Paraguay: Centralisation failure in action

Important lessons for Bitcoin mining country of operation, flagging vital centralisation risk and consequences

Geopolitics · Country · Paraguay

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- **One bank, half the country.** Ueno Bank, an app-led digital bank, reported more than **3 million users** in September 2026: over **65% of Paraguay's adults** and roughly **half of its 6.1 million people**. It also managed some US$800-850 million of public funds, by its own figure.
- **Failure in action.** On **2 November 2026** the Central Bank of Paraguay (BCP) opened resolution of Ueno: adjustments to its accounts showed a solvency ratio **below 50% of the legal minimum**. Customers lost access to their money; salaries, pensions and everyday payments were hit.
- **Centralisation comes as a package.** Reported related-party lending above legal limits and at least ten warnings inside the BCP; a President who was a business partner of the bank's owner group until March 2025; a BCP governor who had been Ueno's president. International lenders, a US$350 million bond and a foreign strategic shareholder gave validation, not control.
- **The political crack.** Within three days the BCP governor resigned, eight Ueno executives were detained, depositors protested in Asunción and 35 lawmakers filed for impeachment of the President. A political reset can reach energy policy and ANDE, the state utility that sells power to miners.
- **Miners in the frame. HIVE** runs 300 MW, with 100 MW more under construction, on ANDE contracts that **expire on 31 December 2027**; **Penguin** holds a 100 MW contract and is moving to AI compute. No public source shows a named miner banking with Ueno, but local costs (electricity, staff, suppliers) are paid through Paraguayan banks and local OTC and P2P desks.
- **The lesson.** Country risk in Bitcoin mining is more than the power price and hashrate: the bank, the fiat off-ramp, the utility and the politics behind the power contract are all part of the operating stack.

One bank, half the country

Ueno presented itself as a modern, app-led universal bank, built to widen access to financial services and to make everyday payments faster for individuals, entrepreneurs, small businesses and corporates. In its open letter of 21 September 2026 it reported more than 3 million users, more than 65% of Paraguay's adult population. Against a population of about 6.1 million, that is roughly half of all Paraguayans; Bloomberg Línea counted more than 2.9 million customers and more than 3 million transactions a day.

Speed and convenience were the offer, for households and for businesses that need fast settlement, and an app-first bank drew in particular the younger, more tech-savvy generation (BMM view; Ueno itself says it serves all ages, including more than 30,000 retirees, ABC Color). Salaries, savings, merchant payments, transfers and pension receipts moved onto one institution's rails. That reach is what turned a bank failure into a national event: when Ueno entered resolution, customers were cut off from their accounts and the disruption reached transport-card top-ups, food purchases and household bills (Associated Press, Bloomberg Línea). The BCP calls Ueno an institution-specific case, not a failure of Paraguay's banking system; the point here is the concentration.

Failure in action: 2 - 5 November 2026

DATE	WHAT HAPPENED
2 Nov	The BCP board unanimously opens resolution proceedings for Ueno Bank.
3 Nov	BCP notice: adjustments to the financial statements during regularisation show a solvency ratio below 50% of the required minimum. BCP President Carlos Carvallo resigns at the President's request.
3 - 4 Nov	Depositors protest in Asunción; incidents with police near Congress; redemptions from Ueno-linked funds suspended (AP).
4 Nov	35 opposition lawmakers file impeachment against President Santiago Peña and Vice-President Pedro Alliana; eight Ueno executives detained (Reuters).
5 Nov	The Senate approves a change to speed up partial repayment of deposits; the bill goes to the lower house (Mercopress).

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Centralisation comes as a package

Governance. ABC Color reported on 18 October 2026 at least ten notices and memos inside the BCP about Ueno, covering lending to related companies beyond the limits, weak loan conditions and solvency; on 10 October it reported that three related companies held US$41.5 million above the legal limit. Ueno disputed parts of this reporting. These are media accounts of official records, not final findings.

Political proximity. Reuters reported that President Peña was a business partner of the group that owned Ueno until March 2025; the bank says he was never a shareholder or investor in the bank itself. Carlos Carvallo worked at Ueno and was its president until August 2023 before Peña appointed him to lead the BCP, which says he recused himself from decisions on the bank. Such links raise questions about independence and conflict management; they do not by themselves prove political direction of lending.

International capital. In March 2026 Ueno sold US$350 million of 6.70% senior notes due 2031, with BofA Securities and J.P. Morgan as joint bookrunners. Hungary's OTP Bank invested a total of US$47 million for 9.99% by June 2026. Ueno listed funding relationships with IDB Invest, Oikocredit, Enabling, Finance in Motion and OeEB, and correspondent banks including Citibank, Bank of New York, BBVA, CaixaBank and Banco Nación. The controlling shareholder was Grupo Vázquez, with 99.16% of voting rights at the holding in March 2026. Ratings, bookrunners, lenders and investors validated access to markets; they did not replace credit discipline, related-party limits or independent supervision, and none of these roles shows knowledge of the alleged deficiencies.

Public profile. Sponsorship of the national football team and the Paraguayan Football Association (from 2023), Club Olimpia (2024) and athlete ambassadors made Ueno a household name. Familiarity built trust; it was no assurance of soundness.

How a bank failure reaches a mining site

A miner that earns in Bitcoin or US dollars offshore still pays electricity, staff, taxes and suppliers in guaraníes. Market guidance (MoveParaguay) describes no licensed local spot exchange: conversion runs through Binance P2P and local OTC desks, and local P2P sellers may prefer transfers through banks including Itaú, Sudameris, Visión and Ueno.

The exposure can therefore sit several steps away from the miner and never appear in its accounts: the bank of the OTC desk, the payment agent or the payroll provider. No public source reviewed shows that a named miner or its OTC desk used Ueno, or that any conversion was frozen.

Where a local bank failure can bite

LINK IN THE CHAIN	IF THE BANK FAILS
OTC / P2P desk (PYG leg)	Trades settle late; local currency trapped
Local operating account	Balances frozen; no cash for bills
ANDE electricity invoice	Late payment, penalties, risk of supply restriction
Payroll, security, maintenance	Staff and suppliers unpaid
Single local bank	A solvent operator still stops

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The political crack and the energy question

The impeachment request needs 53 of 80 deputies to advance and then two-thirds of the Senate (30 of 45). The Colorado Party holds a majority in both chambers, although some of its dissidents back the effort, and the crisis has merged with the contest for the party's 2028 presidential nomination. On 5 November a change of government is not the base case; loss of authority, changes at the BCP and in the cabinet, congressional inquiries and further protests are the nearer outcomes.

For miners the channel is energy policy. A political reset can change the leadership of ANDE and the energy ministry, tariff decisions, deposit rules and the treatment of large loads, at the moment mining contracts come up for renewal: HIVE's

two main contracts expire on 31 December 2027, and Hashrate Index names that date as the key horizon for mining-sector contracts. It also reports medium-voltage rates rising from about US$0.03/kWh towards US$0.05-0.06/kWh and deposits of three months' energy cost. No source reviewed shows that the Ueno crisis has cancelled or suspended any mining contract: this is a scenario to monitor, not an announced change.

Miners with confirmed presence in Paraguay

HIVE Digital Technologies NASDAQ / TSXV: HIVE

Started	March 2025: bought the 200 MW Yguazú site from Bitfarms
Capacity	Yguazú 200 MW (about 12.5 EH/s); Valenzuela 100 MW, completed November 2025 (about 6.5 EH/s); a further 100 MW at Yguazú under construction for 2026; an extra 7 MW ANDE agreement at Valenzuela (17 February 2026)
Power contracts	Yguazú and Valenzuela contracts expire on 31 December 2027 and need renegotiation or replacement; US$19 million of ANDE deposits paid by 31 March 2026
Latest public stance	Expanding: construction under way and key components ordered (quarterly report to 30 June 2026); US$3.7 million owed to ANDE for May 2026 energy, paid

The largest disclosed exposure in the country and the clearest renewal date. HIVE's filings do not say which bank it uses to pay ANDE.

Penguin Group Penguin Infrastructure S.A., private

Started	2019, with a 6 MW pilot in Villarrica
Capacity	Paraguay's first 100 MW power contract; a private high-voltage substation built with ANDE; latest site a 28 MW liquid-cooled data centre
Power contracts	Remaining term of the 100 MW contract not public
Latest public stance	May 2026: moving its Paraguayan infrastructure to AI compute; its co-CEO says the Bitcoin mining tariff is no longer sustainable in the medium term (Hashrate Index)

ANDE's list counted 71 authorised crypto-mining companies and individuals (ABC Color, February 2025); it does not show who is mining today. Not listed above, as current operations are not confirmed at the cut-off: Alps (about 40 MW across ten sites historically, now redirecting to Bolivia); KULR (3,570 Bitmain S19 XP and 1,157 MicroBT M30S++ machines, older generations, deployed in Asunción from July 2025; its June 2026 filing reports its mining-services agreements ended, location not named; BMM expects KULR to confirm an exit from Paraguay); MARA (about 27 MW hosted in earlier reporting); Bitfarms (sold Yguazú to HIVE).

Lessons for a country of operation

1. Adoption and dependency grow together. The faster a bank becomes the default rail, the larger the shock when it stops.

2. Digital does not remove banking risk. An app changes the customer interface, not credit, liquidity or related-party risk.

3. Connections and capital are not controls. Political proximity and international investors are context to read, not assurance to rely on.

4. The operating chain is wider than the site. Off-ramp, local bank, utility payment, payroll and suppliers each need a second route: a tested second local bank, cash for one to two billing cycles, and the bank of every OTC desk and payment agent known.

5. Power contracts carry a political horizon. In Paraguay it is 31 December 2027, and the Ueno crisis has put the politics around it in motion.

> *Paraguay is a warning about concentration risk in the infrastructure behind Bitcoin mining: the banking, OTC, fiat off-ramp, utility-payment and political-contracting layers are all part of the operating stack.*

What BMM will watch next

The impeachment process and the Colorado Party's 2028 contest; the deposit-repayment bill; new leadership at the BCP, ANDE and the energy ministry; ANDE tariff and deposit decisions; public statements on the 2027 contract renewals; and the power terms of HIVE's new 100 MW at Yguazú. Paraguay opens BMM's Geopolitics · Country series, which will follow the update of BMM's Geopolitics & Bitcoin Mining report.

Contacts

E-mail	connect@btcmining.markets
X	@BTCMiningMarket
LinkedIn	linkedin.com/company/btcminingmarkets
Website	btcmining.markets

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Methodology

Public-source desk review with a cut-off of 5 November 2026. Company filings and official notices take precedence over press and industry reporting; allegations about related-party lending and supervision are attributed to the media that reported them and are not final findings. A power contract, an authorisation or an announced deployment does not prove that the capacity is energised and mining today; only operators with confirmed current presence are profiled. No private bank-account data, executed power contracts or ANDE customer records were available, so no conclusion is drawn that any named miner banked with Ueno or that any power contract is affected by the bank resolution. The share of population is BMM's arithmetic from Ueno's reported users and a population of about 6.1 million (Bloomberg Línea). Political developments are a snapshot at the cut-off, not a prediction.

Online version: btcmining.markets/insights/geopolitics/paraguay/2026-11-05/

Disclosures

For information only; not investment, legal or political advice. Figures are as reported by the sources listed and may be revised as the resolution and investigations proceed.

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