



Bogotá's Legal Guide to Foreign Direct Investment

2026

04

EXCHANGE & FINANCIAL REGULATION



📍 Address: Carrera 17 No. 89-31, Office 403, Bogotá, Colombia

☎ Phone: +57 (601) 346 1901

🌐 Website: <https://cmmlegal.co/contacto/>

This chapter provides an overview of the Colombian foreign exchange regime and financial system, both key aspects for structuring and operating foreign investments in the country. It sets out the main rules applicable to the inflow and registration of capital, the channeling of foreign currency, and the exchange rights associated with the repatriation of profits. It also describes the principal entities and alternatives of the Colombian financial system, including traditional models, the securities market, and new opportunities relating to fintech, digital payments, and technology-based financial services.

Foreign Exchange Regime and Foreign Investment

1. How does foreign investment work in Colombia?

Colombia offers a clear and structured legal framework for foreign investment, based on equal treatment between nationals and foreigners, economic freedom, and the autonomy of the Banco de la República as the exchange authority¹. The Colombian regime starts from a general authorization to invest, guarantees the free movement of capital, and allows the entry and repatriation of foreign investments under transparent and predictable rules.

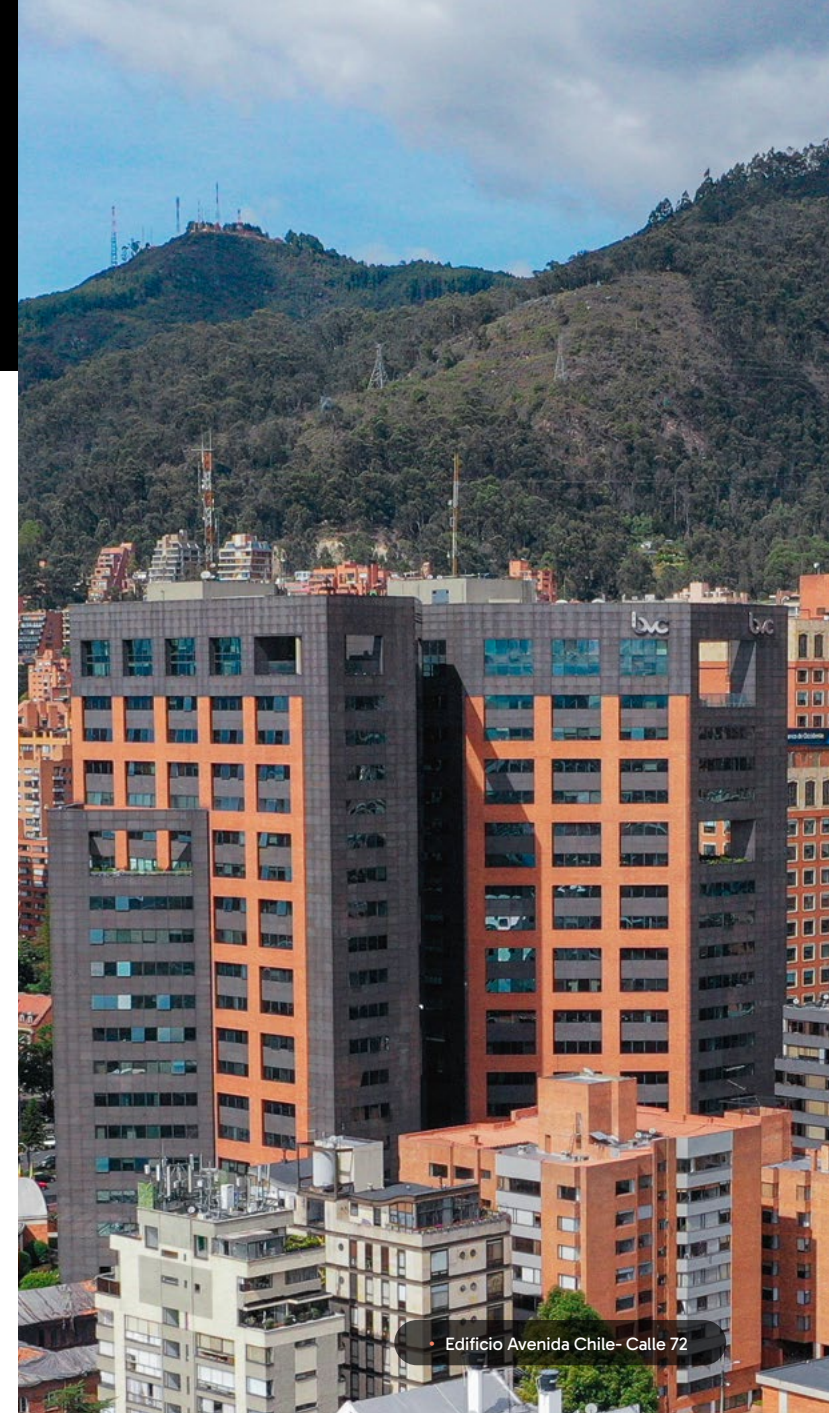
The rights to repatriate capital and remit profits abroad depend on the proper registration of the investment with the Banco de la República, which makes exchange-control structuring a key element to ensure legal certainty and protection of foreign capital.

Are there restrictions on bringing foreign currency into the country?

In Colombia there are no quantitative restrictions on the inflow of foreign currency into the country. The exchange regime does not limit the amount that may be transferred from abroad, but it does provide that certain operations, such as foreign investment and external indebtedness, must be channeled mandatorily through the foreign exchange market and comply with the registration duties before the Banco de la República.

The inflow or outflow of foreign currency may not be carried out directly between the parties; it must be effected through an authorized foreign exchange market intermediary, ensuring traceability, control, and the subsequent recognition of exchange rights.

¹ Article 100 of the Political Constitution of Colombia recognizes equal civil rights for foreigners (national-treatment principle); Article 333, economic freedom and free private initiative; Article 334, the State's power of intervention under a general, non-discretionary legal framework; and Article 371, the autonomy of the Banco de la República as the monetary and exchange authority.





• World Trade Center - Calle 100

FOREIGN EXCHANGE MARKET



The set of authorized intermediaries and mechanisms established to channel foreign-currency operations (such as foreign investment, external indebtedness, imports, and exports).

OPERATIONS SUBJECT TO MANDATORY CHANNELING



Those that, under the exchange regime, must be paid or received through a foreign exchange market intermediary and may not be freely offset between the parties.

FOREIGN EXCHANGE MARKET INTERMEDIARIES (IMC)



Entities authorized to channel exchange operations in Colombia, mainly:

- credit institutions (banks, financial corporations, financing companies) supervised by the SFC
- authorized broker-dealers; and the Banco de la República for specific operations.

What is external indebtedness?

External indebtedness is the credit or loan that a company or person in Colombia obtains from a non-resident creditor, or that it grants to a non-resident debtor. It must be channeled through the foreign exchange market and comply with the registrations and reports required by the Banco de la República².

² Article 44 of External Resolution No. 1 of 2018 of the Board of Directors of the Banco de la República.

When does the international investment regime apply?

To determine whether an operation is subject to the international investment regime, it is essential to establish the residence status of the parties involved. In Colombia, natural persons—whether Colombian or foreign—who remain in the country for more than 183 days, continuous or non-continuous, within a period of 365 consecutive days are deemed residents, as are legal entities and branches domiciled in Colombia³.

Operations between Colombian residents must be carried out in Colombian pesos. Nevertheless, the regime permits the use of compensation accounts registered with the Banco de la República to carry out certain foreign-currency operations, including foreign investment, external indebtedness, and foreign trade. These accounts entail ongoing registration and reporting obligations for their proper use⁴.

2. Types of foreign investment

In Colombia there are principally two classes of foreign investment⁵: **a) Foreign Direct Investment**, which is that made by the investor with the intention of permanence and control, such as the acquisition of shares, quotas, or equity interests in companies, contributions to branches, or the purchase of productive real estate; and **b) Portfolio Investment**, which is that made in securities listed on the public market (shares, bonds, funds), without the intention of control and primarily for financial and return purposes.

³ Article 10 of the Tax Statute (Estatuto Tributario).

⁴ Article 37 of External Resolution No. 1 of 2018 of the Board of Directors of the Banco de la República.

⁵ Article 2.17.2.2.1.2 of Decree 1068 of 2015.

3. Investment registration and exchange rights

Exchange operations are reported through **exchange declarations** (declaraciones de cambio), which inform the exchange intermediary and the Banco de la República of the nature and amount of the operation.⁶ The information must be complete and consistent, since errors or omissions may give rise to administrative investigations and affect the investor's exchange rights⁷.

Once the investment is registered with the Banco de la República, the investor acquires **exchange rights** that allow it to:

- I. Repatriate the invested capital.
- II. Remit profits or dividends abroad.
- III. Transfer the proceeds from the sale or liquidation of the investment.
- IV. Access the foreign exchange market to channel the corresponding foreign currency with legal backing.

⁶ Article 88 of External Resolution No. 1 of 2018 of the Board of Directors of the Banco de la República.

⁷ Article 1.4 of External Regulatory Circular DCIP-83.

⁸ Article 7.1.1 of External Regulatory Circular DCIP-83.

⁹ Article 2.17.2.5.1.1 of External Regulatory Circular DCIP-83.

Profits generated by a foreign investment may be reinvested in Colombia without the need to channel foreign currency. However, such operations must be registered with the Banco de la República in order to preserve the exchange rights and ensure the future repatriation of the reinvested capital.

International investments must be registered by the foreign investor, its attorney-in-fact, or the legal representative of the receiving company—in the case of foreign portfolio investment, through an authorized administrator—in accordance with the procedures established in External Regulatory Circular DCIP-83⁸.

The following must be registered: (i) initial or additional investments; (ii) changes in the holder, in the allocation, or in the receiving company (substitutions); and (iii) the cancellation of the investment. Registrations of substitutions and cancellations must be made within the six (6) months following completion of the operation⁹.

4. Compliance and exchange-control penalties

Failure to comply with the exchange regime in Colombia may give rise to administrative penalties imposed by the National Tax and Customs Directorate (DIAN) or the Superintendence of Companies, including fines calculated on the value of the operation or in UVT, particularly in matters relating to international investments, external indebtedness, and exchange operations¹⁰. The sanctioning power lapses upon expiration of a term of five (5) years counted from the occurrence of the facts constituting the infringement¹¹.

¹⁰ The penalties that the DIAN may impose are governed by Decree 2245 of 2011. The sanctioning power of the Superintendence of Companies is provided for in Article 5 of Decree 2116 of 1992.

¹¹ Article 5 of Decree 2245 of 2011.

The Colombian Financial System

1. Structure

The Colombian Constitution recognizes financial, securities, and insurance activities as being of public interest¹². The Colombian financial system operates under a solid regulatory framework, supervised principally by the Financial Superintendence of Colombia (SFC), the entity responsible for authorizing entry, defining the rules of operation, and supervising the various participants in the system, thereby safeguarding the stability of the ecosystem.

For the investor, this rigor translates into the assurance of dealing with professionals of the financial sector rather than with an ordinary merchant. Supervised entities must adopt specific corporate forms, meet a minimum regulatory capital and certain financial indicators, maintain a robust and secure technological infrastructure, apply strict risk-management policies, and ensure the technical and moral suitability of their shareholders and officers.

¹² Article 335 of the Political Constitution.



2. Intermediated and disintermediated markets

The Colombian financial system operates through two broad schemes: the intermediated market and the disintermediated market, or securities market.

2.1 Intermediated market

The funds of savers or investors are channeled to authorized entities that take deposits from the public and then place them through various products such as loans, discounts, advances, or other active credit operations. This category comprises multiple licenses across the financial and insurance system¹³:

- **Banking establishments:** the credit institution par excellence. They are institutions that take deposits in checking or savings accounts, and demand or time deposits, in order to carry out principally credit operations.
- **Financial Corporations:** they take time deposits to carry out credit operations and make equity investments in companies of the real sector. They represent the structure commonly adopted by the holding companies of financial groups to serve as their investment vehicle and to conduct investment-banking activities.
- **Financing Companies:** the typical structure adopted by all “neo-banks”; they may take time deposits to carry out active credit operations facilitating the marketing of goods and services, and to conduct financial leasing operations. Their main difference from banks is the inability to take deposits through checking accounts and a substantially lower minimum incorporation capital. They additionally focus on natural persons and SMEs.

- **Financial Services Companies:**
The following belong to this group:

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| i. Trust companies (sociedades fiduciarias), dedicated to managing third-party assets for the specific purpose defined by the settlor | iii. Pension and severance fund managers, which administer the private pension and severance regime |
| ii. General deposit warehouses, used to store goods and issue negotiable certificates of title representing them | iv. foreign exchange brokerage companies, authorized to manage foreign currency and to carry out domestic and international transfers, remittances, and collections. |

- **Capitalization Companies:** institutions that encourage saving through the constitution of capital in exchange for disbursements..
- **Insurance Companies:** financial institutions that carry out insurance operations.
- **Insurance Intermediaries:** insurance brokerage firms, insurance agencies, and individual insurance agents.
- **Reinsurance Intermediaries:** reinsurance brokers.
- **SEDPE:** they take funds through electronic deposits or digital wallets; such funds, however, may not be the subject of credit. This is one of the licenses requiring the lowest incorporation capital.

¹³ Organic Statute of the Financial System (E.O.S.F.), Article 2.



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2.2 Disintermediated market

Funds are raised through the issuance of securities, whereby companies of the real and financial sectors (the securities issuer) issue documents that embody negotiable rights, delivered to the investor in order to obtain a return, as support for the operation. Any interested party may invest in the securities market through intermediaries (broker-dealers).

- **Securities Market¹⁴**: it enjoys multilevel protection because, in addition to the supervision of the SFC, there is the work of the Securities Market Self-Regulator (“AMV”), which monitors the transparency of market operations and acts as a consumer protector¹⁵.
- **Securities¹⁶**: any negotiable right that forms part of an issuance, when its purpose or effect is to raise funds from the public, including shares, bonds, commercial paper, certificates of deposit for merchandise, any instrument or right resulting from a securitization process or representing venture capital, time deposit certificates, bankers’ acceptances, mortgage bonds, any public-debt instrument, and any other negotiable instrument to which the State attributes such status.

¹⁴ Law 964 of 2005.

¹⁵ Securities Market Self-Regulator (AMV). Consumer protection guide and preventive supervision functions. Available at: <https://www.alianza.com.co/amv>

¹⁶ Law 964 of 2005 – Article 2.

● Securities market activities

- The issuance and offering of securities.
- Securities intermediation.
- the management of investment funds.
- The deposit and administration of securities.
- The operation of trading or registration systems for securities, futures, options, and other derivatives.
- The clearing and settlement of securities.
- Risk rating.
- Self-regulation.
- The supply of information to the securities market.
- Securities advisory services.
- Any others determined by the National Government that involve the management, use, and investment of funds raised from the public through securities.

3. Other Participants in the Financial Sector

- **Payment systems** infrastructure that enables the transfer, clearing, and settlement of funds among entities, merchants, and users, including electronic and digital payments.
- **Payment system administrators:** entities responsible for operating and settling transactions within low-value payment systems.
- **Acquirers:** participants that connect merchants to the payment system and process transactions carried out through cards, QR codes, payment links, and other technologies.
- **Payment service providers:** companies that facilitate the technological processing of payments, including aggregators, processors, and providers of POS terminals, QR codes, and digital platforms.
- **Crowdfunding:** a regulated collaborative-financing model that connects investors and productive projects through technological platforms.
- **Representation Offices:** vehicles that allow foreign financial, securities, or reinsurance entities to promote their products and services in Colombia without incorporating a local financial entity, under the supervision of the SFC.

4. Emerging financial and technological models

The Colombian financial market combines regulatory stability, institutional supervision, and openness to innovative models, creating opportunities for international players in financial services and technology.



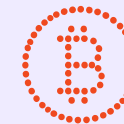
- **Open Finance¹⁷**
A model that allows the sharing of users' financial information, with prior authorization, to develop more personalized products, drive digital services, and increase competition and innovation in the financial sector.



- **Banking as a Service (BaaS)¹⁸**
A scheme through which non-financial companies may offer products such as accounts, cards, payments, or loans using the infrastructure and licenses of supervised financial entities.



- **Fintech**
Companies that integrate technology and innovation into financial, securities, or insurance services to develop new digital business models¹⁹. In Colombia there is no license to operate a company of this kind; therefore, any company that intends to carry out activities reserved for supervised entities must apply for the corresponding license²⁰.



- **Crypto-assets**
Although supervised financial entities face restrictions on operating with crypto-assets, private companies may develop models relating to digital wallets, virtual assets, and international transfers using stablecoins or other digital assets.

¹⁷ Financial Superintendence of Colombia (SFC). "Adoption of Open Finance in Colombia." Institutional release. Available at: <https://www.superfinanciera.gov.co/publicaciones/10114976/colombia-avanza-en-la-adopcion-de-las-finanzas-abiertas/>

¹⁸ Financial Superintendence of Colombia (SFC). "Adoption of Open Finance in Colombia." Institutional release. Available at: <https://www.superfinanciera.gov.co/publicaciones/10114976/colombia-avanza-en-la-adopcion-de-las-finanzas-abiertas/>

¹⁹ Financial Superintendence of Colombia (SFC). Innovation and Fintech Glossary. Frequently asked questions. Available at: <https://www.superfinanciera.gov.co/preguntas-frecuentes/34/34-innovacion-sfc/>

²⁰ Decree 2555 of 2010.



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