

UNIT OF FINANCIAL INFORMATION AND ANALYSIS

Report on Activities

2019

EXECUTIVE SUMMARY

This document contains the main activities developed by the Unit of Financial Information and Analysis (UIAF in Spanish) for 2019, and the main goals of improvement planned for 2020.

Also, and to allow a better understanding of its roles as a financial intelligence unit and current operating conditions, Annex 1 is presented with the basic functions to be fulfilled by this type of unit according to international recommendations. It also includes and a review of the tasks assigned to the UIAF by current Uruguayan regulations and a brief description of the Unit's current organizational structure. Annex 2 presents a brief overview of suspicious transaction reports, including the conceptual, legal and documentary framework of reference.

This year's main activity was the evaluation that FATF Latin America carried out on the prevention system against money laundering, the financing of terrorism, and the proliferation of weapons of mass destruction implemented by the country, regarding technical compliance and the effectiveness of this system in accordance with the Recommendations issued by FATF. The results of this evaluation have been positive in terms of technical compliance (legal and regulatory framework), obtaining a qualification of fulfilled or mostly fulfilled in 39 of the 40 recommendations, while the remaining recommendation was classified as not applicable, which places the country among the best in the region in this matter. Regarding effectiveness, a moderate result was obtained for the 11 results that are evaluated. The evaluation report recognizes the quality work of the UIAF, without prejudice to the fact that some limitations are pointed out fundamentally derived from the lack of human and technological resources.

ACTIVITIES CARRIED OUT IN 2019

Among the most notable aspects of the usual activities carried out by the UIAF, the following are worth mentioning:

i) Reports on suspicious transactions: the number of Suspicious Transaction Reports (STRs) received by the UIAF in 2019 decreased non-significantly to 775 compared to 2018 (782). Likewise, 2 ex officio investigations were initiated. The UIAF reported 5 cases to the competent criminal justice in order to continue the investigations in this area. These cases contained the information provided in 9 suspicious transaction reports presented by the regulated and reporting parties and 2 ex officio investigations. In 2019, and under the provisions of Article 24 of Law N° 19,574, the UIAF adopted 4 resolutions to prevent for 72 hours any suspicious transactions involving funds that could stem from money laundering crimes, and access to safe deposit boxes, on a total amount expressed in dollars of USD 1.470.527 and putting a freeze on 2 safe deposit boxes.

In 2019, the reports presented by the financial sector increased 21%, offsetting the 43% decrease in the reports presented by the non-financial sector, so the total number of STRs remained just below those received in 2018. In any case, in 2019 the growing trend in the total number of reports received, that began in 2011, was broken.

ii) National cooperation: the cooperation and/or advice provided by the Unit at the request of the Uruguayan judicial authorities is significant, with the UIAF's intervention in 117 cases in 2019, representing a slight decrease of 17% when compared to 2018 (141). It has also participated in 4 new multidisciplinary working groups to support investigations in the judicial phase in very difficult cases.

iii) International cooperation: exchange of information with other countries is carried out mainly with financial intelligence units that make up the Egmont Group, an international organization that brings together units from 164 countries and jurisdictions. In 2019, 48 requests for information were received from financial intelligence units from abroad, a significant decrease with regards to the previous year (84). Likewise, the UIAF made 4 requests for information from its counterparts abroad.

iv) Financial system supervision: During this period the Superintendency of Financial Services has developed a diversified inspection plan, including visits to different categories of financial institutions, and applying different penalties where there were violations of ML/FT prevention regulations. Also, when deemed appropriate, specific recommendations were conveyed for improving the prevention systems implemented by the entities. In 2019, a total of 53 supervisions were conducted in the financial system, and sanctions were applied in 2 cases.

v) Strategic analysis: In 2019, the methodology for evaluating the quality of suspicious transaction reports presented by regulated and reporting bodies continued to be strengthened, and feedback instances were carried out to highlight the positive aspects and the opportunities for improvement regarding the content of the reports delivered to the UIAF. Likewise, new products for strategic analysis were developed, and the database of products and customers began to be operational, which is an important tool for the development of the analysis activities of the UIAF.

vi) Commitment to quality processes: The UIAF process management system certification is maintained in accordance with the ISO-UNIT 9001: 2015: recognized as an international standard. The processes included in the certification are those of Financial Intelligence (Reception and Analysis of Suspicious Transaction Reports, Responses to requests for judicial information and foreign financial intelligence units) and those of Supervision in matters of ML / TF prevention. The certification was obtained within the framework of the certification of the entire management system of the Central Bank of Uruguay.

vii) Coordinating Committee against Money Laundering and Terrorist Financing:
In 2019, the UIAF participated in the Coordinating Committee, in particular in the process of the mutual evaluation to which the country was submitted this year.

viii) Register of Equity Holders of Bearer Shares and Final Beneficiary: This Register, managed by the UIAF, as of December 31, 2019 holds information on Equity Holders of Bearer Shares and Final Beneficiaries from 52.821 active reporting entities.

Activities planned for 2019

The main lines of action of the UIAF for 2020 are presented below:

i) Participation in the Coordinating Committee against Money Laundering and Terrorist Financing: Once the government authorities that participate in the Commission have been renewed, it must meet to establish the guidelines for action for the coming years. In this sense, it is very likely that a new National Risk Assessment process will begin and will establish a new National Strategy for the coming years.

ii) Regulation and Supervision: In 2020, the supervision function will be aimed at evaluating the degree of compliance with current regulations. An online procedure for Suspicious Transaction Reports (STR) will be implemented for the regulated and reporting parties in the non-financial sector, in order to substitute paper documents in this process. In regulatory matters, the new law on terrorism and financing of terrorism will be regulated at central bank level.

iii) Strategic Analysis Development: In 2020, new technological tools will be added and will allow a massive analysis of information, in order to facilitate strategic studies of information and contribute to financial intelligence. Likewise, feedback with the industry in relation to the quality of the STRs presented to the UIAF and other aspects related to financial intelligence will be strengthened.

iv) Dissemination and training: in accordance with previous years' plans, the Unit intends to continue organizing and/or participating actively in events, or outreach and training activities on the prevention and control of money laundering and financing of terrorism, aimed at individuals or entities related to the prevention system.