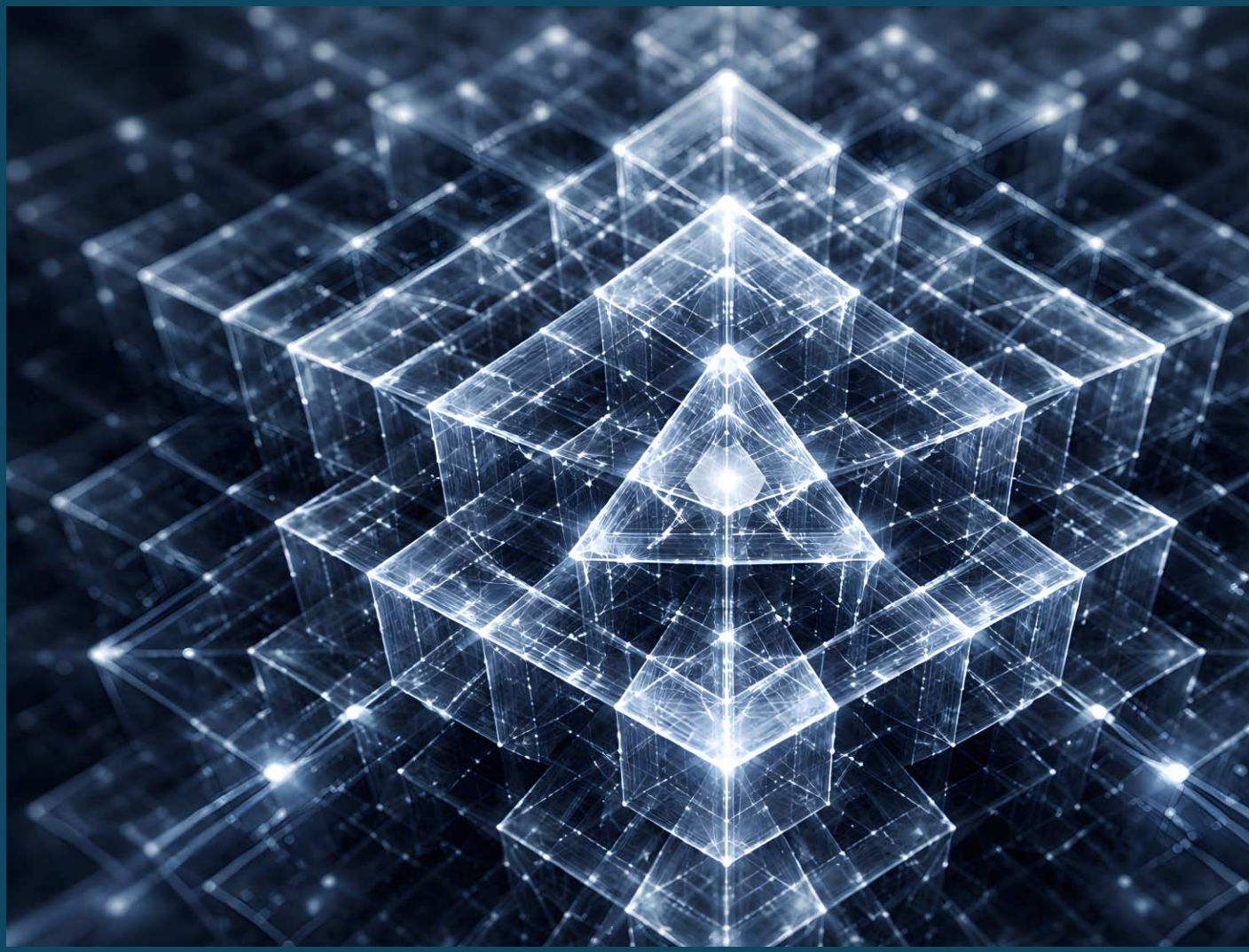
ECUADOR: LAWMAKERS STRUGGLE TO REGULATE GAMBLING IN DARK TIMES

For a while it looked as if Ecuador could be a future bright spot for the gambling industry as it had been before the ban in 2011. However the 2011 referendum under Rafael Correa that closed the country's casinos as well as other forms of gambling remains very much in force despite President Daniel Noboa attempt to lift it.



While Ecuador begins 2026 in a better economic position than at any point since the pandemic, the country still faces significant obstacles to growth. The Central Bank of Ecuador puts expansion at around 3.8 per cent for 2025 and projects 2.5 per cent for 2026, with inflation, anchored by the dollar, running at under two per cent. However, estimates of the size of the recovery vary. The Central Bank of Ecuador puts 2025 expansion at around 3.8 per cent and projects 2.5 per cent for 2026. Meanwhile the International Monetary Fund's April 2026 World Economic Outlook forecasts 1.7 per cent.

President Guillermo Lasso officially ended his presidency on November 25, 2023, following the inauguration of his successor, Daniel Noboa. Lasso had triggered early elections in May 2023 by to dissolve the National Assembly and avoid an imminent impeachment trial. Following the early elections, President Daniel Noboa, was re-elected by an 11-point margin in April 2025 and inaugurated for his first full four-year term on May 24.

For decades, according to the International Crisis Group, Ecuador was "an oasis of calm as its South American neighbours descended into drug-related crime and conflict."

This is no longer the case. Indeed, changes to the sports betting sector and the attempt to legalise casinos as a way to boost tourism have come in the context of considerable political and economic upheaval. While Noboa's iron-fist approach had brought murder rates down at first that crime had since continued unabated.

According to the International Crisis Group's November 2025 report, "Paradise Lost? Ecuador's Battle with Organised Crime," the country is now "transforming into a hub of the drug trade to Europe" and has become one of the most violent in the region. The year 2025 closed as the deadliest in Ecuadorian history, with 9,216 intentional homicides – an increase of 30 per cent on an already catastrophic year, as described by CNN. Alarmingly, the first half of 2025 alone saw more than 4,500 killings, making it the bloodiest six-month period ever recorded in the country.

CASINOS

Casinos were a presence in Ecuador for more than 50 years before they were banned. Concentrated in Quito and the port of Guayaquil, they operated at considerable scale under a framework anchored in five-star hotels. They ceased to exist after a referendum held in May 2011 under the administration of the left wing populist Rafael Correa, president from 2007 to 2017.

Correa had been campaigning openly against the sector for at least a year, warning that Ecuador should not follow Peru, which in his view was "flooded" with gambling halls "even in the Amazon jungle", and arguing that the ban would stop a father of a family losing his wages to "the vice of gambling".

The question on casinos and gambling halls was one of several put to Ecuadorians in the consultation which was approved by 52.34 per cent of the vote. Operators had initially been led to believe they would have two further years to recoup their investment but the ban came into effect pretty much straightaway – March 2012.

Industry estimates put the number of gambling halls operating in Ecuador on the eve of the ban at around 160, with as many as 25,000 jobs across casinos, bingos and ancillary employment. However the Ministry of Tourism on the day of closure recorded a much lower figure of 32 formal casinos and roughly 2,000 workers jobless under the decree.

The issue of whether or not casinos should be allowed returned after Daniel Noboa took office at the end of 2023. In January 2024 the new president sent the Constitutional Court eleven questions for a popular consultation on security, justice and employment. The eleventh, attached as an annex, would have asked whether voters agreed with allowing the operation of casinos, game rooms, betting houses and other gambling businesses under conditions to be set out in law.

On 17 January 2024, the Noboa government informed the Constitutional Court that it was withdrawing the casinos question from the popular consultation, while ratifying the other ten questions. The president argued that "the citizen debate related to this issue is not appropriate at this time." This decision came in the immediate aftermath of a wave of gang related violence, including the storming of a public television studio in Guayaquil during a live broadcast, after which Noboa declared an "internal armed conflict" and ordered security forces to "neutralise" the country's criminal gangs.

The overall fear was amongst lawmakers that the return of casinos could be used by organised crime to launder money. Significantly Correa's foreign minister Ricardo Patiño used this

argument as far back as 2011, when he told local press that casinos, "even if the activities they carry out are not illegal, are the right opportunity for laundering money."

Noboa returned to the casino question in August 2025. This time the proposal was framed in different terms. Under a question prepared for a popular consultation scheduled for the end of the year, casinos would be confined to five-star hotels; the state would take 25 per cent of their turnover from the activity and the proceeds would be earmarked for the fight against chronic child malnutrition and for school meals.

"A popular consultation will be held asking the people about issues that have been of popular interest and urgency for change for years." Noboa wrote on the social network X.

However it was no to avail. On September 4 2025 The Constitutional Court rejected the casino question alongside three others —ruling them contrary to the constitutional framework and reformable only by constituent assembly, not by amendment. On the casino question itself the court was particularly harsh arguing that the justification provided by the executive did not "not provide the voter with the minimum indispensable information to deliberate and decide in a free, informed and autonomous manner."

Unperturbed in November 2025 Noboa put four further questions to the country, including a proposal to convene a constituent assembly that could have rewritten the constitutional provisions underpinning the casino ban. Voters rejected all four. In May Ecuador's attorney general firmly reaffirmed the country's blanket ban on gambling, ruling out any attempt to operate casinos or gaming halls—whether for profit or under the guise of charitable activity.

In Official Letter 16528, issued on 4 May 2026, Attorney General Juan Carlos Larrea Valencia responded to a query from Juan Xavier Cordovéz Ortega, head of the Junta de Beneficencia de Guayaquil. The Junta, the only entity legally authorised to run a lottery in Ecuador, sought clarity on whether private operators could bypass the casino ban by operating through non-profit foundations, and whether any exceptions existed beyond those explicitly recognised in law.

The answer was unequivocal: they cannot, and no additional exceptions apply.

The opinion, which is binding on public institutions, draws on long-standing legal provisions. Supreme Decree 130 of 1937 prohibits games of chance involving wagers where outcomes depend solely on luck, while Article 1482 of the Civil Code classifies such activities as contracts with an unlawful object. The 2011 referendum further reinforced this prohibition at the constitutional level, explicitly banning casinos and gaming halls.

SPORTS BETTING

While the door is closing on land based gambling expansion sports betting is seeing a legal expansion. In May 2022 the Junta de Beneficencia de Guayaquil launched a mobile sports betting platform under the brand BET593. The platform offers betting on more than 1,500 local and international sporting events and was rolled out alongside a catalogue of online games that already included video bingo, casino-style games and traditional lottery draws.

Within months BET593 had signed sponsorship agreements with most of the leading clubs in Ecuadorian football as well as the Ecuadorian Tennis Federation. The way for online sports betting has also opened up. On May 11 2023 Finance Minister Pablo Arosemena presented to the National Assembly a much wider tax reform package that, for the first time, brought online sports betting within the Ecuadorian tax system.

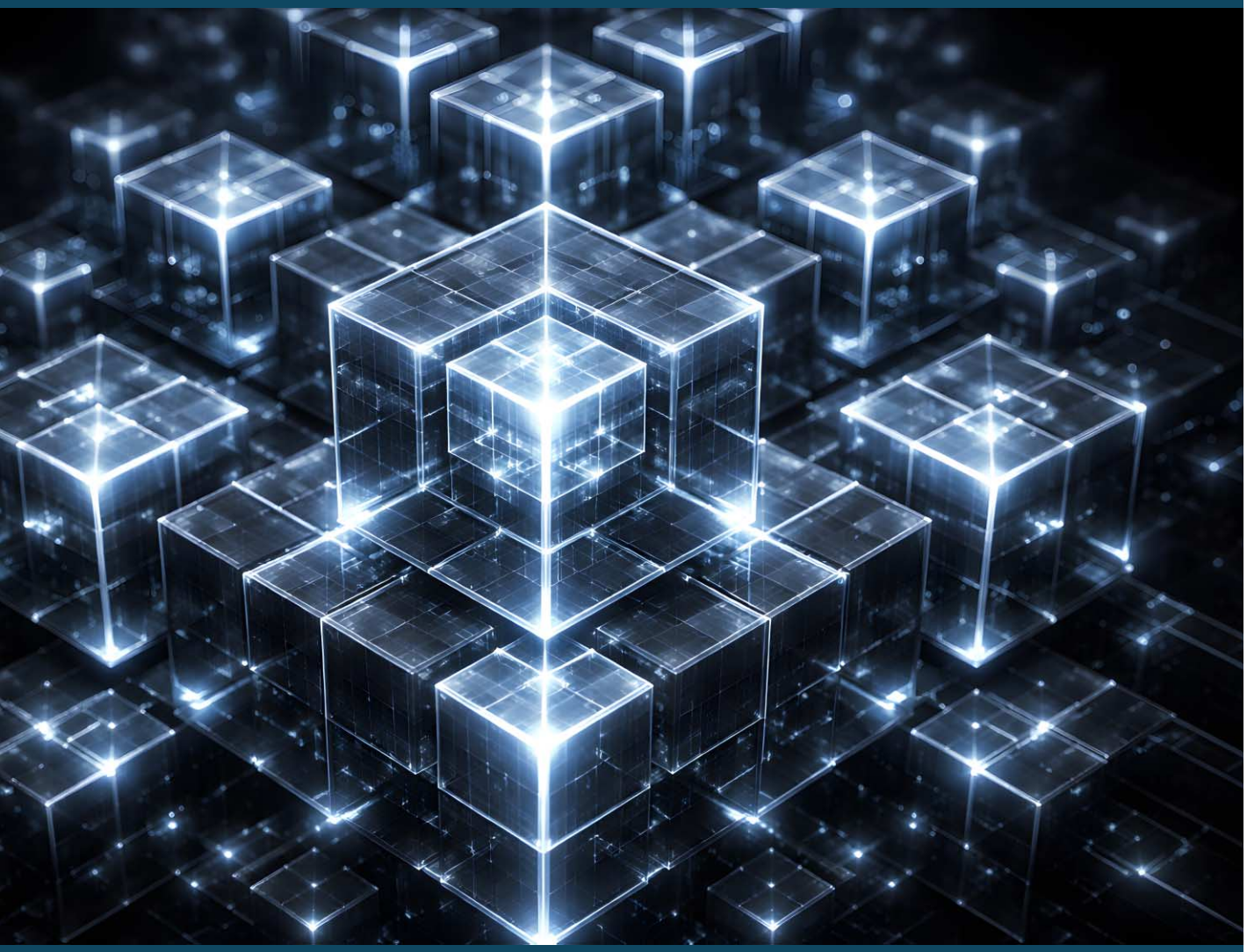
Called the Organic Law for the Strengthening of the Family Economy, the bill was unveiled by then President Guillermo Lasso at the presidential palace in Quito, who put its fiscal cost at US$195 million and described its purpose as "injecting money in the shortest possible time to families and, in turn, to the national economy".

The online sports betting element was just one small part of this overall tax reform. It imposed an income tax on sports betting operators resident in the country, set at 15 per cent of GGR, together with a 15 per cent withholding tax on player winnings. Where a bet was placed through an operator that was not resident in Ecuador, the player would be required to assume the tax on the value of their bet.

However, the bill arrived in the middle of a constitutional emergency. Six days after it was introduced, on May 17 2023, Lasso invoked the rarely tested, and ominously named, constitutional clause known as muerte cruzada, or "mutual death" clause, to dissolve the National Assembly in the face of an impeachment process. The clause had been written into Ecuador's 2008 constitution but had never before been used by a sitting president.

On the very same day he decreed the dissolution of the Assembly, Lasso reissued the Organic Law for the Strengthening of the Family Economy as Decree-Law 742 which included the sports betting regime. Officials from the Internal Revenue Service (SRI), told local press that the new sports betting tax was expected to raise more than US$10 million a year and would take effect on January 1 2024. On June 16 2023 the Constitutional Court issued its dictamen on the package and unanimously endorsed the reform.

After he succeeded President Lasso, Daniel Noboa postponed the implementation date of the sports betting tax



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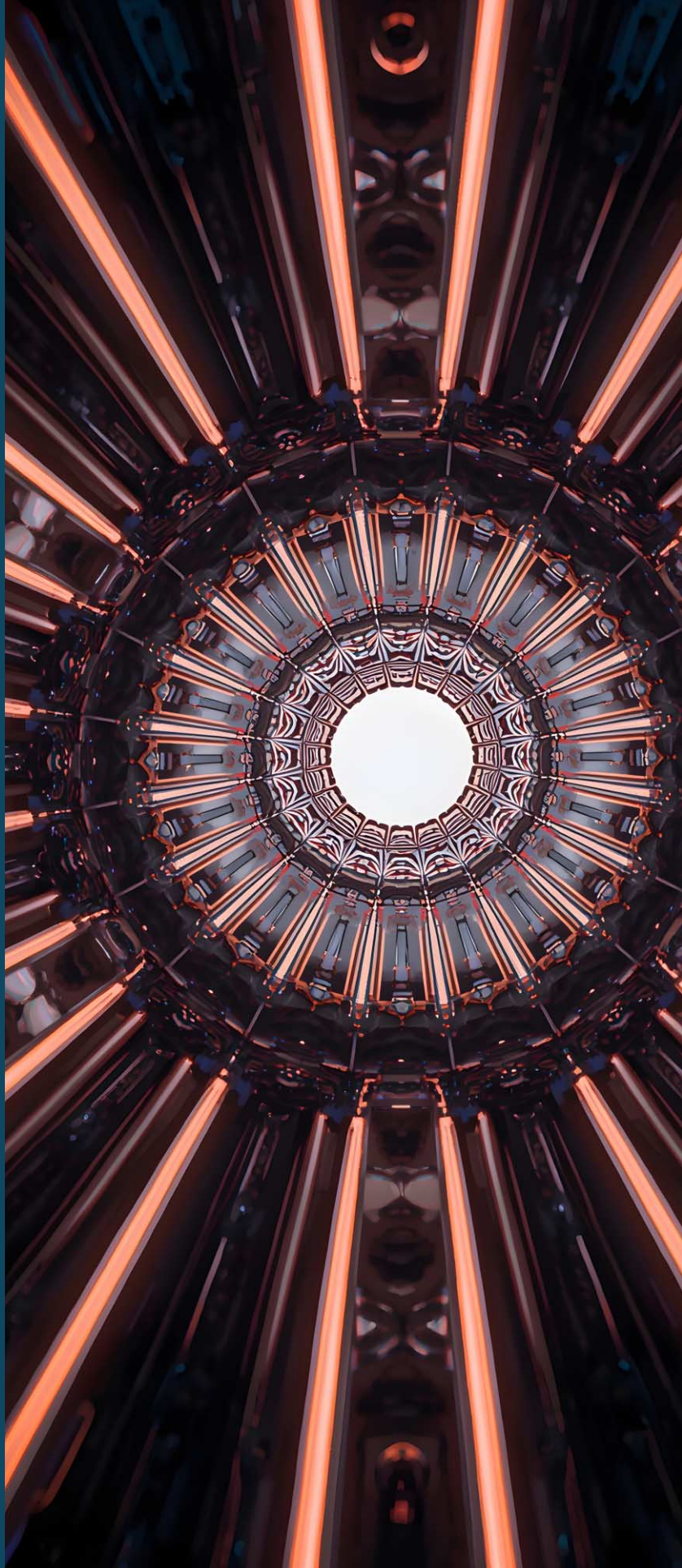
and then brought it into force on July 1 2024. At the end of that month the SRI issued a resolution setting out deadlines and procedures for declarations, rules for issuing sales and withholding receipts, and the registration requirements for the Unique Taxpayers Registry (RUC) under which operators would now be enrolled.

By March 2025 the SRI had a list of licensed operators. Damián Larco, the director of the SRI, told local press that 65 companies had been registered, of which two were foreign and 63 were domiciled in Ecuador, although he made clear that "the total number of operators is much larger". Larco said that the first half of 2024 had been given to companies engaged in the activity to register in the sports betting registry and that the SRI would now move against those who had not. "Failure to comply not only leads to tax evasion, but also to unfair competition with those who have registered," he told local press, indicating that the IP addresses of unregistered operators would be suspended or blocked.

Days later the regime was formally tightened. Under Executive Decree 487, signed by Noboa, the regulations governing the single income tax regime for sports betting operators were modified to require both resident and non-resident operators to obtain a licence issued by the Ministry of Sports in order to operate in the country.

Non-resident operators were, at the same time, relieved of the obligation to register with the RUC. Licences would be valid for five years, their requirements and conditions would be set by the Ministry of Sports and they would carry an annual cost of 655 unified basic salaries – the unified basic salary being set at US$470 for 2025, which put the cost of the licence at roughly US$307,000 a year.



Operators that fell behind on the annual renewal would be barred from continuing to operate and would face sanctions, blocking and corrective measures imposed by the ministry. Noboa gave the Ministry of Sports three months from the entry into force of the regulations to issue the secondary rules required to give effect to the decree.

The two exceptions written into the decree are: the Junta de Beneficencia de Guayaquil — the home of BET593 — and the Fundación Fe y Alegría, an annual fundraising raffle. The decree also introduced, for the first time in the Ecuadorian tax code, definitions of basic sports betting concepts including "bonuses" and "profit", with profit defined as the net gain a player earns from successfully predicting a bet.

Public bodies including the Financial and Economic Analysis Unit (UAFE) and the National Intellectual Rights Service were given the same three month window to adjust their systems for law enforcement, anti-money laundering and sanctioning processes. And no sanctions were to be imposed on non-resident operators during that period. The new licence, known formally as the Licence for the Operation of Sports Predictions, or LOPD, was, however, slow to take effect. In February 2026 the Ministry of Sports announced that operators would not yet have to pay for it. The detailed rules which were needed to make the decree work had not been issued and, until they were, the bill would be held back.

On December 19 2025, on the closing day of the legislative year, the National Assembly approved by 84 votes to 60 a new Organic Law on Sport, Physical Education and Recreation that replaced the framework in force since 2010 and, for the first time, embedded the regulation of sports betting in the country's sports law itself. The text, returned with executive observations from Noboa and reapproved by 86 votes on February 10 2026, was published in the Registro Oficial the following day and entered into force immediately.

According to the new law only operators resident in Ecuador may take bets and only with the authorisation of the Ministry of Sports. Platforms must verify identity, shield minors and impose deposit limits, and federations must declare their sponsorship deals openly.

OUTLOOK

While progress has been made when it comes to sports betting the legal sector is dwarfed by the black market and local press has been understandably sceptical of exactly how effective the new regulations will be. In April 2026 La Hora described sports betting in Ecuador as a US$70 million business operating without regulation, citing roughly 1.5 million active accounts on betting platforms and as much as US$22 million a year in foregone tax. "There is no integral normative framework that orders, supervises and develops the activity," the paper noted, quoting Mariana Chamelette, a specialist in sports integrity, who argued that "when there is no regulation, there is no control. And when there is no control, the user is exposed, the State loses revenue, and sport faces integrity risks."

Meanwhile the possibility of casinos in resort hotels seems further away than ever. Supporters say the ban in 2011was a mistake because casinos had been a meaningful source of jobs and tourism, while opponents argue that prohibition was necessary because casinos can be used to launder money. Sadly that debate now feels even more urgent in Ecuador, where organised crime has expanded so dramatically.

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