

Paraguay

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1. Fintech regulatory framework: a summary of the most relevant laws and regulations concerning fintech and financial innovation.

Paraguay does not have a single, comprehensive fintech law. Instead, fintech activities operate within a broader regulatory framework. The regulatory framework applicable to fintech is scattered and based on several key laws and regulations. The most relevant are as follows.

General laws

These three laws together mainly govern the activities of the Central Bank of Paraguay (CBP), banks, finance companies, and other credit institutions.

- Law No 861/96: General Law on Banks, Finance Companies and Other Credit Entities.
- Law No 5787/16: On the Modernisation and Strengthening of the Rules Governing the Functioning of the Paraguayan Financial System.
- Law No 489/95: Organic Law of the Central Bank of Paraguay.

The following laws serve as a complementary legal framework to the three main laws referenced above.

- Law No 7572/25: regulates the securities market, covering issuance, trading and investor protection.
- Law No 7593/2025: a comprehensive framework for the processing and protection of personal data.
- Law No 1015/97: sets anti-money laundering/counter-financing of terrorism (AML/CFT) obligations, requiring compliance and due diligence for financial intermediaries, including fintech companies.

Specific laws

- Law No 4868/13: governs e-commerce and electronic contracts, providing a legal basis for online transactions.
- Law No 1334/98: stipulates the rules and regulations applicable to consumer and user protection.
- Law No 6822/2021: legal framework for qualified trust services in Paraguay – including electronic identification, digital signatures, electronic seals, timestamps, certified delivery, and electronic documents – ensuring the validity and security of electronic transactions across public, private, administrative, and judicial contexts.
- Law No 7503/2025: modernises payment systems regulation by granting the BCP authority over banks, payment service providers (PSPs), and fintech, introducing principles of interoperability, security, and cybersecurity, and recognising payment initiation service providers (PISPs) within the Instant Payments System.

- Resolution CBP No 10 (28 July 2022): rules on cloud computing services.
- Resolution CBP No 6 (13 March 2014) and its amendment, Resolution BCP No 6 (16 April 2020) and Resolution CBP No 9 (5 September 2024): Digital wallet (EMPE) regulations.
- Resolution CBP No 15 (27 August 2025): sets authorisation requirements for payment initiation service providers.
- Resolution CBP No 25 (18 December 2025): regulations for payment service providers.
- Resolution SEPRELAD No 70/2019 (15 March 2019) which sets AML/CFT requirements for banks, finance companies and other credit institutions – it is usually the ‘umbrella’ regulation for entities falling within the scope of the BCP.
- Resolution SEPRELAD No 77/20 (6 March 2020), which sets AML/CFT requirements for electronic payment entities.

Considering the recent enactment of new laws and regulatory frameworks, there are currently no advanced or pending legislative initiatives, nor draft bills at an advanced stage, specifically addressing fintech anticipated in the near future in Paraguay.

2. Regulations on crypto assets: a summary of the legal framework regarding crypto assets and how they are regulated.

In Paraguay, crypto assets are considered *sui generis* and private in nature. They are not classified as money, financial assets or payment instruments, but rather as private digital assets mainly used for investment or exchange. This classification reflects their digital, decentralised nature and dependence on supply and demand within virtual environments.

Regulatory framework

Paraguay has no specific legislation governing crypto assets, their issuers, intermediaries or related services. Consequently, these activities are not supervised by the CBP. The CBP has issued statements (in 2019, 2020 and 2022) clarifying that virtual assets are not legal currency, have no debt-discharge power, and are not backed by any state.

Companies and individuals may offer crypto-related services – such as exchange, custody, transfer and management – provided they comply with local AML/CFT obligations set forth specifically for digital asset service providers.

AML/CFT

The Secretariat for the Prevention of Money or Assets Laundering (SEPRELAD) treats digital asset service providers (including crypto service providers) as entities subject to AML rules under Regulation No 314/2021, which establishes a risk management system to prevent money laundering and terrorist financing in virtual asset activities.

Central bank digital currency (CBDC)

The CBP has created a working group to monitor global CBDC initiatives and assess the implications of a potential CBDC in Paraguay. A CBDC would serve as a payment instrument and complement the *guaraní*, the sole legal currency in Paraguay. Until now, Paraguay remains in an exploratory phase, with no pilots or CBDC issuance.

Tax treatment

Gains derived from the purchase, sale, or exchange of crypto assets are subject to corporate income tax (IRE) at a ten per cent rate when the seller is a company, and to personal income tax (IRP) at an eight per cent rate when the seller is an individual. Transfers of crypto assets are exempt from VAT. However, intermediation services are subject to VAT at a ten per cent rate and to the applicable income tax. When the intermediary is a non-resident, non-resident income tax (INR) applies through the withholding mechanism, at a 15 per cent rate.

Risks

The CBP has warned individuals and companies that cryptocurrencies are not legal currencies in Paraguay, lack state guarantees, and carry significant risks, including price volatility, fraud, hacking and liquidity challenges.

3. Payment service providers and digital wallets: a summary of regulations applying to payment service providers and/or digital wallets.

In Paraguay, payment service activities and digital wallets are primarily regulated by Law No 7503/25 on the National Payments System (the 'Payment System Law'), which governs the operation, supervision, and access to payment services and systems, including electronic transfers, clearing and settlement of funds, custody of securities and the electronic issuance of payment instruments, among others. There are currently no additional foreseen bills or regulations in this respect in Paraguay.

In this context, the CBP is responsible for issuing detailed regulations for the entire payments' ecosystem, primarily through resolutions.

Key CBP resolutions currently in place include, among others:

- Resolution CBP No 25 (18 December 2025): regulation on role definition, registration, information transparency, and data security for payment service providers.
- Resolution CBP No 15 (27 August 2025): sets authorisation requirements for Payment Initiation Service Providers.
- Resolution CBP No 12 (24 July 2024): defines the QR code standard for electronic payments.
- Resolution CBP No 9 (11 August 2023): regulates the sponsored participant service under SIPAP.

- Resolution CBP No 8 (13 January 2022): on indirect participants and bureau services in SIPAP.
- Resolution CBP No 3 (21 February 2023): on credit scoring companies.
- Resolution CBP No 10 (31 January 2019): on reporting obligations for electronic payment entities.
- Resolution CBP No 1 (20 November 2018): governing the establishment of electronic payment entities.
- Resolution CBP No 6 (13 March 2014) and, its amendment, Resolution CBP No 6 (16 April 2020): establish the General Rules for Payment Systems.

Additionally, a specific type of digital wallet known as electronic means of payment companies (EMPE for its Spanish acronym), which are mainly used through telecommunications carrier companies, are governed by Resolution CBP No 6 and its amendment, Resolution CBP No 6 and Resolution CBP No 9 (5 September 2024). These regulations set forth the legal framework for EMPEs to operate and the standards they need to comply with, as well as the definition of digital currency, conversion operations, mandatory limits and fiat back-up; it is also worth noticing that EMPEs are expressly forbidden from lending funds to the public.

Separately, as a parallel regulatory layer to the payments' ecosystem in Paraguay, due to the commercial nature of payment services, personal data protection and consumer protection rules apply. In personal data protection, Law No 7593/2025 sets forth a comprehensive framework for the processing and protecting of personal data. In consumer protection matters, payment services are also subject to Law No 1334/98, the Consumer and User Protection Law, which protects consumers and users of services and designates the enforcement authority.

Moreover, most services related to payment systems in Paraguay, due to their electronic nature, are regulated by: (1) Law No 6822/2021, a legal framework for qualified trust services in Paraguay – including electronic identification, digital signatures, electronic seals, timestamps, certified delivery, and electronic documents – ensuring the validity and security of electronic transactions across public, private, administrative and judicial contexts; and (2) Law No 4868/13 that governs e-commerce and electronic contracts, providing a legal basis for online transactions.

Finally, in matters of AML/CFT, payment system participants are regulated by: (1) Law No 1015/97 and its amendments: which sets AML obligations, requiring compliance and due diligence for financial intermediaries, including payment services providers; and (2) Resolution SEPRELAD No 77/20, which sets AML/CFT requirements for electronic payment entities.

4. Special support for fintechs: a description of special programmes supporting the fintech ecosystem, fintech startups (eg, regulatory sandboxes and accelerator programmes) and regulations regarding special support.

Paraguay, through the CBP, offers a controlled environment where fintech companies can test innovative solutions; however, this special support is not yet robustly regulated.

Through Resolution CBP No 14 (13 August 2025) the CBP launched the Digital Economy Programme, aimed at micro, small and medium-sized enterprises. The program promotes digitalisation of payments and collections, improves productivity, and fosters financial inclusion and innovation. It includes diagnostics, action plans and performance monitoring. Approved projects receive temporary authorisation to operate with a limited number of clients and transactions under close supervision by the CBP.

In 2024, 62 startups participated, achieving a 125 per cent increase in digital transactions. In 2023 and later in 2025, through specific regulations, fintech companies were formally recognised as PISPs within the Instant Payment System (SPI), allowing them to operate legally under defined requirements and supervision.

Lastly, InnovandoPY is a government initiative led by Paraguay's Ministry of Information and Communication Technologies (MITIC) that aims to boost innovative tech projects and strengthen the country's entrepreneurial ecosystem by providing seed capital, specialised mentoring in areas such as business models, finance, UX/UI, and legal aspects, as well as training programs, networking opportunities with investors and mentors, and an intensive incubation process.

The program targets digital-based startups with high growth potential, selecting them through public calls, guiding them through incubation, and culminating in a demo day where participants present their projects to secure support and investment, fostering innovation and collaboration between the public and private sectors.

5. Open banking: a summary of regulations regarding open banking and direct or indirect regulations that affect open banking.

Paraguay does not currently have a specific regulation governing open banking. Unlike jurisdictions with formal open banking frameworks, Paraguay has not yet introduced legislation mandating data sharing between financial institutions through standardised APIs.

Although there is no dedicated open banking law, certain regulations indirectly support its development.

Law No 7503/2025 – National Payment System Law

Establishes the legal framework for payment systems, as previously mentioned. It promotes interoperability and secure access to payment services, which are foundational principles for open banking.

Resolution CBP No 10 (28 July 2022)

Enables banks authorised to operate by the CBP to decentralise some of their computing and associated services with, or to cloud, computing services or providers.

Resolution CBP No 15 (27 August 2025)

Recognises fintech companies as PISPs within the SPI, enabling them to initiate payments on behalf of customers under regulated conditions.

Resolution CBP No 24 (11 December 2025)

Updates security standards and enforces interoperability requirements, essential for safe data exchange and integration between financial service providers.

While there is no official bill on open banking, the regulatory trend in Paraguay – focused on interoperability, digital payments, and fintech integration – suggests that future regulations may incorporate open banking principles. The BCP has expressed interest in fostering innovation and secure data sharing, which could lead to formal open banking guidelines in the coming years.

6. Regulation of virtual asset service providers.

In Paraguay, virtual asset service providers (VASPs) are not subject to a comprehensive, standalone regulatory regime, but are primarily regulated within the framework of AML/CFT laws, particularly Law No 1015/1997 and resolutions issued by the SEPRELAD, which classify VASPs as reporting entities.

These regulations cover activities such as mining, exchange, transfer, custody, storage, and administration of virtual assets, without establishing distinct categories of VASPs or a specific licensing or authorisation regime. SEPRELAD is the main enforcement authority, while the CBP does not recognise virtual assets as legal currency and issues only general warnings regarding their use.

Considering that virtual assets, their issuers, intermediaries and services utilising them are not regulated by the CBP, a company is not required to obtain authorisation from or register with said institution; however, regarding AML/CFT matters, a company must register as a reporting entity before SEPRELAD and comply with legal requirements that allow the authority to supervise activities, establish preventive measures, and apply necessary sanctions to ensure proper operation.

7. AML and the Travel Rule in crypto asset transactions.

In Paraguay, there is an AML/CFT regulatory framework applicable to VASPs, mainly established under: (1) Law No 1015/1997 and resolutions issued by the SEPRELAD, which classify VASPs as reporting entities; and (2) resolution SEPRELAD No 314/2021 that establishes a risk management system to prevent money laundering and terrorist financing in activities related to virtual assets.

However, while general obligations regarding customer due diligence, identification and suspicious transaction reporting apply, the Travel Rule has not been expressly or specifically implemented in line with international standards. There is currently no detailed and enforceable regulation requiring VASPs to collect and transmit originator and beneficiary information in virtual asset transfers, whether domestic or cross-border, with such implementation remaining at an early stage or subject

to future regulatory developments, and SEPRELAD being the authority responsible for supervising compliance with AML/CFT obligations.

8. Enforcement and cross-border recognition of tokenisation and structuring of secured transactions involving crypto assets.

Paraguay's law (Law No 7572, Article 73) treats assets issued, recorded, transferred or held via distributed ledger technology (DLT) as 'securities' insofar as such asset represents an investment of money in a common enterprise with a reasonable expectation of profits derived primarily from the efforts of others, or when it grants transferable economic or financial rights comparable to equity, debt or participation interests. Therefore, tokenised real estate interests, digital bonds, and similar instruments can be structured and offered under the public/private offering regime bound by the local securities laws.

Typical collateral includes pledges over securities and credit instruments (including book-entry positions), bearer or order instruments via endorsement (eg, promissory notes), registered nominative securities, and – in securitisations – a pledge benefiting noteholders over the autonomous estate; book-entry and collective-deposit entitlements can be encumbered by instructing the depositary and registering at the Securities Depositary (Caja de Valores).

Perfection of the guarantee follows the asset type:

- bearer assets require a private instrument with a certain date executed before a non-interested broker or exchange representative plus delivery of the document;
- 'to order' instruments require endorsement in guarantee and delivery;
- nominative non-endorsable securities require a private instrument and delivery, with third-party effectiveness upon registry entry where mandatory;
- for book-entry securities, liens and attachments are perfected by entries at the Securities Depositary under the payments and securities settlement framework, which substitute issuer-register entries with equal effect; and
- bond issues may be secured with guarantees allowed by law, which must be recorded in the pertinent registries and evidenced to the supervisor before placement.

Paraguayan courts will recognise foreign governing law and jurisdiction for issuances made in Paraguay when expressly stated in the prospectus or disclosure document, subject to applicable procedural rules and public policy limits.

Upon default, market pledges over securities are enforced by public auction on a stock exchange without separate pledge-enforcement proceedings; the exchange must auction the collateral no later than the next business day. The framework does not contemplate creditor appropriation in lieu of sale, while book-entry realisations follow the Securities Depositary's transfer and settlement rules.

9. Litigation and jurisdiction on crypto assets: legal implications of disputes involving crypto assets.

In Paraguay, submission to a foreign jurisdiction and exclusive jurisdiction clauses are valid and enforceable provided they are expressly agreed by the parties, comply with legal requirements, and do not contravene national public policy. Additionally, exclusive jurisdiction clauses are generally respected and enforceable under Paraguayan law, provided they are expressly agreed by the parties, do not contravene mandatory rules or public policy, and do not fall within matters of exclusive domestic jurisdiction. Paraguayan courts recognise party autonomy in contractual matters: foreign jurisdiction clauses may be upheld and enforced, including in disputes involving crypto assets, subject to general principles of civil, procedural, and private international law.

10. Intellectual property and crypto assets: legal protection, ownership, enforcement and monetisation of IP rights related to digital and virtual assets.

In Paraguay, patents and trademarks confer exclusive rights upon registration with the National Directorate of Intellectual Property (DINAPI), while copyright generally arises upon creation (registration is optional but evidentiary). Ownership follows the applicable regime (eg, applicant/assignee for patents and trademarks; author/assignee for copyright).

Rights are enforced through administrative and judicial actions, with practical enforcement challenges reflected in Paraguay's placement on the United States Special 301 Watch List (2025).

When assessing foreign protection, rights holders consider target markets, manufacturing and distribution hubs, and the strength of local enforcement frameworks, alongside applicable international instruments (eg, Paris Convention, etc).

IP over crypto assets can be monetised locally via licences, assignments and exploitation agreements; however, crypto is not legal currency in Paraguay, and VASPs must comply with SEPRELAD AML/CFT rules, in addition to general IP and tax compliance.



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