

Breaking The Chains Of Global Finance: How Brazil's Pix Reshapes The International Financial System And Operates As A Tool To Digital Sovereignty

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Abstract

The development of another form of instant payment system, Brazilian Pix, a state-owned common infrastructure, can be considered one of the most ambitious trials to represent the digital financial system in the country of the Global South. Pix is a universal service available to all, unlike a privately developed Fintech-based solution built around a profit-maximizing basis. The paper will define how Pix disrupts the neoliberal financial order through financial inclusion, digital sovereignty, and decolonized alternatives in its design. The paper further contextualizes Pix within the theoretical framework of political economy and globalization literature to demonstrate the extent to which the platform is redrawing the domestic economy in Brazil and changing the global discourse on financial and territorial sovereignty and the state's role in the digital economy. By performing comparative analysis with other systems, including India's Unified Payments Interface (UPI), the paper will demonstrate that Pix can provide a model for the Global South to regain control over the money flow. However, some stumbling blocks exist, including digital divides, privatization, and surveillance possibilities. Finally, Pix shows what state-led Fintech might be used to achieve in an economy of sovereignty, financial inclusion, and global finance.

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I. Introduction

In November 2020, the Central Bank of Brazil implemented Pix, a zero-cost, real-time payment method allowing transfers among individuals, businesses, and the government. However, since it was not considered a profit-driven service but a universal public infrastructure system, Pix swiftly transformed the financial reality in Brazil. By the time it was launched in Brazil, tens of millions of people had come to use it within months, especially among the non-formal sectors of the economy that had been ostracized in the conventional financial system. In 2023, more than 140 million Brazilians spent on Pix, close to two-thirds of adults in the country.

More than a payment system, Pix is an opposition to the neoliberal model of international finance. Whereas most of the developed Fintech innovations are wielded by privately controlled organizations, which in many cases foster the state of reliance on overseas capital and global financial services, Pix declares state power over digital economic infrastructure. This way, it promotes what may be called the concept of digital sovereignty or the ability of a given state to control its internal digital economy and protect the flow of money and the extraction of financial resources by external actors.

The research locates Pix into the broader discourse of globalization, neoliberalism, and decolonization, focusing on the financial aspects. The paper suggests that Pix is an unusual state-driven Fintech initiative to reclaim sovereignty, offer a sense of inclusion, and offer an alternative to predatory financial systems of the world. The paper addresses the issues of how Pix can be used as a practical tool and a political project of digital sovereignty in the Global South through a theoretically informed analysis of comparative case studies about the topic and reflection on implications in the Global South.

Pix and Globalization Political Economy

Pix's multidimensional perspective is recognized as a globalization of politics, culture, and technology, which allows us to place Pix as a countermovement in the global financial order (Steger, 2020). The modern economy emphasizes using the financial market by intermediaries, MNCs, and capitalist reforms to facilitate profit maximization and cross-border capital mobility. Such dynamics tend to undermine state sovereignty and erode internal policy space, strengthening the dependency between the Global South and the Global North.

On the other hand, Pix signifies the premeditated intentional interference provided by the state, which interferes with the established logic. The innovation is a political step backward towards taking national decision-making powers over financial transfers without going through global monopolies of Fintech giants, such as Visa, MasterCard, or PayPal. The system improves the cashless world, including the digital economy, and normalizes

immediate and free transactions. Technologically, it circumvents old infrastructure to enable widespread use of digital payments even in areas where banks were less penetrated in the past.

According to Slobodian (2023), the neoliberal project aims to strip states of economic capabilities to establish smooth markets that will give capital free rein. Pix reverses this idea, and although it works digitally in terms of innovation, it shifts the tech towards accessibility and benefit to the people instead of promoting deregulation and profitability. In such a way, it would eliminate the real problem of the chains of poverty indicated not only by Selwyn (2018) but also by other researchers, and formulated in the idea that global capitalism can strengthen inequality by ensuring that those who are poor cannot strive to gain the opportunity to participate in meaningful economic activities.

Innovation in De-colonial Fintech Digital Sovereignty

Pix may be interpreted as an experiment of decolonized Fintech, which questions both epistemic and material hegemony of Global North financial formations. The innovation's political organization reflects what can be characterized as digital sovereignty. Instead of being outsourced to privately owned or foreign companies, Pix's financial data stays under the jurisdiction of the Central Bank of Brazil. The move protects citizens against this type of data harvesting and surveillance capitalism, as LaFrance (2024) criticized. Additionally, companies no longer siphon off profits to other jurisdictions.

In addition, Pix enhances fiscal sovereignty since it will ensure that capital flows within the national economy. Unlike the global financial systems that stimulate capital flight out of the country, via offshore banking and tax havens, Pix strengthens local economic flows and joins millions of informal workers and small businesses within one safe, traceable, and inclusive financial environment (Ogle, 2020). By legalizing such transactions, Pix not only increases the number of people paying taxes in Brazil but also increases economic mobility, as fewer people would rely on unstable informal work and could stop leaving the country due to financial reasons. The approach places Pix as a political decolonization tool, more than another technical innovation, that states the Global South can create its finance models without copying the exploitative patterns provided by the North.

Comparative Perspectives

To appreciate the importance of Pix, one can compare it to other digital payment innovations. Another state-sponsored initiative in universal access has been India's Unified Payments Interface (UPI), introduced in 2016. Similar to Pix, the UPI unites many banks into an efficient digital environment, with adoption surpassing 200 million users. However, unlike Pix, users continue to use UPI's services through privately owned intermediaries, such as Google Pay and PhonePe, and therefore still depend on the sovereignty of their data and market concentration. Because of public ownership and universal access, Pix does more than UPI or M-Pesa by stitching financial inclusion into a world of sovereignty. In this regard, Brazil also proves there is a technological and institutional possibility. Brazil has innovated its infrastructure architecture to promote the interests of the group rather than those of corporations.

Difficulties, Hazards, and Constraints

Notwithstanding the promise, Pix would be susceptible to several issues that may jeopardize its transformative power. Firstly, millions of Brazilians have unstable access to the Internet or smartphones and, therefore, do not experience the advantages of Pix. Additionally, structural inequalities cannot be defeated by simply using technology (Selwyn, 2018). Unless paired with investments in digital literacy, infrastructure, and social protections, Pix can and most likely will ensure the fortification rather than the breakdown of exclusion.

Secondly, regulatory capture and privatization practices are of concern. As Pix becomes established, the private financial actors may want to add profit layers to the system, thus watering down the public service spirit. The Central Bank's policy direction will play a decisive role in determining whether Pix will continue as a form of public utility or move towards commercialization.

Thirdly, there are novel threats to cybersecurity and surveillance. The system might also have a centralized digital system that could be vulnerable to hacking, and its state control raises concerns about misuse in political spying. The ability to remedy this vulnerability will be an open question to balance efficiency with inclusion and civil liberties.

Lastly, there is the international aspect. Pix is currently only applied domestically, but cross-border interoperability is still narrow. Given the interest in implementing the same systems in other countries, the issues of global governance, interoperability principles, and international digital sovereignty will gain momentum.

Financial Implications to the Global South

Pix's success has echoed throughout much of the world. Its applicability and usage show that it can create sovereign, inclusive, and technologically advanced financial systems without recreating neoliberal dependency in the Global South nations. Geopolitically, Pix goes in line with larger changes in global powers. The

membership of BRICS places Brazil in the middle of discussions concerning alternative global finance systems, such as the potential creation of digital currencies that will threaten the predominance of the U.S. dollar. Duplication in the Global South in such systems as Pix may weaken the monopoly of the Northern banks and organizations like the IMF, World Bank, and SWIFT.

In addition, Pix is a part of an increasingly popular discussion of digital sovereignty, the notion that countries need to be able to use their digital infrastructures to avoid reliance on Silicon Valley platforms and Chinese tech giants. In this sense, Pix can facilitate economic transformations and the more comprehensive migration towards sovereign digital health, education, and government systems.

Future Prospects and Regional Integration

Pix can also become the engine of regional integration efforts throughout Latin America as the future unfolds. With the rest of the countries experimenting with their digital payment systems, Brazil may be leading the way to creating interoperable frameworks that enable cross-border trade, remittances, and tourism across the region. This would not only lessen dependence on the U.S. dollar as a regional settlement currency but also increase the bargaining power of the area in international financial dealings. When approached with a purpose, Pix can become a national mechanism of sovereignty and a regional instrument of economic integration and South-South collaboration.

II. Conclusion

Pix is not just a financial instrument, but a political initiative that theorizes the contemporary state of things between state, market, and citizens in the digital age. Placing financial inclusion in an infrastructure controlled by the state, Pix is an alternative to neoliberal values of privatization and profit-maximization. The system can protect data and fiscal sovereignty and thereby avoid the extraction and dependence to which economies of the Global South have been subjected. Moreover, setting an example for other nations throws the hope of a more just and multipolar financial order. However, it is still unclear what awaits Pix. The system's promise hinges on eliminating digital divides, combating privatization, and surveillance. The effect of innovation on the world will depend on whether other states replicate its model and whether regional blocs can synchronize the interoperable sovereign systems. Finally, Pix demonstrates that the Global South should not assume a passive role regarding global financial systems created in the Global North. The success indicates that by using digital innovation, states can fight to decolonize and modernize.

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