Comparative Study on Money Laundering and Terrorism Financing in Ecuador and Uruguay: A Critical Review

José Ismael Hurtado Mullo [1], Victor Hugo Quizhpe Baculima, MBA.,[1] Escobar Gortaine Mario Enrique, MsC.,[1] García Saltos Marlon Alberto, MBA.[1]

Abstract

Both Ecuador and Uruguay have made significant progress in combating money laundering and the financing of terrorism. Both countries have solid legal frameworks and effective cooperation at the national and international levels. However, there are differences in the identified challenges. The information from each chapter of the Mutual Evaluation Reports of the Republic of Ecuador and Uruguay was used to determine the categories, codes, and analyze the information using data mining (QDA Miner). The mutual evaluation reports issued by the FATF on Ecuador and Uruguay highlight the progress made in preventing and combating AML/CFT in both countries, as well as the challenges that still need to be addressed. These reports provide a basis for the implementation of enhanced measures, strengthening supervision, and international cooperation in the fight against these transnational financial

Keywords: *Money laundering, Terrorism financing, information, supervision, money laundering risk (MLR).*

Introduction

The Reference Guide (Lucia, 2008) is an essential tool for understanding and effectively addressing the challenges related to money laundering and terrorist financing. This comprehensive resource provides a global overview of best practices, international standards, and regulatory frameworks in the fight against these illicit activities. In the article, this guide is used as a key reference to analyze the preventive measures, supervision strategies, and compliance actions necessary to effectively combat money laundering and terrorist financing.

The Financial Action Task Force (FATF) report on Professional Money Laundering (Report 2018) provides valuable insights into the tactics and techniques used by criminals to engage in money laundering activities in a professional manner. This report examines the roles of intermediaries and professionals in the money laundering process, as well as the tools and methods employed to conceal the illicit origin of funds. In the article, this report is used as the primary reference to analyze the challenges and strategies required to counter professional money laundering..

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[1] Programa de Maestría en Administración de Empresas. Dirección de Posgrado y Educación Contínua. Universidad Estatal de Bolívar:Email: jismahm24@hotmail.com

The Prevention of Money Laundering and Financing of Crimes Act 2017 is a key component in the country's efforts to combat money laundering and the financing of crime. This legislation establishes a comprehensive legal framework that requires financial institutions and other economic sectors to implement measures for the prevention, detection, and reporting of suspicious activities. Additionally, it promotes cooperation among public and private entities involved in the fight against money laundering. In the article, this legislation is examined in detail, and its impact on the prevention and repression of money laundering in Ecuador is analyzed..

Uruguay has been an active player in the fight against money laundering and the financing of terrorism within the framework of international criminal law. The country has enacted laws and adopted measures that reflect its commitment to the prevention and repression of these criminal practices. The Uruguayan legal framework encompasses aspects such as the criminalization of money laundering and the financing of terrorism, international cooperation, asset freezing, and the identification of suspicious activities. In the article, the main characteristics of this legislation are examined, and its effectiveness in combating money laundering and the financing of terrorism in Uruguay is analyzed (Carlos & Cozzi, 2018).

The (Lucia 2008) is a valuable tool for understanding and addressing the challenges related to money laundering and the financing of terrorism. This guide provides a global perspective on best practices and international standards in the prevention and fight against these financial crimes. Furthermore, it offers guidance on the implementation of effective policies and procedures, risk identification, and international cooperation. As mentioned in the "Reference Guide to Anti-Money Laundering and Combating the Financing of Terrorism" (Author, Year of publication), this work is an essential reference for professionals, regulators, and other stakeholders involved in the prevention and combat of money laundering and the financing of terrorism.

The fifth edition of the book (Blanco Cordero, Isidoro, Fabián Caparrós, Eduardo, Prado Saldarriaga, Víctor, Santander Abril, Gilmar, Zarragoza Aguado 2018) provides a valuable perspective on the crucial role played by the judicial system in the fight against money laundering. This book, written by experts in the field, comprehensively addresses the legal, procedural, and jurisprudential aspects related to combating money laundering from a judicial perspective. Additionally, it offers analysis of practical cases, investigative techniques, and tools to strengthen the capabilities of judicial operators in the subject matter. As mentioned in the fifth edition of the book "Combating Money Laundering from the Judicial System," this work becomes an indispensable reference for judges, prosecutors, lawyers, and other judicial professionals involved in the prosecution of this crime.

In his work "Informatics and Money Laundering Crime," (Quintero 2007) examines in detail the

intersection between informatics and the crime of money laundering. The author highlights how the rapid evolution of technology has provided new opportunities for criminals to conceal and mobilize illicit funds through electronic and digital means. Through a comprehensive analysis, Hernández Quintero explores the various ways in which criminals use informatics, from the creation of fictitious companies to the use of cryptocurrencies, to carry out money laundering operations in a more sophisticated and covert manner. Additionally, the author examines the legal implications and challenges faced by authorities in detecting and prosecuting this crime in the digital domain. Hernando A. Hernández Quintero's work provides a valuable perspective on the relationship between informatics and money laundering crime, contributing to the understanding and study of this phenomenon in the 21st century.

In the article "As Strong as the Weakest Link: Vulnerabilities in the Process of Business Creation and Registration in Latin America and their Implications in the Fight against Money Laundering," authors Lakshmi Kumar and Julia Yansura (Sánchez 2015) examine the existing weaknesses in the process of business creation and registration in Latin America and how these vulnerabilities can be exploited by criminals to carry out money laundering activities. The authors highlight the lack of effective controls, corruption, and lack of transparency in the business registration process as key factors that facilitate the creation of fictitious or front companies used to launder illicit funds. They also analyze the repercussions of these vulnerabilities on the efforts to combat money laundering in the region. The article provides a critical and reflective insight into the importance of addressing these vulnerabilities and strengthening control mechanisms in the process of business creation and registration as an integral part of the strategy for preventing and combating money laundering in Latin America.

In the book "Anti-Money Laundering 2004," the author provides a comprehensive and up-to-date overview of practices and regulations in the global fight against money laundering. The book addresses the challenges and risks associated with money laundering, as well as the strategies and tools used to prevent and combat this illicit activity. From fundamental concepts to best practices in detection and regulatory compliance, this book is a comprehensive guide for professionals and experts in the field of money laundering.

Money laundering is a phenomenon that has significantly impacted the Ecuadorian business sector and has generated negative consequences for investments. According to recent studies, it has been identified that money laundering affects the integrity of the business environment, decreases investor confidence, and creates an unfavorable climate for sustainable economic growth. In the article "(Author names and year of publication)" (Rosillo et al., 2022), this problem is analyzed in detail, highlighting its implications for the country's business sector.

The approach proposed by (Alarab and Prakoonwit, 2023) is based on constructing a graph that represents financial transactions and their relationships, and it utilizes a LSTM neural network to capture sequential patterns and detect potential money laundering activities. This integrated approach allows for a more comprehensive and accurate analysis of financial transactions, thereby enhancing the ability to detect suspicious operations.

In the article, (Bodescu et al., 2022) highlight how digital technology has changed both the strategies used by criminals for money laundering and the tools and techniques available to combat this crime. The use of technologies such as artificial intelligence, machine learning, and big data analysis has enabled more efficient detection of suspicious transactions and has improved the response capabilities of authorities and financial institutions.

Customer due diligence and related anti-money laundering prevention measures are fundamental aspects in the fight against money laundering. In their article, (GAFILAT et al., 2023) provide a comprehensive evaluation of the measures implemented in the United Kingdom regarding customer due diligence and their effectiveness in preventing money laundering.

Having an appropriate legal framework to combat money laundering and terrorist financing is essential to safeguard the integrity of a country's financial system. In their article, (Chitimira and Animashaun, 2023) conduct a comprehensive assessment of the existing legal framework in Nigeria concerning the fight against money laundering and terrorist financing.

Durguti and others in 2023 thoroughly analyze the regulations and measures established to prevent and detect money laundering. The authors evaluate the effectiveness of these regulations in various contexts, including the financial sector, international trade, and international cooperation in the fight against money laundering. In their research, (Faccia et al., 2020) delve into the dark aspects of electronic money laundering and analyze how technological advancements, such as cryptocurrencies and electronic payments, have been used to facilitate illicit activities. The author examines the methods employed by criminals to conceal the origin and destination of funds, as well as the legal and regulatory implications associated with this type of money laundering.

Gerbrands and others in 2023 thoroughly examine anti-money laundering policies and evaluate their effectiveness in different contexts. The authors analyze both international policies and regulations as well as those implemented at the national level, and explore the practices and strategies employed by financial institutions to comply with these policies.

Despite AML being a substantial area of focus, only a fraction of such activities has been prevented. Due to financial data related to this field being obscured, access is limited and protected by

regulatory authorities. This article aims to study a graph-based machine learning model for identifying fraudulent transactions using a synthetic financial domain dataset (100,000 nodes, 5.3 million edges). Graph-based machine learning with financial datasets yielded promising accuracy of 77-79% with a limited feature set. Even better results can be achieved by enriching the feature vector. This exploration also leads to pattern detection in the graph, which is a step towards money laundering detection (AML) (Naveed et al., 2023). In his research, (Krupa, 2022) examines the various ways in which criminals use digital technologies to carry out money laundering activities. The author also explores the techniques and strategies employed by cybercriminals to conceal the illicit origin of funds, such as the use of cryptocurrencies and anonymity in online transactions.

The article emphasizes the importance of implementing artificial intelligence systems in financial institutions and entities responsible for anti-money laundering. (Naveed et al., 2023) highlights how these technologies can help streamline monitoring and data analysis processes, enabling more accurate and timely identification of potential illicit activities. In the article titled "Scoring to measure the risk of money laundering and financing of crimes for natural persons in public or private sector companies" published in the journal Publicando (2017), a highly relevant topic in the field of prevention and detection of illicit activities is addressed.

The main objective of this research, as indicated by (Faccia et al., 2020), is to verify whether the behavior of economic actors within the fintech sector can stay within legal boundaries. Another equally important objective is to analyze current patterns that lead to money laundering, also verifying whether there are tools within fintech itself capable of leveraging technologies and identifying dark or illegal practices.

Metodología

The information from each chapter of the Mutual Evaluation Reports of the Republic of Ecuador and Uruguay was used to determine the categories and codes that will be entered into the QDA Miner program for the data processing phase.

Tabla1 – Table of Categories and Codes for QDA Miner

ECUADOR - URUGUAY				
CAPÍTULOS	**CATEGORIA**		**CÓDIGO**	
CAP 1	**RIESGO DE LA/FT Y CONTEXTO**	**RLAFTC**	Riesgo de LA/FT y alcance de los problemas de mayor riesgo	RLAFTAPMR
			Evaluación del riesgo y alcance de los problemas de mayor riesgo del país	ERAPMRP
			Materialidad	Materialidad
			Elementos Estructurales	E. Estructurales
			Antecedentes y otros factores contextuales	AOFC
			Descripción general de la estrategia ALA/CFT	DGEALA/CFT
			Descripción general del marco legal e institucional	DGMLEI
			Descripción general del sector financiero y APNFD	DGSFYAPNFD
			Descripción general de las medidas preventivas	DGMP
CAP 2	**POLÍTICAS NACIONALES ALA/CFT Y COORDINACIÓN**	**PNALA/CFTC**	Comprensión del país de sus riesgos de LA/FT	CPRLA/FT
			Políticas nacionales para abordar riesgos de LA/FT identificados	PNARLA/FTI
			Exenciones, medidas reforzadas y simplificadas	EMRYS
			Conclusiones del Resultado Inmediato 1	CRI 1
CAP 3	**SISTEMA LEGAL Y PROBLEMAS OPERATIVOS**	**SLYPO**	Resultado Inmediato 6 (Inteligencia financiera de LA/FT)	RI6
			Resultado Inmediato 7 (Investigación y procesamiento de LA)	RI7
			Resultado Inmediato 8 (Decomiso)	RI8
CAP 4	**FINANCIAMIENTO DEL TERRORISMO Y FINANCIAMIENTO DE LA PROLIFERACIÓN**	**FTYFP**	Hallazgos principales y acciones recomendadas	HPAR
			Resultado Inmediato 9 (Investigación y procesamiento de FT)	RI9
			Resultado Inmediato 10 (Medidas preventivas y sanciones financieras de FT)	RI10
			Resultado Inmediato 11 (Sanciones financieras de FP)	RI11
CAP 5	**MEDIDAS PREVENTITVAS**	**MP**	Hallazgos principales y acciones recomendadas	HPAR MP
			Resultado Inmediato 4 (Medidas preventivas)	RI4
CAP 6	**SUPERVISIÓN**	**SUPERV**	Hallazgos principales y acciones recomendadas	HPAR SUPERV
			Resultado Inmediato 3 (supervisión)	RI3
CAP 7	**PERSONAS Y ESTRUCTURAS JURIDICAS**	**PEJ**	Hallazgos principales y acciones recomendadas	HPAR PEJ
			Resultado Inmediato 5 (personas y estructuras jurídicas)	RI5
CAP 8	**COOPERACIÓN INTERNACIONAL**	**CI**	Hallazgos principales y acciones recomendadas	HPAR CI

Resultado Inmediato 2 (cooperación internacional)	RI2

The word frequencies generated from the QDA Miner program were used.

Figura1- Word frequencies.

The comparative analysis was conducted based on the results obtained from the coding established in QDA Miner and the reports of suspicious transactions (ROS) from the Obliged Subjects (SO) in Ecuador and Uruguay.

The qualification of the ROS was performed through the analysis of coding in QDA Miner and the administration of money laundering risk in Ecuador.

Result.

Within the information, the analysis of the General Overview of the Financial Sector and Designated Non-Financial Activities and Professions (DNFAP) has identified the focus and review of compliance with regulations on the prevention of money laundering and the financing of crimes such as terrorism. The QDA Miner program was used to compare the mutual evaluation reports of Ecuador and Uruguay, obtaining the following information on the distribution of keywords.

Figura 2 - Distribution of keyword frequencies in the mutual evaluation reports of Ecuador and Uruguay.

Distribución de palabras clave (Frecuencia)

QDA Miner coding in Table 1

From the review conducted on the mutual evaluation reports of Ecuador and Uruguay issued by the Financial Action Task Force (FATF), the code (DGSFYAPNFD) is of greater relevance due to the number of matches. This code analyzes the risk of money laundering and terrorist financing and the context. It is followed by the code (RLAFTAPMR), (CPRLA/FT), (RI6), (RI8), (HPAR SUPERV), which show a lower number of matches. Finally, the code with the lowest number of matches is mentioned.

Ecuador Republic Evaluation

In the report presented by the Financial Action Task Force on Money Laundering (GAFILAT 2023), it indicates that the risk assessment of money laundering and terrorist financing (ML/TF) conducted in Ecuador identified a series of threats and vulnerabilities in the country. The most significant threats include drug trafficking, corruption, tax evasion, smuggling, and vehicle theft. In addition, emerging threats such as environmental crimes and human trafficking were identified.

The presence of these threats and vulnerabilities highlights the need to strengthen the mechanisms for the prevention, detection, and combat of AML/CFT in Ecuador. It is essential that the current authorities and private sector entities work together to implement effective policies and measures that mitigate these risks, with the aim of protecting the integrity of the country's financial and

business system.

Regarding the vulnerabilities presented in Ecuador's mutual evaluation report (GAFILAT 2023) on the AML/CFT prevention system, the country's geographical position and proximity to jurisdictions involved in drug production are mentioned, making it a transit country. Challenges in policy and regulatory coordination, limitations in human, financial, and technological resources, and the lack of maturity in risk-based supervision approach are also highlighted. According to Ecuador's mutual evaluation report, intensified follow-up is required.

The vulnerabilities identified in Ecuador's AML/CFT prevention system, which analyze the country's geographical position, coordination challenges, resource limitations, and lack of risk-based supervision focus, require prioritized attention to promote a culture of supervision in order to mitigate risks and effectively combat these crimes.

In terms of effectiveness and technical compliance, it is highlighted that Ecuador has made significant efforts in identifying and assessing AML/CFT risks. The 2021 National Risk Assessment (NRA), led by the Financial and Economic Analysis Unit (UAFE), has been regarded as reasonable and has been complemented by other reports and studies. There is recognition of a high level of understanding of the risks by the competent authorities, although limitations in the detailed understanding of terrorism financing risks by the Judiciary are observed.

The efforts made by Ecuador in the identification and assessment of AML/CFT risks demonstrate a serious commitment to combatting these financial crimes. As a result, it is suggested to strengthen training and information exchange among competent authorities to achieve a robust understanding of these threats.

In terms of national coordination, the existence of the National Coordination Committee against AML/CFT/CPF (CONALAFT) is mentioned, responsible for developing national policies, but a national strategy based on the National Risk Assessment has not been adopted. However, actions and measures have been implemented to mitigate risks.

It is necessary to emphasize the importance of a national strategy based on a National Risk Assessment to generate an effective and coordinated response against AML/CFT. This strategy will enable the relevant stakeholders to work together, focusing their resources and efforts on high-risk areas and implementing a clear framework of laws, policies, and preventive measures nationwide.

Regarding financial intelligence, money laundering, and asset forfeiture (GAFILAT 2023), the work carried out by UAFE in receiving suspicious transaction reports (STRs) and producing high-quality

financial intelligence reports is highlighted. However, limitations are noted in the coverage of analysis for medium-priority STRs and coordination among competent authorities. Limitations in human and technological resources are also identified, as well as challenges in obtaining convictions for money laundering.

The work being carried out by UAFE in receiving ROS and producing financial intelligence reports is acknowledged. However, there are limitations in terms of analysis coverage, coordination among authorities, human and technological resources, as well as the attainment of convictions for AML. These limitations need to be addressed in order to strengthen the capacity for detection, investigation, and prosecution of financial crimes in the country.

Regarding terrorism financing and proliferation, it is mentioned (GAFILAT 2023) that the competent authorities largely understand the risks, but limitations are observed in understanding the specific types.

The updating and strengthening of regulations and policies related to terrorism financing and proliferation are key elements to enhance detection and prevention capabilities. Additionally, the collaboration of counterterrorism agencies is crucial in addressing these challenges comprehensively.

Analysis of Suspicious Transaction Reports.

This graph displays the number of Suspicious Transaction Reports (STRs) presented in the mutual evaluation report conducted by GAFILAT 2023, which have been reported to the Financial and Economic Analysis Unit (UAFE) by all obligated entities required to report. It is evident that the National Financial Sector has reported the highest number of suspicions with a total of 8,861 reports, followed by Money Transfer Companies and Parallel Couriers, and a considerable number of reports from Cooperatives for Savings and Credit Regulated by the Superintendence of Popular and Solidarity Economy (SEPS).

Figura 3.- Total number of Suspicious Transaction Reports for the period 2017 - 2021 in Ecuador.

TOTAL ROS RECIDAS DE LOS SO 2017 - 2021 ECUADOR

	Sector financiero nacional	Empresa transferencia de fondos y correo paralelos	Cooperativas de ahorro y crédito Reguladas SEPS	Concesionarias automotrices	Registro de la propiedad y mercantil	Notarías	Inmobiliarias y constructoras	Seguros	Organismos análogos (SCVS, SENAE, SRI, SB, SEPS)	Negocios fiduciarios	Administradoras de fondos	Casas de valores
2017	1723	416	109	125	12	8	46	37	24	8	7	1
2018	1652	590	141	177	99	23	50	28	22	5	6	3
2019	1617	561	338	283	246	32	32	34	33	12	4	
2020	1332	177	193	203	213	27	31	28	26	16		
2021	2537	59	335	187	22	112	27	46	41	21	6	2
TOTAL	8861	1803	1116	975	592	202	186	173	146	62	23	6

Fuente: GAFI Report 2011 / UAFE Activities Reports 2023.

Additionally, (GAFILAT 2023) provides information that UAFE analyzes the suspicious transactions reported by the obligated entities (SO), which are assessed and assigned a risk rating based on their level of risk. These risk levels are defined as high, medium, and low.

Figura 4 - Rating of Suspicious Transaction Reports.
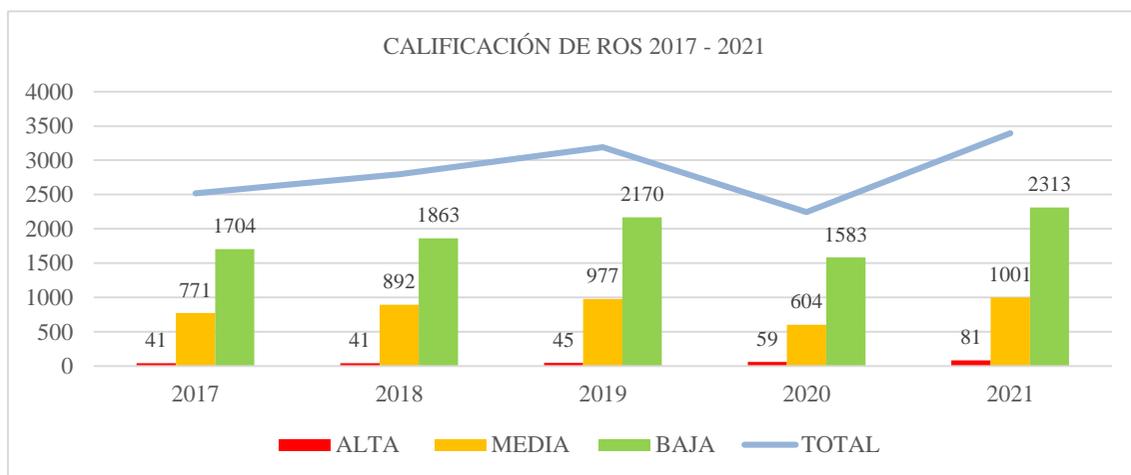
Fuente: GAFI Report 2011 / UAFE Activities Reports 2021.

As mentioned in the FATF mutual evaluation report, the main threats identified in Ecuador are robbery, illicit drug trafficking, corruption and bribery, trafficking and sale of stolen goods, and fraud, which are the most common crimes in the country.

Tabla 1.- Prosecutions for predicate crimes by year (2017 to 2021).

Procesamientos por delitos determinantes según año (2017 a 2021)					
Delitos Precedentes	**2017**	**2018**	**2019**	**2020**	**2021**
Robo	8133	7493	8573	5652	3523
Tráfico ilícito de estupefacientes	8357	8846	7529	7399	5104
Corrupción y soborno (público y privado)	2962	3170	3173	3544	2497
Tráfico y venta de bienes robados	2876	2638	2270	1489	977
Fraude	1299	1123	1254	697	419
Adulteración de documentos	468	442	427	305	318
Delitos medioambientales	383	509	378	304	236
Extorsión	177	167	201	155	68
Contrabando	204	162	80	97	21
Secuestro	96	94	112	57	35
Delincuencia organizada	85	91	75	42	38
Tráfico ilícito de armas	39	40	34	48	33
Tráfico de migrantes	25	17	21	15	11
Falsificación de moneda	12	18	18	12	2
Asesinato	8	12	18	9	17
Evasión tributaria	16	11	23	9	7
Apuestas ilegales	12	14	7	3	0
Trata de personas con fines de explotación sexual	14	7	5	2	1
Terrorismo	1	4	8	0	0
Falsificación y piratería	2	1	4	1	0
Trata de personas con fines de explotación laboral	2	0	1	1	0
Total general	**25171**	**24859**	**24211**	**19841**	**13307**

Fuente: Estadísticas del Consejo de la Judicatura

Evaluation of the Republic of Uruguay

The mutual evaluation report (GAFILAT 2020) describes the situation of Uruguay in terms of prevention and combatting money laundering and terrorist financing. It highlights that Uruguay has historically been considered a regional financial hub and has received significant foreign funds and investments, which exposes it to a high risk of illicit asset placement. Regarding domestic threats, it mentions drug trafficking, smuggling, human trafficking, counterfeiting, fraud, and tax evasion.

The mutual evaluation report highlights Uruguay's situation in terms of prevention and combatting AML/CFT. The identified domestic threats and associated risks emphasize the need to implement effective and collaborative measures to prevent and detect these illicit activities. The adoption of robust regulations, international cooperation, and collaboration among stakeholders are key aspects to strengthen the AML/CFT prevention and combat system in Uruguay.

Regarding risk assessments, it is noted that Uruguay has conducted two national risk assessments in 2010 and 2017, although some results lack supporting information, and the understanding of terrorism financing risk is limited. However, the country has implemented mitigating measures and has a national risk strategy aligned with the identified threats (GAFILAT 2020).

In Uruguay, valuable information has been provided regarding the vulnerabilities and threats associated with money laundering and terrorist financing. Although the lack of supporting information and limited understanding of terrorism financing risk have been identified, Uruguay has taken mitigating measures and has a national risk strategy aligned with the identified threats. It is crucial to strengthen the quality of risk assessments and enhance the understanding of terrorism financing risk to ensure an effective response to these illicit activities.

Regarding financial intelligence, the report highlights that Uruguay has a Financial Intelligence Unit (FIU) that accesses various sources of information and produces high-quality intelligence reports. It also mentions the existence of a specialized jurisdiction for organized crime and good coordination among the agencies that are part of the anti-money laundering investigation system.

Uruguay has a FIU that accesses various sources of information and produces high-quality financial intelligence reports. Furthermore, the existence of specialized legislation on organized crime and good coordination among relevant agencies demonstrates the country's commitment to combating money laundering. These measures are essential to strengthen the financial intelligence system and effectively combat criminal activities related to money laundering.

In relation to terrorism financing (GAFILAT 2020), it is mentioned that Uruguay has approved a

comprehensive legal framework and has an operational and coordinated interinstitutional system. However, no prosecutions or convictions for terrorism financing have been recorded in the country.

It is encouraging to see that Uruguay has taken proactive measures in preventing terrorism financing, reflecting its commitment to strengthening its legal framework and institutional capabilities to address this threat. It is essential for authorities to continue enhancing national and international cooperation, as well as information sharing, to improve the detection, investigation, and prosecution of cases related to terrorism financing.

Regarding preventive measures, the mutual evaluation report highlights that Uruguay has laws and regulations that establish general preventive measures, but their implementation varies across different sectors. The financial sector has demonstrated a higher understanding of risks and the implementation of control measures, while other obligated activities and professionals have a more limited level of understanding. (GAFILAT 2020)

Uruguay has laws and regulations that establish general preventive measures against ML/TF. While the financial sector has demonstrated a higher understanding and implementation of these appropriate control measures (GAFILAT, 2020), there is a recognized need to strengthen implementation in other sectors and obligated professionals. Promoting awareness, training, and enhancing supervisory mechanisms are key aspects to ensure effective prevention across all areas.

It is important to acknowledge that other sectors and obligated professionals may face challenges in implementing preventive measures (FATF, 2020). There may be a lack of awareness and adequate training in these sectors, which can affect their ability to identify and mitigate ML/TF risks.

Regarding supervision, it is mentioned that the supervision of financial institutions is carried out by the FIU and the Superintendence of Financial Services, while the supervision of designated non-financial professional activities is the responsibility of the National Secretariat for the Fight against Money Laundering and Terrorist Financing (SENACLAFT). It is recognized that the supervision of designated non-financial professional activities poses challenges due to the recent inclusion of some obligated categories, and improvements are needed in certain sectors.
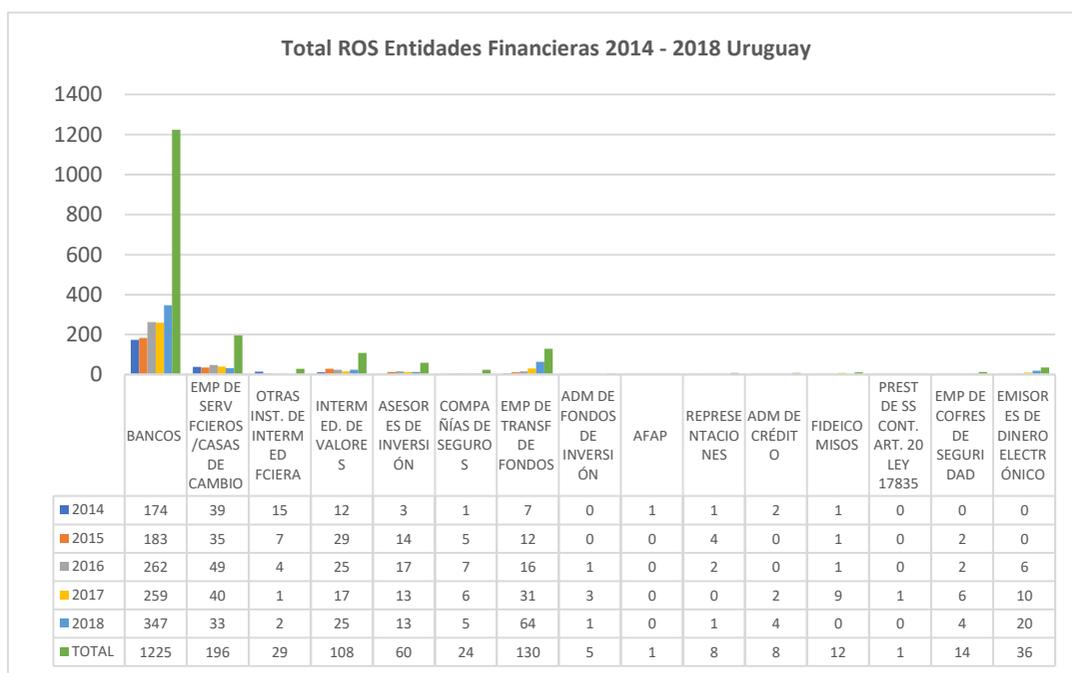
The supervision of APNFD falls under the responsibility of the National Secretariat for the Fight against Money Laundering and Terrorist Financing (SENACLAFT) (FATF, 2020). However, it is acknowledged that the supervision of these activities may present challenges due to the recent inclusion of some obligated categories, necessitating strengthening and improvements in certain

sectors.

Overall, the report highlights Uruguay's efforts to strengthen its legal framework and its system for the prevention and combat of money laundering and terrorist financing. However, it also points out areas that require improvement and pending challenges.

This graph shows the number of ROS reported to the Financial Intelligence Analysis Unit (UIAF) by all obligated entities. It is evident that banks have reported the highest number of suspicions with a total of 1,225 reports, followed by Financial Service Companies/Currency Exchange Houses and Other Financial Intermediation Companies.
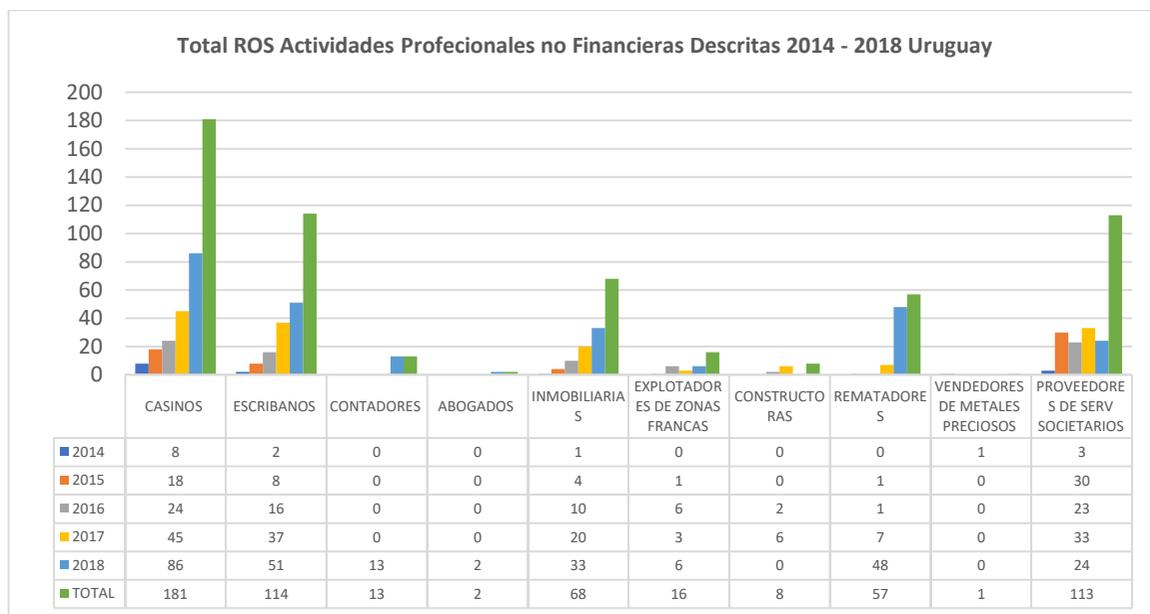
Figura 6.- Total SARs Financial Entities 2014 - 2018 Uruguay.

Total ROS Entidades Financieras 2014 - 2018 Uruguay

	BANCOS	EMP DE SERV FCIEROS /CASAS DE CAMBIO	OTRAS INST. DE INTERM ED FCIERA	INTERM ED. DE VALORE S	ASESOR ES DE INVERSI ÓN	COMPA ÑÍAS DE SEGURO S	EMP DE TRANSF DE FONDOS	ADM DE FONDOS DE INVERSI ÓN	AFAP	REPRESE NTACIO NES	ADM DE CRÉDIT O	FIDEICO MISOS	PREST DE SS CONT. ART. 20 LEY 17835	EMP DE COFRES DE SEGURI DAD	EMISOR ES DE DINERO ELECTR ÓNICO
2014	174	39	15	12	3	1	7	0	1	1	2	1	0	0	0
2015	183	35	7	29	14	5	12	0	0	4	0	1	0	2	0
2016	262	49	4	25	17	7	16	1	0	2	0	1	0	2	6
2017	259	40	1	17	13	6	31	3	0	0	2	9	1	6	10
2018	347	33	2	25	13	5	64	1	0	1	4	0	0	4	20
TOTAL	1225	196	29	108	60	24	130	5	1	8	8	12	1	14	36

Fuente: Informe de evaluación mutua de Uruguay

En el grafico se evidencia los reportes de operaciones sospechosas de las actividades profesionales no financieras descritas, en donde se muestra que los casinos son los que mas presentan ROS.

Figura 5. **Total SARs Financial Institutions 2014 - 2018 Uruguay**

Total ROS Actividades Profecionales no Financieras Descritas 2014 - 2018 Uruguay

	CASINOS	ESCRIBANOS	CONTADORES	ABOGADOS	INMOBILIARIAS	EXPLOTADORES DE ZONAS FRANCAS	CONSTRUCTORAS	REMATADORES	VENDEDORES DE METALES PRECIOSOS	PROVEEDORES DE SERV SOCIETARIOS
2014	8	2	0	0	1	0	0	0	1	3
2015	18	8	0	0	4	1	0	1	0	30
2016	24	16	0	0	10	6	2	1	0	23
2017	45	37	0	0	20	3	6	7	0	33
2018	86	51	13	2	33	6	0	48	0	24
TOTAL	181	114	13	2	68	16	8	57	1	113

Fuente: Uruguay Mutual Evaluation Report

Conclusions

The mutual evaluation reports issued by the Financial Action Task Force (FATF) on Ecuador and Uruguay highlight several important aspects regarding the prevention and combat of AML/CFT in both countries.

In the case of Ecuador, significant threats were identified, such as drug trafficking, corruption, and tax evasion, along with challenges in policy and regulatory coordination, human and technological resources, and a detailed understanding of terrorism financing risks. Despite these challenges, significant efforts have been recognized in risk identification and assessment, as well as the understanding of risks by competent authorities.

In the case of Uruguay, its history as a regional financial hub exposed to the risk of illicit asset placement was highlighted. Domestic threats such as drug trafficking, smuggling, and counterfeiting were mentioned. In terms of prevention and combating AML/CTF, Uruguay has laws and regulations that establish general preventive measures, although the need to strengthen implementation in different sectors and obligated professionals is acknowledged.

Both reports underline the importance of strengthening supervision, cooperation among

supervisory entities, and the allocation of adequate resources to ensure effective prevention and detection of illicit activities. Additionally, the need to enhance understanding and responsiveness to FT risks is emphasized.

The mutual evaluation reports issued by the FATF on Ecuador and Uruguay highlight the progress made in the prevention and fight against AML/CFT in both countries, as well as the challenges that still need to be addressed. These reports provide a basis for the implementation of enhanced measures, strengthening of supervision, and international cooperation in combating these financial crimes.

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