars on-chain in a multicurrency 1:1 stablecoin treasury, and pay out in-country.

Compliance

- Member PFIs run risk-based AML/CFT programs consistent with FATF, perform continuous monitoring, integrate sanctions screening, and support secure Travel data sharing across network members, while

privacy controls align to global and regional frameworks– including GDPR, Brazil’s LGPD, and CCPA.

- After initial KYB and testing, customers manage collections, payouts, and remittances from a single API and on-chain USD treasury – avoiding repeated integrations, reducing operational friction.
- Because rules and supervisory expectations vary by country and by use case (ex: payroll versus remittances), the networked, PFI-based approach allows execution to be aligned to local regulatory requirements without central custody of customer funds.

This is beneficial for LATAM focused companies/fintechs as this combination of licensed counterparties, auditable data, and interoperable controls allows for the regulatory compliance needed to scale stablecoin-enabled payments without compromising regulatory concerns.

Operational capabilities such as multi-provider routing and execution visibility support redundancy and cost control, which are particularly useful where certain rails or providers may be constrained.

Borderless provides best-execution routing across multiple providers per corridor, built-in redundancy when a provider isn’t working/drops, full transparency into who handles each leg and at what cost, and the ability to keep one’s spread by selecting counterparties. Most businesses complete KYB, testing, and provider enablement, then manage collections, payouts, and remittances from a unified, on-chain USD treasury via a single API. Today that single connection reaches 14+ PFIs across 70+ countries and 25 currencies – meaning LATAM companies can start with priority corridors (ex: payroll, contractor disbursements, marketplace vendor payouts, and remittances) and expand without new integrations or aggregators adding hidden costs.

Brazil vs. other LATAM markets

- Brazil’s regulatory environment has been relatively strict on payments and data protection; businesses should expect country-specific requirements and higher engagement from regulators.
- Other LATAM markets present a mix: some have clarified rules for certain crypto activities, while many remain fragmented or evolving.

This mix means product and compliance requirements should be assessed corridor-by-corridor rather than assumed uniform across the region.

Compliance and Regulatory Technology

As regulatory frameworks develop in LATAM, demand for compliance technology solutions is growing. Only 29% of area institutions see regulatory uncertainty as a hurdle, compared to 41% internationally, showing considerable preparedness for compliance-focused initiatives. Key potential include KYC/AML compliance platforms, smart contract auditing services, regulatory reporting tools, and custodial solutions fulfilling institutional norms.

The influence of EU MiCA regulation on LATAM regulatory frameworks creates demand for cross-border compliance solutions enabling international interoperability. Companies providing regulatory technology solutions can capitalize on the need for standardized compliance across multiple jurisdictions.

Strategic Investment Considerations

Market Entry Strategies

Successful market entrance involves knowing country-specific regulatory conditions and local partnering prospects. Brazil and Mexico provide the most established regulatory frameworks with explicit licensing requirements, while nations like Colombia give regulatory sandbox chances for testing novel solutions. Argentina has enormous promise despite regulatory uncertainties, driven by high inflation and huge informal crypto use.

Risk Assessment and Mitigation

Investment risks include regulatory unpredictability, currency volatility, and political instability across various nations. However, LATAM institutions exhibit excellent infrastructure preparation, with 71% reporting developed APIs and wallets for crypto integration, and 86% having created partnerships enabling

implementation. Only 7% mention lack of internal knowledge as a hindrance, the lowest among worldwide regions.

Competitive Landscape Analysis

The LATAM crypto ecosystem features established players like Bitso (serving over 8 million users and 1,000+ institutional clients), Mercado Bitcoin (acquired by Coinbase's parent company 2TM), and emerging infrastructure providers. The competitive landscape increasingly favors companies providing practical solutions to real-world financial challenges rather than speculative trading platforms.

Future Outlook and Investment Projections

The combination of macroeconomic forces, regulatory maturity, and technical innovation presents LATAM as a leading location for bitcoin investment. The region's crypto market is predicted to retain double-digit growth rates until 2033, driven by prolonged currency instability, increased digital use, and expanding institutional engagement.

Key drivers for future expansion include CBDC implementations (Brazil's Drex, Uruguay's e-Peso study), tokenization pilot projects across key nations, and increased interaction between conventional financial institutions and crypto platforms⁸. The success of early movers like El Salvador's Bitcoin adoption and Brazil's full crypto law gives patterns for greater regional acceptance.

Investment prospects are changing from consumer-facing apps toward infrastructure and business solutions, indicating the next generation of LATAM crypto unicorns will emerge from startups overcoming basic blockchain adoption difficulties for established sectors. Strategic investors placing themselves in high-growth industries such as cross-border payments, stablecoin infrastructure, DeFi platforms, and regulatory technology solutions are well-positioned to extract value from LATAM's sustained crypto market development.

BitMart's Approach to Regulation

BitMart has built a multi-layered approach to fiat integration in order to support both retail and institutional users across global markets, including Latin America. Our strategy combines **regulated third-party fiat on/off-ramp providers**, proprietary infrastructure such as the **BitMart Card**, and locally tailored solutions to address the region's unique payment environment.

Banking Partnerships and Fiat Channels

We currently partner with several well-established fiat gateway providers — **Banxa, MoonPay, Simplex, Alchemy Pay, and Legend Trading** — to enable seamless credit/debit card purchases, ACH/SEPA transfers, and local payment rails such as **PIX in Brazil**, with support for **SPEI in Mexico available through our fiat partners**.

Beyond third-party gateways, BitMart also offers **peer-to-peer (P2P) fiat trading** that supports multiple Latin American currencies (including COP, MXN, and ARS), creating an additional on/off-ramp channel where users can transact directly with verified peers under our KYC/AML framework.

BitMart Debit/Credit Card

In 2025, BitMart began the global rollout of the **BitMart Card**, a Visa-branded debit/credit product that links directly to users' Spot account balances. The card is compatible with **Google Pay**, requires **KYC Level 2 verification**, and enables spending anywhere Visa is accepted worldwide.

Transactions are settled in real time by converting supported crypto assets into fiat at the point of sale. The program is issued in collaboration with **Reap**, a licensed partner that works with regulated financial institutions under Visa's approval framework.

Overcoming Infrastructure and Regulatory Gaps

The Latin American market presents challenges such as fragmented banking systems, uneven adoption of real-time payment rails, and evolving regulatory standards. BitMart addresses these by:

- Working with **licensed fiat partners** to ensure compliance with AML/CTF standards across jurisdictions.
- Embedding **local payment methods** to lower user friction.
- Expanding card-based solutions to bridge gaps where banking infrastructure is limited.

- Ensuring all fiat integration products undergo **regulatory and legal review**, including compliance with Travel Rule requirements.
- Navigating **country-specific restrictions**, such as Argentina's unfavorable stance toward crypto-related payments, where both direct and third-party channels face limitations. In these cases, **peer-to-peer (P2P) trading** has proven to be an effective alternative, allowing local users to transact more flexibly under BitMart's KYC/AML framework.

Conclusion

Through this layered model, BitMart aims to balance user accessibility with regulatory compliance, while actively collaborating with both global financial networks and local payment ecosystems. As regulations evolve, we continue to update our fiat integration framework to ensure both **legal soundness** and **user convenience** in Latin America.

Part IV: Legal Perspectives and Compliance Strategies

In Latin America's evolving regulatory environment, enterprises must adopt a proactive and multi-layered approach to compliance and legal preparedness. The bitcoin industry in the region has witnessed a remarkable boom, with firms paying over \$5 billion in fines globally for breaching AML and KYC requirements in 2024 alone. This makes compliance not only a formality, but an economic imperative for effective operations in LATAM's crypto ecosystem.

Compliance Priorities

Know Your Customer (KYC) and Anti-Money Laundering (AML)

Robust customer identity verification and reporting systems are essential, especially in countries like Brazil and Mexico where enforcement is increasing. Companies must implement comprehensive AML programs that include designated compliance officers and transaction monitoring systems. In Colombia, payment platforms are required to implement AML compliance programs, designate compliance officers, and operate transaction monitoring systems in accordance with [Financial Information and Analysis Unit \(UIAF\)](#) requirements.

The implementation of effective KYC procedures involves verifying customer identities and assessing their risk profiles to prevent fraud and financial crime. Companies must keep frequent listings of all user accounts, identification verifications of customers, as well as their revenue, spending, and monthly balance. Cross-functional supervision is crucial, since successful crypto compliance needs integration of legal, compliance, risk management, IT security, and operational teams.

Data Privacy and Cybersecurity

Aligning operations with local data protection legislation is vital for avoiding fines and retaining user confidence. Brazil's Lei Geral de Proteção de Dados (LGPD), which entered into effect in September 2020, is the world's third biggest data privacy policy and applies to firms who collect data while in

Brazil or extract data from Brazil. The regulation contains 65 distinct data protection and processing articles divided across 10 chapters, covering everything from preliminary provisions to final transitional provisions.

LATAM firms confront considerable cybersecurity issues, with [29% facing assaults in 2024, up from 21% the previous year](#). Strong multi-factor authentication (MFA) usage in LATAM has increased as it is also increased globally, with most considering Identity and Access Management (IAM) as the most effective security tool for safeguarding critical data from assaults. Companies must implement comprehensive cybersecurity frameworks, especially to manage network decryption attacks, as it is considered the quantum computing security threat of greatest concern.

Tax Reporting

Proper classification of crypto activities for tax purposes is mandatory across the region, including income recognition and capital gains obligations. Argentina's Federal Administration of Public Income (AFIP) has ordered domestic crypto exchanges and payment firms to provide monthly reports of all operations by users on their platforms. Companies must file necessary information each month by the 15th of the following month, covering not only cryptocurrency exchanges but also payment processors.

In Chile, the SII requires registration of crypto operations and subjects profits to income taxes in certain cases. Mexico's SAT indicates that capital gains derived from cryptocurrency purchases and sales must be included in annual declarations. Colombia's DIAN has published guidelines recognizing that cryptocurrencies are likely to generate taxable income.

Licensing and Registration

Monitoring evolving licensing regimes and registering enterprises where necessary is crucial for legal compliance. In Mexico, [fintech companies must get licenses](#) from the National Banking and Securities Commission (CNBV), with minimum capital requirements ranging from 500,000 to 700,000 UDI depending on transaction types. Brazil mandates registration for exchanges

and custodians under Lei 14.478/2022, with periodical audits and enforcement actions.

Licensed companies must publish annual consolidated financial statements, basic consolidated financial statements for March, June, and September of each year, and annual reports from administrators or CEOs. Foreign fintech institutions must apply for permits to operate in Mexico regardless of existing registrations in their home countries.

Regulatory Risks to Manage

Legal Ambiguity

Many LATAM countries lack clear definitions for digital assets and stablecoins. Anti-money laundering and countering terrorism financing (AML/CFT) standards in Latin America and the Caribbean have not kept pace with emerging technologies. Governments in the region have failed to prevent, detect, investigate, and prosecute financial crimes that may arise in the cryptocurrency space.

Because of that, companies must continuously monitor proposed laws and engage local counsel to navigate evolving regulatory landscapes. The decentralized and borderless nature of cryptocurrencies presents unique jurisdictional challenges, making it difficult for authorities to effectively enforce laws and regulations.

Retroactive Policy Changes

Sudden regulatory shifts can introduce retroactive obligations, requiring companies to maintain legal flexibility and conservative financial modeling. Venezuela's Superintendencia Nacional de Criptoactivos (SUNACRIP) can impose penalties equivalent to 100–300 petros for non-registration, with crypto firms facing imprisonment of one to three years and penalties of 50–100 petros for non-compliance. Mining rigs can be seized, with agencies retaining equipment for violations.

Cross-Border Compliance

Different rules in each jurisdiction mean a one-size-fits-all method is inadequate, needing localized compliance strategies for multi-jurisdictional operations. International unity between lawmakers, law enforcement agents, and business partners is important for effective execution of coin rules. [The Financial Action Task Force \(FATF\) guidelines](#) on virtual assets and virtual asset service providers has helped explain regulatory standards and promote unity in enforcement efforts across countries.

Comprehensive Legal Strategies

Pre-Launch Legal Reviews

Conducting jurisdictional audits before releasing goods helps discover vulnerability and compliance gaps. Companies must establish if their tokens qualify as securities using tests like the Howey Test, which examines whether an investment contract exists. If tokens are designated securities, they must conform with securities laws, including registration requirements and disclosures.

Risk assessment and risk response methods must be created and executed, with clear distribution of owner duties. The chosen strategy may require deployment of advanced technology, such as artificial intelligence and machine learning for enhanced monitoring.

Establish Local Entities

Setting up local legal entities simplifies compliance and fosters regulator engagement. Before obtaining licenses to operate crypto businesses in Latin America, entrepreneurs must register legal entities in countries where they plan to operate. Most countries require local presence, meaning physical offices or registered agents.

Companies must choose appropriate legal business structures, such as Limited Liability Companies (LLCs) or corporations, and apply to appropriate government authorities. Licensed fintech companies must include specific words like "electronic money institutions" or "crowdfunding institutions" in their company names, depending on their activities.

Legal Risk Insurance

Seeking coverage for compliance failure, fraud, and data breaches provides additional protection where available. [Bitso became the first insured cryptocurrency exchange in Latin America](#) by purchasing an insurance policy on customers' crypto-assets, provided by Coincover and underwritten by Lloyd's of London. The policy covers theft of funds for both hot and warm wallets.

Companies implement tiered wallet systems with multisignature cold wallets with no internet connection, multisig warm wallets with velocity controls, and multisig hot wallets with velocity and transaction limits. Custody Business Continuity Plans (CBCP) help mitigate risks that could potentially impact user funds.

Regulator Engagement

Building relationships with local regulatory bodies and participating in sandboxes where possible creates collaborative environments. Brazil's securities regulator CVM developed a second regulatory sandbox program launched in 2024, centered on cryptocurrency and tokenization applications. The program builds on learnings from the first sandbox initiative that saw over [\\$36 million in assets tokenized](#).

Effective communication with regulators requires preparing thoroughly by researching current regulatory laws applicable to cryptocurrencies. Companies should build teams informed about law standards and capable of clear communication. Maintaining openness with governing bodies about operations and product offers while regularly updating partners on business model or technology changes is important.

Colombia has seen huge increases in cryptocurrency usage, with more than 5 million Colombians engaging in crypto trades in the past year, with a total traded amount exceeding 50 trillion Colombian pesos. This growth has caused thorough regulatory frameworks led by Senator Gustavo Moreno to support blockchain innovation while enhancing openness and setting legal foundations.

Standard Operating Procedures (SOPs)

Documenting and regularly updating SOPs for safety, risk management, and reporting guarantees consistent working success. Companies must create risk and compliance groups to spot bitcoin risks, including blockchain technology risks, customer onboarding risks, data protection risks, and hacking risks.

The risk management cycle includes understanding and measuring the scale of recognized risks, building risk assessment and reaction strategies, applying strategies with assigned owner responsibilities, and tracking suggested fraud risk reduction controls. Crypto.com became the first cryptocurrency platform to achieve SOC 2 compliance, ISO27001, ISO27701, PCI:DSS 3.2.1 (Level 1), and the highest "Adaptive" maturity levels for NIST Cybersecurity Framework and NIST Privacy Framework.

Part V: Government and Policy Recommendations

Latin American governments face a critical juncture in digital asset regulation, where strategic policy decisions will determine whether the region becomes a global leader in responsible cryptocurrency innovation or falls behind in the digital economy transformation. The challenge lies in crafting regulatory frameworks that harness the significant economic opportunities presented by digital assets while maintaining financial stability, consumer protection, and monetary sovereignty.

Strategic Policy Framework for Digital Asset Innovation

Balanced Regulatory Approach

Governments must adopt a sophisticated strategy that acknowledges digital assets as both an innovation accelerator and a possible systemic concern. The region's specific macroeconomic difficulties – including high inflation rates, currency instability, and poor financial inclusion – generate compelling use cases for bitcoin adoption that demand appropriate regulatory solutions. Rather than adopting total bans or unrestricted permissiveness, lawmakers should develop risk-proportionate frameworks that allow innovation while keeping control capabilities.

The European Union's Markets in Crypto-Assets (MiCA) regulation has already started affecting Latin American regulatory writing, showing the value of keeping with international standards while addressing regional specificities. Countries like Brazil and Mexico are adding MiCA-inspired aspects into their policies, particularly regarding stablecoin control and anti-money laundering standards.

Technology-Neutral Regulatory Principles

Effective digital asset regulation should focus on actions and risks rather than specific technologies, following the idea of functional regulation supported by top regulatory bodies. This method ensures that businesses providing similar services meet uniform legal handling regardless of underlying technology, while keeping freedom to react to rapid technological evolution.

Technology-neutral models should emphasize:

- Function-based labeling of digital assets based on their economic substance rather than technical application.
- Risk-proportionate monitoring that scales regulatory standards with the overall impact and risk profile of activities.
- Adaptive regulating ability that can handle new technologies without needing full framework overhauls.

Core Policy Recommendations

Implementing Graduated Regulatory Sandboxes

Regulatory sandboxes have proven successful in countries like Colombia and Brazil, allowing limited experimenting with digital asset innovations under regulatory review. Governments should increase these programs with clear goals, stated limits, and measurable results.

Successful sandbox programs should include:

- Clear entry and exit conditions with specific performance measurements and compliance standards.
- Collaborative governance structures featuring regulators, business players, and education schools.
- Knowledge-sharing tools that spread learnings across the larger governing community.
- Scalable graduation paths that enable transfer from sandbox to full regulatory compliance.

Establishing Tiered Licensing Frameworks

Rather than one-size-fits-all methods, governments should adopt graduated licensing models that match requirements to the size, complexity, and risk profile of digital asset service providers. This method stops legislative hurdles from stifling small creators while keeping proper control of highly important entities.

Effective tiered licensing should incorporate:

- Risk-based capital requirements scaled to transaction amounts and asset protection duties.
- Simplified compliance paths for small-scale businesses targeting local markets.
- Enhanced control for large-scale cross-border service providers.
- Regular review methods to change licensing tiers based on business development.

Fostering Public-Private Partnerships

The complexity of digital asset technologies needs ongoing conversation between authorities and business players to ensure effective policy application. Governments should create official methods for public-private partnership that leverage private sector knowledge while keeping regulatory freedom.

Strategic partnership initiatives should include:

- Technical advice groups containing business experts, students, and civil society members.
- Information-sharing methods for illegal finance discovery and systemic risk tracking.
- Joint study projects on new technologies and their legal consequences.
- International planning tools for cross-border regulatory agreement.

Developing Comprehensive CBDC Strategies

Central Bank Digital Currency efforts across Latin America are changing monetary policy frameworks and needing unified policy responses. Governments should develop complete CBDC strategies that fit with national financial inclusion goals while keeping monetary freedom.

CBDC policy frameworks should address:

- Financial inclusion goals through offline functions and simpler entry methods for unbanked people.
- Interoperability guidelines that allow cross-border payments and interaction with current banking systems.

- Privacy and spying balance that respects citizen rights while allowing proper governmental control.
- Monetary policy consequences including effects on private banks and financial security.

Strengthening International Cooperation

The foreign nature of digital assets requires improved international teamwork to handle regulatory evasion and ensure effective control. Latin American countries should actively join in global standard-setting efforts while creating regional cooperation methods.

International cooperation should focus on:

- FATF compliance implementation with particular attention to virtual asset service provider monitoring.
- Cross-border information sharing for anti-money laundering and counter-terrorism funding.
- Regional regulatory coordination to lower compliance costs and promote valid cross-border activity.
- Technical skill building through information sharing and shared training programs.

Building Regulatory Capacity and Expertise

The fast development of digital asset technologies needs significant investment in regulatory capacity building to ensure effective control. Governments should value building internal knowledge while forming external advice channels.

Capacity building efforts should include:

- Specialized training classes for government staff on blockchain technology and digital asset risks.
- Recruitment methods to draw skilled talent from business and research.
- Technology infrastructure spending in tracking and analysis skills.
- Cross-agency collaboration tools to share knowledge and avoid legislative holes.

Implementation Roadmap

Phase 1: Foundation Building (6–12 months)

- Conduct thorough risk reviews of digital asset operations and their effects on financial stability.
- Establish regulatory sandboxes with clear goals and control systems.
- Begin skill building programs for regulating staff and lawmakers.
- Initiate stakeholder engagement methods with business, civil society, and foreign partners.

Phase 2: Framework Development (12–24 months)

- Draft complete digital asset law utilizing foreign best practices.
- Implement tiered licensing systems with proper compliance standards.
- Establish public–private relationship tools for ongoing discussion and information sharing.
- Develop CBDC policy models matched with national financial inclusion goals.

Phase 3: Implementation and Refinement (24–36 months)

- Launch full legal systems with suitable transition times for current market players.
- Begin cross-border partnership projects and area harmonization attempts.
- Implement thorough monitoring and review methods to measure policy success.
- Establish ongoing review processes to adapt models to technology and market development.

Measuring Success

Effective digital asset policy should be evaluated against multiple goals including innovation promotion, financial stability maintenance, customer protection, and financial inclusion advancement. Governments should establish clear metrics and regular feedback methods to assess policy success and guide future improvements.

Key success measures should encompass:

- Innovation measurements including new business creation, investor draw, and technology development.
- Financial stability tools watching structural risks and market purity.
- Consumer security results tracking fraud prevention and conflict settlement success.
- Financial inclusion success measures access to digital financial services among underserved groups.

By adopting these complete policy suggestions, Latin American governments can place their countries as leaders in responsible digital asset innovation while keeping the governmental control necessary to protect customers and preserve financial stability. The region's unique economic challenges and high bitcoin acceptance rates create both pressure and chance for careful policy development that balances innovation with sensible regulation.

Conclusion

Cryptocurrency adoption in Latin America is accelerating at an unprecedented pace, driven by inflationary pressures, limited access to traditional banking, and strong remittance flows. Stablecoins, in particular, have become vital financial tools for individuals and businesses seeking stability and cross-border efficiency. This growth highlights the region's innovative potential and its need for more comprehensive regulation.

Across the region, governments are progressively shaping their frameworks, inspired by global standards like the EU's MiCA, while adapting to local economic realities. Brazil, Mexico, and Chile are setting examples with comprehensive fintech and crypto laws, while others such as Argentina and Colombia are quickly catching up through sandboxes and pilot programs. Yet, regulatory fragmentation and uncertainty still pose challenges for consistent oversight, investor protection, and cross-border interoperability.

Latin America's digital asset landscape will be defined by how well policymakers balance innovation with financial stability. The continued expansion of tokenization pilots, CBDC initiatives, and pro-innovation fintech laws positions the region as a future leader in digital finance.

Successfully navigating Latin America's complex and rapidly evolving cryptocurrency regulatory environment requires more than compliance – it demands a strategic mindset grounded in foresight, adaptability, and regional fluency. Stakeholders who invest the time to understand local legal nuances, build strong relationships with regulators, and adopt agile business models are best positioned to capitalize on the growing digital asset economy. As countries move toward more structured regulatory frameworks, the region offers both substantial opportunity and heightened responsibility for innovators, investors, and policymakers alike.

Appendices & References

Appendix A: Detailed Regulatory Frameworks

- Comprehensive legal texts and regulatory documents for each LATAM country, including:
- Mexico: Ley para Regular las Instituciones de Tecnología Financiera ("Fintech Law") – governs virtual assets and fintech entities.
- Brazil: Lei Nº 14.478/2022 – the crypto asset law regulating service providers and digital asset operations.
- Argentina: Communications from the Central Bank and CNV outlining tax, consumer risk, and AML perspectives.
- Colombia: Decree 1234 of 2020 – establishes the framework for the financial innovation sandbox.
- Chile: Guidelines from the CMF and the Central Bank related to digital payments and the financial market.
- Peru: SBS Circulars and BCRP publications addressing digital payments and informal crypto use.
- Panama: Bill No. 697 (Crypto Law) – outlines crypto licensing and operational requirements (under legislative debate).
- Uruguay: BCU's communications and consultations related to virtual assets and CBDC research.
- El Salvador: Bitcoin Law – legalizes Bitcoin as legal tender and defines obligations for businesses and users.
- Venezuela: Decrees regulating the Petro and SUNACRIP's framework for crypto registration and use.
- Bolivia: Resolution from the Central Bank banning the use of cryptocurrencies.
- Ecuador: Regulatory notices on financial technology use and informal warnings about crypto risks.
- Guatemala, Dominican Republic, Paraguay, Costa Rica: Central bank bulletins, financial authority advisories, and draft policy notes on crypto asset treatment.

These documents provide the statutory and regulatory foundation necessary for understanding operational risks and compliance obligations across jurisdictions.

- Licensing forms, application guidelines, and compliance checklists.

Appendix B: Country Regulatory Tables

Country	Regulatory Bodies	Framework Summary	Stablecoin Classification	Licensing Requirements	Enforcement Activity
Mexico	Banco de México, CNBV, SHCP	Fintech Law (2018)	Requires authorization from Banxico	Fintech license required	Active enforcement, risk warnings
Brazil	Banco Central do Brasil, CVM	Crypto Law (Lei 14.478/2022)	Defined as digital assets	Exchange and custodian registration	Regular audits and enforcement actions
Argentina	BCRA, CNV	General financial oversight, no crypto law	Unregulated, widespread informal use	No formal license required	Occasional consumer warnings
Colombia	Banco de la República, Superfinanciera	Decree 1234 (2020) – regulatory sandbox	Allowed within sandbox environments	Sandbox approval necessary	Proactive monitoring through sandbox
Chile	Banco Central de Chile, CMF	Financial market regulation, no crypto-specific law	Informal usage, undefined classification	General registration as fintech	Low enforcement activity

Peru	BCRP, SBS	No formal framework	Unclassified; informal use	Undefined	Occasional risk advisories
Panama	Superintendencia de Bancos, MEF	Bill No. 697 (under consideration)	Explicitly recognized in proposed law	Licensing defined in draft legislation	AML-focused enforcement
Uruguay	Banco Central del Uruguay	No crypto-specific legislation	Informal; no legal status	Not explicitly required	Limited advisory engagement
Costa Rica	Banco Central, CONASSIF	General guidance, no formal regulation	Ambiguous informal use	Not currently required	Minimal enforcement
El Salvador	Banco Central de Reserva, Asamblea Legislativa	Bitcoin Law	Informal usage allowed, Bitcoin is legal tender	Streamlined registration encouraged	Supportive oversight
Paraguay	Banco Central, SEPRELAD	No crypto-specific law	Informal, undefined	Undefined	Limited oversight
Venezuela	SUNACRIP, BCV	Petro Decree, SUNACRIP guidelines	Petro formalized, others informal	Mandatory registration with SUNACRIP	Active enforcement
Bolivia	Banco Central de Bolivia	Prohibition on all crypto activities	Prohibited	Not allowed	Strict enforcement
Ecuador	Banco Central del Ecuador	General advisories	Ambiguous informal usage	Undefined	Minimal
Guatemala	Banco de Guatemala	No explicit crypto legislation	Informal use	Undefined	Low oversight

Dominican Republic

Banco Central

Financial
advisories
on crypto
risks

Unclassified,
informal

Undefined

Limited
enforcement

Appendix C: Case Studies

• Success Stories and Cautionary Examples from Businesses Navigating LATAM Crypto Regulations

Success Stories:

- **Bitso (Mexico, Argentina, Brazil):** As one of Latin America's largest cryptocurrency platforms, Bitso successfully secured regulatory approval in Mexico under the Fintech Law and became a key player in cross-border remittances. Its strong focus on compliance and partnerships (e.g., with Circle for USDC payments) showcases how operating within regulatory frameworks can drive regional expansion and investor confidence.
 - o Source: <https://blog.bitso.com>
- **Lemon Cash (Argentina):** Leveraging Argentina's high inflation and crypto-friendly user base, Lemon Cash grew rapidly by offering USDC-based yield savings accounts. Their partnership with Visa to launch a crypto-backed debit card is a testament to how innovation and market demand can thrive despite regulatory ambiguity.
 - o Source: <https://www.lemon.me>

Appendix D: Glossary of Terms

- Definitions and explanations of key cryptocurrency and regulatory terms, including:
- **Blockchain:** A decentralized, distributed ledger technology that records transactions across multiple computers in a secure, immutable way.

- **Cryptocurrency:** A digital or virtual currency that uses cryptography for security and operates independently of a central bank.
- **Stablecoin:** A type of cryptocurrency pegged to a stable asset, such as fiat currency (e.g., USDC, USDT) or commodities, intended to reduce volatility.
- **Central Bank Digital Currency (CBDC):** A digital form of central bank-issued money, representing a direct claim against the central bank, unlike cryptocurrencies.
- **Virtual Asset Service Provider (VASP):** An entity that provides services related to the exchange, transfer, safekeeping, or administration of virtual assets.
- **DeFi (Decentralized Finance):** Financial services built on blockchain platforms that operate without traditional intermediaries like banks.
- **AML (Anti-Money Laundering):** Regulatory framework and processes designed to detect and prevent money laundering through digital or fiat systems.
- **KYC (Know Your Customer):** Regulatory and compliance process that requires businesses to verify the identity of their customers to prevent illicit activity.
- **Smart Contract:** Self-executing digital agreements coded on a blockchain, triggered automatically when predefined conditions are met.
- **Custodial vs Non-Custodial Wallets:** Custodial wallets are managed by third parties, while non-custodial wallets give users full control over their private keys.
- **ICO (Initial Coin Offering):** A fundraising mechanism where new cryptocurrencies are sold to investors before the project goes live.

These terms provide foundational knowledge to interpret and evaluate the regulatory, technological, and investment aspects of the crypto industry in LATAM.

Appendix E: Further Reading and Resources

- Books, articles, research papers, and whitepapers relevant to cryptocurrency regulation in Latin America, including:

- **"The Bitcoin Standard" by Saifedean Ammous** – Offers foundational understanding of Bitcoin's monetary implications, widely cited in LATAM policy debates.
- **"Cryptoassets: The Innovative Investor's Guide to Bitcoin and Beyond" by Chris Burniske and Jack Tatar** – Provides frameworks for asset classification and valuation.
- **World Bank and IMF Reports on Digital Currencies** – These reports analyze the macroeconomic implications of CBDCs and crypto adoption in emerging markets.
- **OECD Blockchain Policy Centre Publications** – Includes region-specific insights on the use of blockchain for regulatory compliance and financial inclusion.
- **IDB (Inter-American Development Bank) Fintech Publications** – Offers in-depth regional analysis on fintech regulation, including crypto developments.
- **Chainalysis and Elliptic Risk and Adoption Reports** – Data-driven reports on crypto adoption and compliance in LATAM.
- **CoinDesk and CoinTelegraph Research Articles** – Regularly updated news and commentary on regulatory updates in the region.
- **University Research (e.g., Universidad de los Andes, Fundação Getulio Vargas)** – Academic studies on crypto law, economic modeling, and regulatory sandbox outcomes.

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