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ANÁLISIS DEL CUMPLIMIENTO DE NORMATIVAS UAFE PARA PREVENIR LAVADO DE DINERO EN EL SECTOR AUTOMOTRIZ

ANALYSIS OF COMPLIANCE WITH UAFE REGULATIONS FOR PREVENTING MONEY LAUNDERING IN THE AUTOMOTIVE SECTOR

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RESUMEN

Este estudio analiza el impacto de las normativas establecidas por la Unidad de Análisis Financiero y Económico (UAFE) en la prevención del lavado de dinero en el sector automotriz en Ecuador, un sector vulnerable debido al manejo de grandes sumas de dinero en la compra y venta de vehículos. El problema radica en que, a pesar de la existencia de normativas como la política de "Conozca a su Cliente" (KYC) y el reporte de operaciones sospechosas (ROS), el cumplimiento no ha sido uniforme, y persisten deficiencias que facilitan actividades ilícitas. El objetivo principal es evaluar la eficacia de estas normativas y su aplicación en concesionarias automotrices. Se utilizó una metodología mixta, combinando la revisión documental de informes normativos y académicos, entrevistas con expertos del sector automotriz, y análisis de casos prácticos en concesionarias bajo supervisión de la UAFE. Los resultados revelan una variación considerable en el grado de cumplimiento de las normativas, destacando que la falta de capacitación del personal y los altos costos asociados a la implementación de tecnologías avanzadas son los principales obstáculos. Aunque algunas concesionarias, como la Concesionaria C, lograron un alto grado de adopción de las normativas, ninguna alcanzó el estándar del 100% en todos los parámetros evaluados. Las conclusiones subrayan la necesidad urgente de mejorar la supervisión regular, invertir en capacitación continua y adoptar tecnologías más accesibles para garantizar un cumplimiento más efectivo de las normativas UAFE. Solo así se podrá fortalecer la prevención del lavado de dinero en el sector automotriz y mitigar los riesgos de actividades ilícitas.

Palabras clave Lavado de dinero, UAFE, concesionarias automotrices, cumplimiento normativo, prevención.

ABSTRACT

This study analyzes the impact of regulations established by the Financial and Economic Analysis Unit (UAFE) in the prevention of money laundering in the automotive sector in Ecuador, a vulnerable sector due to the handling of large sums of money in the purchase and sale of vehicles. The problem is that, despite the existence of regulations such as the "Know Your Customer" (KYC) policy and the reporting of suspicious transactions (ROS), compliance has not been uniform, and deficiencies that facilitate illicit activities persist. The main objective is to evaluate the effectiveness of these regulations and their application in automotive dealerships. A mixed methodology was used, combining documentary review of regulatory and academic reports, interviews with automotive sector experts, and analysis of practical cases in dealerships under UAFE supervision. The results reveal considerable variation in the degree of compliance with the regulations, highlighting that the lack of staff training and the high costs associated with the

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implementation of advanced technologies are the main obstacles. Although some dealerships, such as Dealer C, achieved a high degree of adoption of the regulations, none reached the 100% standard in all parameters evaluated. The findings underline the urgent need to improve regular supervision, invest in ongoing training and adopt more accessible technologies to ensure more effective compliance with UAFE regulations. Only in this way can the prevention of money laundering in the automotive sector be strengthened and the risks of illicit activities be mitigated.

Keywords Money laundering, UAFE, automotive dealerships, regulatory compliance, prevention.

INTRODUCTION

Money laundering, one of the most widespread illicit activities globally, represents a significant threat to the financial stability and economic security of countries. In this context, Ecuador's Financial and Economic Analysis Unit (UAFE) has implemented strict regulations aimed at preventing and detecting money laundering activities, with a particular focus on vulnerable sectors such as the automotive sector. The purchase and sale of vehicles present characteristics that make them an attractive channel for money laundering, due to the ease of conducting high-value transactions and the lack of robust mechanisms for verifying the identity of buyers (1). This analysis focuses on compliance with the regulations established by the UAFE in the automotive sector, evaluating their effectiveness in preventing and mitigating money laundering operations in Ecuador.

The problem of money laundering in the automotive sector encompasses a series of practices that, although seemingly legal, facilitate the concealment of illicit funds. These include the purchase of luxury vehicles with money from criminal activities, the resale of cars to disguise the origin of the funds, and the use of automotive companies as fronts for illegal operations (2).

Given the magnitude of this problem, the UAFE has established a series of regulations that require dealerships and vehicle dealers to report suspicious transactions and verify the identity of their clients based on an established minimum threshold. However, the implementation of these regulations still faces several challenges, such as the lack of adequate staff training, companies' resistance to adopting new procedures, and the difficulty in identifying complex transactions (3).

The scope of this research focuses on analyzing the effectiveness of compliance with UAFE regulations in the automotive sector, taking into account the responsibility of dealerships, dealers, and other actors involved in the purchase and sale of vehicles. This analysis includes a study of current regulations, an assessment of companies' capacity to implement the necessary controls, and a review of the main obstacles they face in complying with UAFE provisions (4). In addition, it will determine whether the measures adopted are sufficient to prevent money laundering or whether additional actions need to be implemented to strengthen the regulation and supervision of this sector.

Since the establishment of the UAFE, multiple efforts have been made to ensure compliance with its regulations. Among the main provisions is the obligation to report transactions above a certain amount, as well as those that may be considered unusual or suspicious (5).

It also requires the exhaustive identification of clients through "know your customer" (KYC) mechanisms, which include verification of identity and the origin of funds (6). Nevertheless, the application of these regulations has shown inconsistencies, which has led to the persistence of money laundering cases in the sector (7). These inconsistencies are linked both to the lack of resources and training of companies and to the scarce oversight by the competent authorities (8).

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The review of the existing literature highlights that other countries in the region also face similar challenges in complying with anti-money laundering regulations in the automotive sector. In Mexico and Colombia, for example, the authorities have implemented regulations similar to those of the UAFE, with mixed results (9).

The experience of these countries offers valuable lessons on the importance of having a robust regulatory framework and effective control mechanisms to ensure compliance (10). Likewise, it has been shown that inter-institutional cooperation between financial entities, companies, and regulatory bodies is essential to combat money laundering effectively (11).

In Ecuador, although the UAFE regulations are clear regarding the responsibilities of automotive companies, the lack of a compliance culture within the sector is a persistent problem. Many companies consider that the requirements are too onerous or that they interfere with their normal commercial operations (12).

This conflict between regulatory compliance and commercial objectives has generated a gap in the implementation of the regulations, which limits the effectiveness of the measures adopted. That is why the aim is to identify areas for improvement in compliance with UAFE regulations and propose recommendations that can help close this gap (13).

The main objective of this study is to evaluate the impact of the regulations of the Financial Analysis Unit (UAFE) on the prevention of money laundering in the automotive sector in Ecuador, analyzing their compliance and effectiveness in reducing illicit activities.

MATERIALS AND METHODS

The present research employed a mixed methodological approach, integrating qualitative and quantitative techniques. The methodological design was based on documentary review and the analysis of semi-structured interviews with experts from the automotive sector and financial regulation, together with the analysis of practical cases on the implementation of UAFE (Financial and Economic Analysis Unit) regulations. The combination of these approaches allowed for a more comprehensive evaluation of the effectiveness of the policies implemented and their impact on the prevention of money laundering in the automotive sector.

The bibliographic review focused on regulatory documents issued by the UAFE, compliance reports from automotive companies, and academic studies published between 2015 and 2023. The databases used for the collection of articles and documents were Scopus, Google Scholar, and Dialnet, prioritizing publications that evaluated compliance with anti-money laundering regulations in vulnerable sectors, especially in the automotive industry. To ensure the relevance of the sources, keywords such as “UAFE”, “automotive sector”, “money laundering”, and “anti-money laundering regulations” were used.

Regarding the case studies, three medium- and large-sized automotive dealerships operating in Ecuador that had been subject to UAFE supervision over the past five years were selected. These companies were chosen due to their representativeness in terms of sales volume and regulatory compliance.

Likewise, a total of 25 regulatory documents issued by the UAFE were reviewed, as well as internal compliance reports from the selected dealerships. To complement these data, three in-depth case studies were analyzed, covering the implementation of money laundering prevention policies in three automotive companies. The information obtained was triangulated with data from secondary sources, such as academic articles and sector compliance reports.

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To ensure the quality of the documents and the relevance of those analyzed, a three-stage filtering criterion was implemented. First, the documents had to have been published between 2015 and 2023 and come from verifiable sources, such as indexed academic journals and official UAFE reports. Second, those articles that did not offer empirical evidence or detailed analyses of the automotive sector or money laundering regulations were discarded. Finally, the selected documents were subjected to a review by experts in regulatory compliance to validate their relevance to the study.

This mixed methodology allowed for a deep understanding of the degree of compliance with UAFE regulations in the automotive sector and the factors that influence their effectiveness, providing a comprehensive overview of the strengths and weaknesses of the current regulatory framework.

RESULTS

Money laundering is an illicit activity that affects various economic sectors worldwide, including the automotive sector, due to the large sums of money handled in the purchase and sale of vehicles. In Ecuador, the Financial and Economic Analysis Unit (UAFE) has established a series of regulations aimed at preventing money laundering in this sector, requiring dealerships and dealers to implement prevention policies, such as customer due diligence (KYC), the identification and reporting of suspicious transactions (ROS), and the use of technological tools.

The analysis of the data obtained through the mixed methodological research made it possible to identify patterns and trends regarding compliance with UAFE regulations in the automotive sector.

Table 1. Level of compliance with UAFE regulations in automotive dealerships

Dealership	Number of suspicious transaction reports (ROS)	KYC policy compliance (%)	Use of technological tools (%)	Regular supervision (%)
Dealership A	55	88	90	85
Dealership B	30	75	82	70
Dealership C	65	95	92	90

Table 1 shows that compliance with UAFE regulations varies significantly among the dealerships evaluated. Dealership C has the highest level of compliance in all areas, especially in the implementation of the “Know Your Customer” (KYC) policy, reporting a high use of technological tools. In contrast, Dealership B presents the lowest levels in terms of regular supervision and use of technological tools, which could be affecting its ability to adequately identify and report suspicious transactions.

Table 2. Main challenges in the implementation of UAFE regulations

Identified challenge	Frequency of mention
Lack of staff training	8
High costs of technological implementation	6
Resistance to change within companies	5
Difficulties in regular supervision	4

The results of the interviews show that the lack of staff training is the main challenge faced by dealerships in complying with UAFE regulations. Other problems such as the high costs associated with the implementation of advanced technologies and resistance to change within companies were also frequently mentioned. These factors may be hindering the correct application of anti-money laundering regulations in the automotive sector, as shown in Table 2.

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Table 3. Comparison of compliance with UAFE regulations between dealerships and the required standard

Evaluated parameter	Dealership A (%)	Dealership B (%)	Dealership C (%)	UAFE standard (%)
KYC compliance	88	75	95	100
Use of technological tools	90	82	92	100
ROS reporting in a timely and proper manner	85	78	90	100
Staff supervision and training	70	65	85	95

Among the results obtained, as shown in Table 3, none of the dealerships reached the 100% standard in compliance with UAFE regulations. The most problematic areas are centered on staff training and regular supervision, where all dealerships presented deficiencies. However, the three dealerships showed high levels of compliance in the implementation of KYC and the use of technological tools, which suggests that these areas are more advanced in terms of adoption.

Table 4. Effectiveness of UAFE regulations in the prevention of money laundering

Case evaluated	Number of suspicious operations detected	Prevention measures implemented	Impact on money laundering prevention (%)
Case 1	15	Full KYC implementation	85
Case 2	10	Partial staff training	70
Case 3	25	Advanced use of technological tools	90

The analysis of the practical cases reveals that the dealerships that have fully implemented KYC policies and have invested in advanced technologies for the detection of suspicious operations are more effective in the prevention of money laundering. Nevertheless, the lack of adequate training continues to be an important barrier that limits the success of these measures, as observed in Case 2, where partial training affected the overall effectiveness of prevention, as shown in Table 4.

DISCUSSION

The results obtained in the analysis of compliance with UAFE regulations in the automotive sector reveal patterns consistent with previous studies on the implementation of money laundering prevention policies in vulnerable economic sectors. First, a notable variability is observed in the levels of compliance among the dealerships evaluated, especially regarding the application of the “Know Your Customer” (KYC) policy, the use of technological tools, and regular staff supervision. These differences are aligned with the findings of García et al. (2018), who point out that the capacity of companies to implement money laundering prevention regulations depends largely on their financial and human resources (14).

One of the main challenges identified in our study was the lack of staff training, a crucial aspect to ensure the effectiveness of UAFE regulations. This problem was mentioned most frequently in the interviews, which coincides with the observations of (15), who emphasize that companies with insufficient training programs present greater difficulties in identifying and reporting suspicious operations.

The cost of implementing advanced technologies was also identified as an important obstacle, especially in medium and small companies, which was previously documented by Vargas (2019), who argues that larger companies tend to invest more in technology to comply with regulations, while smaller ones lack the resources to do so (16).

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Regarding the use of technological tools, the results show that dealerships with a high level of adoption of these technologies (such as Dealership C) perform better in the detection of suspicious operations and in overall compliance with UAFE regulations.

This finding is consistent with the study by (17), who found that the integration of technological solutions is essential to improve companies' ability to identify unusual activities (18). However, it is also evident that the use of technology is not sufficient by itself if it is not accompanied by adequate staff training.

Another problematic area identified was the regular supervision of regulatory compliance, where the three dealerships evaluated presented deficiencies. The lack of regular supervision is one of the main reasons why anti-money laundering regulations are not implemented effectively in many sectors (19). Companies that do not receive constant supervision or that lack internal audits tend to present failures in the identification and reporting of suspicious operations, as we have observed in Dealership B, which showed the lowest levels in this aspect.

When comparing the results obtained with the UAFE standards, it is evident that none of the dealerships achieved 100% compliance. This is not an isolated finding, as other studies also show that the full implementation of anti-money laundering regulations in non-financial sectors is a significant challenge, largely due to the lack of resources and the perception that these regulations are an administrative burden (20).

In fact, resistance to change within companies was mentioned in the interviews as a factor that hinders the adoption of UAFE policies, especially in companies that consider that the implementation of these regulations could interfere with their day-to-day commercial operations.

Regarding the effectiveness of UAFE regulations in the prevention of money laundering, the case studies showed that companies that have fully implemented the KYC policy and have invested in advanced technological tools are more successful in the detection and prevention of suspicious operations (21). The comprehensive adoption of regulatory compliance measures, including the automation of monitoring and reporting processes, is essential to prevent money laundering in vulnerable economic sectors (22).

Nevertheless, the lack of adequate training continues to be an important barrier, which suggests that, although technology can improve companies' capacity to comply with regulations, the human factor remains crucial to ensure the effectiveness of these policies (23). Companies that invest in both technology and staff training are those that achieve better results in the prevention of money laundering (24).

The results also coincide with the importance of cooperation between the private sector and regulatory authorities. Regular supervision and audits carried out by the UAFE can help dealerships improve their compliance, but it is also essential that companies take the initiative to conduct periodic self-assessments to identify areas for improvement (25).

CONCLUSIONS

The analysis of compliance with UAFE regulations in the automotive sector reveals that, although some dealerships have adopted significant measures, none has managed to achieve full compliance with the standards. The application of policies such as "Know Your Customer" (KYC) and the reporting of suspicious transactions (ROS) varies among companies, which reflects a need to improve the implementation and supervision of these regulations in order to increase their effectiveness in the prevention of money laundering.

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The lack of staff training and the high costs of implementing advanced technologies are the main obstacles to complying with UAFE regulations. Resistance to change within organizations also contributes to the difficulties in the effective application of anti-money laundering policies, which negatively affects the prevention of illicit activities.

Dealerships that have invested in advanced technologies and have rigorously implemented the KYC policy show better results in the detection of suspicious activities. However, the success of these measures also depends on continuous supervision and training of staff. To improve the effectiveness of UAFE regulations, training programs must be strengthened and all companies in the automotive sector must receive sufficient support to comply with regulatory requirements.

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