

The banking sector and media ownership: the case of Ecuador

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Abstract: The referendum called by President Rafael Correa in 2011 concludes a complex phase in the history of Ecuador, as it ratified the decision to make unlawful the participation of the banking sector in media ownership. The intense fight between the government and the financial sector started in 1999 when the banking crisis demonstrated the significant presence of bankers in the country's media. This fight lasted twelve years during which two phases can be identified: 1999 to 2006, a period in which the banking sector, despite its internal crisis -or due to it, as it used newspapers, radio and television to improve its image-expanded its presence in the major media, and 2007 to 2011, a very interesting and unique period during which the political power acted intensively to remove bankers from the media.

Key words: Ecuador; banking sector; media; ownership; constitution.

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Translation by **Cruz Alberto Martínez-Arcos** (University of London)

1. Introduction

It is well known that the economic powers achieved privileged positions in all Latin American media companies in the last two decades of the 20th century by taking advantage of the privatization process, a very permissive legislation, the diversification led by new technologies, and even the political instability. In this picture, the banking sector is crucial and its role needs to be comprehensively and objectively investigated. This study examines the bankruptcy of banks, the revelation of cases of massive corruption, and the long battles held between the political power and the enormous financial-media groups or between the different centres of the economic power through their respective media.

The research confirms that citizens do not understand everything that is happening and that in any case they have the inevitable feeling that they are not part of the games of power. Citizens have lost their trust in the media, especially in the large companies. Although small independent media groups like community radio stations, online newspapers, and fortnightly or monthly newspapers have endured -not without difficulty- they are not easily accessed by citizens.

When penetrated, it becomes very evident that the system is very blocked. In this context, the case of Ecuador in the first decade of the 21st century is particularly representative because after a tumultuous decade with the clear protagonism of the banking sector and their media, the financial presence in the media was ended democratically, but also inevitably in a conflictive way.

Therefore, this research is needed to give an example - or warning - to other states in similar situations. This article will analyse the developments occurred during the twelve years that cover the beginning of the Ecuadorian bank crisis -1999- and the referendum that marks the end of the presence of the country's banking sector in the media, in May 2011.

2. Background and methodology

Although Ecuador, by reason of being a comparatively small state in terms of area and population, is one of the South American countries with the lowest density of communication studies, it offers already a significant number of studies, most of which are very recent, and respectable specialised journals such as the veteran *Chasqui* –from Quito.

The media themselves, especially the printed press, are relevant sources. The abundant media legislation of the past years and the studies and reports promoted by the government, institutions, observatories and professional associations have also contributed equally. Recent examples are the recent reports issued by UNESCO's office in Ecuador -*Análisis del desarrollo mediático en Ecuador* (Analysis of media development in Ecuador)- and Reporters Without Borders -*El volcán mediático y su delicada regulación* (The media volcano and its delicate regulation). However, the strong political polarization and the protection of interests flutter in many of these works and demand a detailed and fact-checked analysis. In any case, today's Ecuador is shown as a relevant laboratory in the field of communication and there are enough sources to develop a systematic and critical analysis of the recent trajectory of the media in the country.

In order to properly describe and interpret from different perspectives the intense process experienced by the Ecuador in relation to media ownership, which ended with the aforementioned referendum of May 2011, this analysis is based on data provided directly by the media themselves, usually via online newspaper libraries and their professional and business organizations, on governmental sources -mainly the *Consejo Nacional de Radiodifusión y Televisión* (National Council of Radio and Television), aka *Conartel*- and on

the work of Ecuadorian and Latin American researchers, mainly through the *Centro internacional de Estudios Superiores de Comunicación para América Latina* (International Centre for Latin American Communication Studies), aka Ciespal, and the work of Ecuador's *Facultad Latinoamericana de Ciencias Sociales* (Latin American School of Social Sciences), aka *Flacso*.

3. The media and the banking sector

Ecuador, which in 2000 was considered -probably without exaggeration- the most corrupted country in Latin America, experienced in the last two decades a phase of profound political instability -three Presidents resigned in less than a decade and half a dozen coups or attempts occurred- which in the turn of the century culminated with an equally profound economic crisis, a decline in living standards and abundant migration, the most intense in the area. In 2005, remittances from migrants abroad provided 6% of national wealth, and the percentage increased in the next two years.

The banking crisis of 1999-2001 highlighted the deep links between the financial power and the country's major media, which brought painful consequences for both sectors. During this crisis several banks, including some of the most relevant ones, like *Filabanco* and *Banco del Progreso* -the main banks at the end of 20th century- went bankrupt. Still by 2009 Ecuador's Superintendency of Banks reported that 33 banks were going through liquidation. While Ecuador has so far not been placed among the most dangerous states for the exercise of independent journalism and maintains an acceptable level of freedom of expression [1], the crisis demonstrated that the media were systematically used for the defence of tainted financial interests. This has been confirmed, for example, by two veteran American journalists, Mary Walton and Charles Laytón, who in the early years of the new century carried out a study on Ecuadorian journalism for the Knight Foundation. These researchers summarised their vision in the following way:

The most serious obstacle to the practice of journalism in Ecuador is that all the media are in the hands of people connected to the country's commercial and political elite. Ecuador does not follow the concept of democracy used by Americans or Europeans. The country is controlled by monopolistic groups and institutions that may include interrelationships among bankers, lawyers, businessmen, political parties and media owners. Most of the groups have been based on agricultural interests, but recently they have been displaced by the banking and financial sectors. The Ecuadorian media's owners do not act as guarantors of the democratic order. They use the media to protect their interests and those of their friends, and sometimes, to attack their rivals. Many Ecuadorian journalists risk their jobs when writing something that bothers a person or institution. Journalists have no union to protect them or negotiate higher wages (Walton and Layton, 2001).

Although during these years the penetration of foreign capital in the Ecuadorian media was comparatively low, the dependence on a deeply corrupt banking system, by contrast, was very high [2]. The result of the banking crisis is instructive here. In 2000 *La Razón* newspaper, which emerged in Guayaquil in 1965, disappeared as a consequence of the crisis. This paper became one of the most-read of the country in the 1970s, was over-valued later, and in 1985 passed into the hands of the financial group of the Isaias brothers, Roberto and William, who also had participations in radio and television -*Sí TV*. The crisis of *Filanbanco*, the group's financial centre, dragged a newspaper already in decline.

Another important media group, the one formed by Fernando Aspiazú, owned the most respectable newspaper in the country, *El Telégrafo* from Guayaquil, as well as radio stations -*Radio El Telégrafo*, *Radio La Prensa*- and television networks -*Telecentro*. Fernando Aspiazú directed *El Telégrafo* from 1996 to 2000. The scandal surrounding Banco del Progreso, which owns the group and supported the candidacy of Jamil Mahuad (President in 1999 and 2000) with 3.5 million dollars, led Ecuador's Deposit Insurance Agency to take control over it. At the end of the 20th century the veteran and liberal newspaper -staffed by 180 workers- that for decades was the typical family newspaper, owned by the Castillo family, fell in the hands of other economic groups, lost readers and around 20,000 and 25,000 dollars per month and, although it included a valuable building classed as being of historical interest, it became unattractive for the private sector. The newspaper was also used heavily during the scandal of *Banco del Progreso* to artificially play off Guayaquil and Quito against each other under the guise that the bank's problems were caused by the government to damage the coastal city.

Other media groups also had important ownership in banks, such as the Cevallos-Balda group, which was the owner of Manta's *El Metropolitan* newspaper -via Bancomex- which disappeared as a consequence of the crisis, and above all the Egas Grijalva-Banco del Pichincha group -which was the owner of *Teleamazonas*, the magazine publisher *Dinediciones* (*Gestión*, *Mundo Diners*), the cinema chain *Inmocines*, the advertising agency *Delta* and was shareholder of Quito's *Hoy* newspaper. The Eljury-Banco del Azuay group owned, among other media, ETV Telerama. Even the most powerful group in the country, which was much less affected by the crisis, led by *El Comercio*, also showed equally important connections to banks, in this case *Banco del Pichincha*. The newspaper and the bank were both founded in the same year, 1906.

The publishing group was chaired by Guadalupe Mantilla, who was also a prominent shareholder in the bank. This group is owned by one of the most known journalistic families of Latin America, the Mantilla family, which owned this morning newspaper, *El Comercio*, the evening paper *Ultimas Noticias*, magazines such as *Lideres* and *Familias* and an extensive network of stations integrated in the *Ecuador Radio* network, which is led by *Radio Quito*. This group also has shares in the advertising agency called *Servipublicidad* [3].

At that time there was, of course, an antimonopoly legislation for public services -including radio and television-; the Law of Radio and Television of May 1995 provided measures against the “hoarding” of media, but was often very difficult to implement, due to the abundance of companies that were fictitious or were appointed to nominees, the continuous changes in ownership and law fraud, such as the questionable licence return/granting proceedings (a company with a license renounces to it and returns it to the state and simultaneously sells the technical resources to another company that becomes the main candidate to receive the returned license). The political ups and downs also involved continuous changes in the composition of the regulatory bodies and the consistency and control of their activities.

The widespread conviction that an extraordinary level of corruption prevailed in the country meant that every politician with aspirations had to promise to fight it, as a major action, although once in power those promises were forgotten or directly ignored. The complicity of many authorities, including many judges, implied that the press often had to fight alone and hopelessly against corruption. An editorialist of *El Comercio* newspaper explicitly recognised this situation:

The general press can do no more. A specialised press would have to be created in order to fight corruption and continue the persecution of the endless genius strategies used by bankers and their employees to numb the public control, twist the facts and prostitute the generation and application of the law (*El Comercio*, Quito, 7 March, 2002).

However, there were also less pessimistic balances. Jorge Vivanco, for instance, pointed out:

In Ecuador, the press, despite the beatings it has received, remains an ethical benchmark and a moral monitoring institution. People rely on serious media and can identify those who comply with their duty to seek the truth, say it without fear or mutilation, guide with patriotism and without giving up to pressure, defying judicial or police persecution from politicians and arrogant people /.../ It cannot be said that the denounces and surveillance

performed by the media that were not supportive [of the big banks] have been completely useless. It was useless to the areas of power, but not for the people, who full of outrage demanded punishment and reform /.../ Few times in the history of international journalism the media have played an important role, especially from the moral point of view (Vivanco, 2002).

The banking crisis passed an expensive bill not just to the media, but to the whole country, and all throughout the first decade of the 21st century. In late 2005 it was estimated that it

had cost 8 billion dollars, which was the equivalent to the country's annual budget or half of the foreign debt, according to a statement of the Deposit Insurance Agency's President [4]. The Ecuadorian media system lost credibility during the long crisis, especially television. Brothers Roberto and William Isaias, who fled the country at the beginning of the process, used its television channel to defend themselves, by denying the evidence and attacking rivals, especially the Egas group, which was counterattacked via Teleamazonas; the Aspiazu Group also intervened with Telecentro [5]. Many journalists lost credibility because they clearly followed the interests of their respective groups. Others lost their jobs for trying to be independent. For example, Roberto Aguilar, a columnist in *El Comercio*, was fired in 2008 after publishing an article, "Employment creators", in the 19 April issue, that was critical of the economic powers. The journalist explained:

I was fired from a newspaper for expressing an opinion, which was simply considered to be 'inconvenient'. During fifteen days I demanded to hear the editorial arguments that backed this decision: was I lying, misreporting the truth, or exaggerating? There was no journalistic argument to disqualify my article, only the word 'inconvenient'. Therefore, it must be understood that it was 'inconvenient' for the commercial and political relations of Guadalupe Mantilla (Abad, 2010).

4. The media landscape of a decade

4.1. Newspapers, time of change

In recent years Ecuador has maintained around 35 to 38 newspapers, of which a dozen are national, those based in Guayaquil and Quito, and about twenty are regional or provincial and are edited in a dozen of cities, many of which have more than one newspaper (like Cuenca, Machala, Loja, Ibarra and Riobamba). Some companies, especially the publisher of Quito's populist newspaper, *La Hora* and Portoviejo's *El Diario*, have initiated a policy of provincial or local editions. *La Hora* has a dozen of provincial editions with the same name across the country, *El Diario* –published by Ediasa- has local editions with different names in the populated province of Manabí (*La Marea* in Manta; *Centro* in Santo Domingo de los Colorados, etc.), which has almost three million inhabitants, and neighbouring communities. Small media groups of reduced scope have sprung up in several regions. An example is *Grupo Norte* which emerged in Imbabura with a very classical scheme: it has a morning newspaper, *Diario del Norte*, a radio station, *Radio Noticias*, and a television channel, *TVNorte*. In Loja, the group has a radio station, *Radio Centinela*, and another newspaper, *Centinela*.

Table 1. Ecuadorian newspapers (2002-2010)

Name	City	Creation	Territorial Scope	Distribution
<i>Los Andes</i>	Riobamba	1998	Regional	Morning
<i>La Calle*</i>	Guayaquil	2007	Local	Morning, free
<i>Centinela</i>	Loja	11-2009	Provincial	Morning
<i>Centro</i>	Santo Domingo	19-07-2010	Provincial	Morning
<i>El Clarín</i>	Babahoyo	01-02-1980	Provincial	Morning
<i>El Comercio</i>	Quito	01-01-1906	Nacional	100,000 Morning
<i>El Correo</i>	Machala	01-03-1983	Regional	Morning
<i>Crónica de la Tarde</i>	Loja	01-11-1979	Provincial	Evening
<i>El Diario</i>	Portoviejo	13-03-1934	Provincial	30,000 Morning
<i>Ecos de Quevedo*</i>	Quevedo	01-01-1963	Provincial	Morning
<i>El Espectador*</i>	Riobamba	04-03-1972	Provincial	Morning
<i>Expreso</i>	Guayaquil	25-07-1973	Nacional	50,000 Morning
<i>Extra</i>	Guayaquil	23-10-1974	Nacional	60,000 Evening
<i>La Gaceta</i>	Latacunga	12-04-1967	Regional	8,000 Morning
<i>El Heraldo</i>	Ambato	15-03-1958	Provincial	8,000 Morning
<i>La Hora</i>	Quito	13-08-1982	Nacional	100,000 Morning
<i>Hoy</i>	Quito	07-06-1982	Nacional	60,000 Morning
<i>La Marea</i>	Manta	22-10-2007	Provincial	Morning
<i>Metroquil</i>	Guayaquil	2006	Local	Morning, free
<i>Metrohoy</i>	Quito	2008	Local	Morning, free
<i>El Mercurio</i>	Cuenca	22-10-1924	Nacional	20,000 Morning
<i>El Mercurio</i>	Manta	1924	Provincial	Morning
<i>Meridiano</i>	Guayaquil	14-08-1982	Nacional	30,000 Morning
<i>El Metropolitano*</i>	Manta	25-09-1998	Provincial	Morning
<i>La Nación</i>	Tulcán		Provincial	Morning
<i>El Nacional</i>	Machala	30-08-1964	Provincial	8,000 Morning
<i>El Norte</i>	Ibarra	25-06-1987	Regional	Morning
<i>Opinión</i>	Machala	08-09-1991	Regional	Morning
<i>El País*</i>	Machala		Local	Morning
<i>El Periódico Colorado</i>	Santo Domingo	04-01-1986	Regional	Morning
<i>El Planeta*</i>	Quevedo	1979	Provincial	Morning
<i>El Popular</i>	Quito	07-2008	Regional	
<i>Portada</i>	Azogues	30-06-2003	Provincial	Morning
<i>PP El Verdadero</i>	Guayaquil	01-09-2010	Regional	Morning
<i>La Prensa</i>	Riobamba	14-02-1992	Provincial	Morning
<i>La Prensa de Pastaza</i>	Puyo		Provincial	Morning
<i>La Segunda del Meridiano*</i>	Guayaquil		Regional	10,000 Evening
<i>El Siglo*</i>	Loja	18-11-1982	Provincial	Morning
<i>Súper</i>	Guayaquil	2006	Nacional	Morning
<i>La Tarde</i>	Cuenca		Regional	Evening
<i>El Telégrafo</i>	Guayaquil	16-02-1884	Nacional	35,000 Morning
<i>El Tiempo</i>	Cuenca	12-04-1955	Regional	Evening
<i>Tribuna Extra Cotopaxi*</i>	Latacunga	11-11-1974	Provincial	Morning
<i>Ultimas Noticias</i>	Quito	08-06-1938	Regional	60,000 Evening
<i>El Universo</i>	Guayaquil	16-09-1921	Nacional	120,000 Morning
<i>La Verdad</i>	Ibarra	14-05-1944	Provincial	8,000 Morning

Source: Author's own creation mainly based on data from the Ecuadorian Association of Newspaper Editors, aka *Aedep*. *Newspapers that disappeared from 2006 to 2010. Given the absence of official data on dissemination, estimates are based on different sources.

The very low number of newspaper readers declined even more during almost the whole decade as a result of the economic recession, but improved in 2009 when it reached around 900,000 copies daily. There are no reliable statistics on the reach of the media, which makes difficult to assess properly their evolution and penetration. The most sold newspaper is still *El Universo*, from Guayaquil -which has nearly 500 workers-, followed by *El Comercio* and, in growth, *La Hora*, both from Quito. Guayaquil's evening newspaper, *Extra*, is a populist tabloid but in spite of that its dissemination does not reach 100,000 copies. The publisher of *Hoy*, one of the most reformist newspapers of recent decades in the country, Edimpress, also publishes since 2002 *Metro hoy*, the first free daily newspaper in the Ecuadorian capital. *Metro hoy* currently has an edition in Guayaquil -*Metroquil*-, where other free newspapers have also emerged -like *La Calle*-. Although the number of newspapers tends to remain stable and the process of concentration is slower than in other Latin American countries, the growing presence of sensationalist newspapers is visible.

Currently, the Catholic Church has little presence in the daily press -but as we will see, is very strong in the radio- despite the Diocese of Ibarra was founder and owner of the local newspaper called *La Verdad*, which is still part of a cooperative and is still in essence a Catholic newspaper.

Ecuador does not have newspapers specialised in economics or sports like other Latin American, primarily because of the market's weakness. *El Financiero* emerged in 1990 as a fortnightly newspaper and in 1995 became a weekly and currently declares to have 15,000 subscribers. *Editores Nacionales*, with headquarters in Quito, publishes *Vistazo*, the country's main weekly magazine that emerged in 1957, and various magazines such as *Hogar*, *Estadio* and *Generación XXI*.

Apart from the daily newspapers, more than 100 weekly and fortnightly local newspapers are printed in Ecuador and around one hundred magazines, as well as minor newsletters [6].

4.2. Active radio

Radio continues to be a key industry in the Ecuadorian media. This was proved in April 2005 when *Radio La Luna*, a small independent station from Quito, became the voice that reflected the unrest against President Lucio Gutiérrez, which was crucial in his fall [7].

Since its inception, radio has certainly played a notable role in Ecuador, where since 1931 *La Voz de los Andes* radio station has been without a doubt the main Evangelical station in Latin America for many decades. There are stations in Quito that broadcast in AM at 50 KW and FM at 8 KW, with programming in Spanish and Quechua. There is a network of small stations and relay stations that cover the whole country. Catholic radio -perhaps stimulated by the Protestant Church's presence- has a very prominent acceptance specially through *Radio Católica Nacional*, which is owned by the Conference of Bishops, which has more

than 15 stations in virtually all of the relevant cities: Cuenca, Riobamba, Machala, Ibarra, Portoviejo, Jipijapa, Latacunga, Ambato, Santo Domingo, as well as Guayaquil and Quito – most of these stations broadcast on FM, but Quito, Guayaquil and Santo Domingo also have AM stations [8].

Apart from these stations, there are many small parochial stations, sponsored primarily by religious orders or vicariates. It is striking that many of the Galápagos Islands have up to three parochial stations. In Guayaquil, apart from the radio station of the episcopal conference, there are other stations like *Radio María Ecuador* (which has relay stations in different cities -like Macas, Nueva Loja, Olon, Pastaza, Ibarra- to ensure an audience throughout the country), *Radio San Francisco*, of the Franciscan order, and *Radio Filadelfia*.

Table No. 2. Radio broadcasting licenses in 2009

Province/Capital	Shortwave	Mediumwave (AM)	FM	Total	Without license
Azuay /Cuenca		19	66	85	7
Bolívar /Guaranda		6	20	26	-
Cañar /Azogues		8	25	33	2
Carchi /Tulcán		3	33	36	1
Chimborazo / Riobamba	1	16	53	70	5
Cotopaxi /Latacunga	1	13	14	28	-
El Oro / Machala		18	55	73	5
Esmeraldas /Esmeraldas		7	38	45	1
Galápagos / Puerto Baquerizo Moreno		1	17	18	-
Guayas / Guayaquil		50	65	115	9
Imbabura /Ibarra	2	15	32	49	-
Loja / Loja	4	9	59	72	2
Los Ríos / Babahoyo		6	38	44	2
Manabí / Portoviejo		15	80	95	6
Morona Santiago / Macas	5	2	30	37	-
Napo / Tena	3	2	31	36	1
Orellana / Puerto Francisco de Orellana	-	-	15	15	1
Pastaza / Puyo	-	1	16	17	9
Pichincha / Quito	3	50	56	109	1
Santa Elena / Santa Elena		3	51	54	1
Santo Domingo / Santo Domingo de los Colorados	1	4	41	46	-
Sucumbíos / Nueva Loja	-	2	30	32	-
Tungurahua / Ambato	1	19	42	62	4
Zamora / Zamora	-	-	20	20	1
Total	21	271	917	1.209	58

Source: Conartel.

Radio María Ecuador has its own station in Quito, where there are half a dozen Catholic radio stations, including one from the *Instituto Radiofónico Fe y Alegría* -Radioescuela- and *Radio Jesús del Gran Poder*, owned by the Franciscans, which includes short-wave broadcasting. In total, there are more than 90 stations, which make the Catholic radio in Ecuador more relevant than in most countries in the area. Evangelical churches have 30 stations and the Bahá'í Faith has one [9].

The network with the most popular stations is *Cadenar* (acronym for Ecuadorian Radio Broadcasting Network), whose main station is Guayaquil's *Radio Sucre* and has stations in Quito, Ambato, Machala and Portoviejo. The network operates several systems of stations, such as *Sistema Dos*, focused on pop music, and *Qpido*, which focuses on romantic music, as well as general-information stations. At the end of 2001 the group led by Vicente Arroba Ditto acquired a television channel and created *Sucre Televisión* which reaches the whole country. Earlier in June 1999, Vicente Arroba Ditto launched *Radio Sucre New York* to cater the large Ecuadorian population in the American city.

The intense recent emigration is encouraging Internet communication, which gives a prominent role to online stations. Some stations located in regions particularly hit by migration have found a new function and a way of reaching many Ecuadorians via the Internet [10].

In Ecuador community radio has not reached the development level of other South American countries, in part due to the leading role of Catholic radio, but above all due to the clear restrictions applied by the government. In 1995 the government passed a law that permits and regulates the operation of these stations, but with the usual restrictions [11]. A very significant development in this field is *Radio Chaguarurco*, which received international help (80,000 dollars) from Intermon to start broadcasting in 1995, and currently supports the Chaguarurco Foundation for Rural Development. Another development is the Catholic radio station Radio Latacunga, which was founded in 1981 and financed in part by the Belgian Catholic Church until 1998 and also became a model to boost community development.

Moreover, radio has always had a strong educational component in the country. Riobamba has the Popular Radio Schools of Ecuador, which have stations-schools that broadcasts in mediumwave, FM, and shortwave, and have added other objectives to the initial tasks of 1962 focused on literacy. Quito has the Latin American Association of Radio Schools, aka *ALER*. The number of stations is very high. According to the Superintendency of Telecommunications (aka, Supertel), at the end of 2004 there were 287 mediumwave radio stations and 487 FM stations, which is clearly an excessive number for a country with 12 million inhabitants and a small radio advertising market. Conartel's 2009 data shows higher figures –although they may include some inactive stations [12].

4.3. The emergence of public television

Until 2008 Ecuador was one of the two South American countries that did not have state television (the other one was Paraguay). This situation has been of course influenced by the fact that the offer of private television is comparatively broad and old -five channels that broadcast in 2005 date from the 1960s and 1970s- but have a widespread tendency to favour frivolous content. *Ecuavisa* is the oldest television company, as it dates from the late 1960s (1967), and has by far the largest audience, which allows *Ecuavisa* to normally include - 2003- 12 or 15 of its programmes among the top 20 in the country. However, this audience is based on telenovelas or national versions of trash TV shows such as Big Brother. *Teleamazonas* dates back to 1974, is based in Quito and has national coverage. *Teleamazonas* has co-production agreements with channels such as Televisa and has produced series, but its impact on the Ecuadorian audience is generally lower. Higher in audience is *Gamavisión*, which is younger (1977) and specialised in sports. *TC Televisión* (1969), Telecentro, is the free-to-air network presenting the highest percentage of domestic productions, which reach 60%.

Table 3. Television broadcasting licenses in 2009

Province/Capital	Open to air	Pay system	Total	Without license
Azuay /Cuenca	26	1	27	7
Bolívar /Guaranda	9	-	9	3
Cañar /Azogues	15	1	16	6
Carchi /Tulcán	13	-	13	2
Chimborazo / Riobamba	20	2	22	3
Cotopaxi /Latacunga	9	-	9	3
El Oro / Machala	19	-	19	7
Esmeraldas /Esmeraldas	18	-	18	4
Galápagos / Puerto Baquerizo Moreno	27	2	29	2
Guayas / Guayaquil	25	6	31	17
Imbabura /Ibarra	15	-	15	3
Loja / Loja	28	1	29	5
Los Ríos / Babahoyo	17	-	17	6
Manabí / Portoviejo	22	3	52	12
Morona Santiago / Macas	15	-	15	3
Napo / Tena	14	-	14	2
Orellana / Puerto Francisco de Orellana	2	-	2	2
Pastaza / Puyo	10	-	10	2
Pichincha / Quito	26	9	35	32
Santa Elena / Santa Elena	15	-	15	1
Santo Domingo / Santo Domingo de los Colorados	13	3	16	3
Sucumbíos / Nueva Loja	6	-	6	7
Tungurahua / Ambato	17	1	18	-
Zamora / Zamora	18	-	18	5
Total	399	29	428	137

Source: Conartel.

In May 2002 *Canal Uno* began its open-to-air broadcasting at the state-level. Its owner, Marcel Rivas, a young businessman that also owns a website and Radio Sanorama, acquired -in auction- *Si TV*, and transformed it in to the new network, which also pays notable attention to sports and offers higher-quality programming. *Sucre Televisión*, which originated from the radio station, has stations in Guayaquil and Quito and also operates a cable television channel. *ETV Telerama* is an interesting national network that was launched in 1993 in Cuenca as a local channel and was extended to Guayaquil in 1997 and to Quito in 2001. It offers cultural and entertainment programming, but no trash TV series.

The range of local television channels is generous and the networks that do not offer a local channel are rare. Some examples are *Ecuavisión* in Riobamba, *Orovisión* in Machala, *UT television* in Loja, *Teleandina* in Quito, *Ambavisión* in Ambato, and *Telequil* in Guayaquil. A

modest but interesting experience of educational television is *Televisión Educativa Calasancia* in Saraguro, which is based in Loja. The history of some of these channels is already significant: *UV Televisión* dates back to 1968, *Telecosta* in Esmeraldas dates to 1971, *Manavisión* in Portoviejo dates to 1982. In 2004 there existed over 314 television channels in the country, and this figure has grown significantly in the following years.

Probably the wide and early character of free television explains the modest role played by pay and cable television in Ecuador. However, some channels -such as *TV Cable* and *Cablevisión* from Guayaquil- have survived for more than a decade already.

Ecuador's television landscape was transformed significantly in 2008 with the birth of public television, *Ecuador TV*, and the control gained by the state over *Gama Televisión*, *TC Televisión* and *Cablevision*, after their owners failed to pay their debts to the State after the banking crisis. Since 2006 *Telesur*, the Inter-American channel supported by Venezuela, had coverage in most of the country. The audience has become much more divided and there is no channel that gets more than 20% of the audience share.

4.4. The digital hope

The crisis of the large media companies and the pressure on journalists is pushing the latter towards new platforms. One of these platforms is digital newspapers, which are cheaper and much freer. Ecuador's *Hoy* newspaper was the first to offer a digital edition in Latin American, in 1994.

However, in recent years several excellent online newspapers have appeared. Some examples are *Ecuador Inmediato* (www.ecuadorinmediato.com), launched in 2004, and *El Ecuatoriano* (www.elecuadoriano.com), which offers extensive information on Ecuadorian communities in Spain, United States and other countries. In June 2008 *Enterate Ecuador*

(www.enteratecuador.com) was launched in Quito and by March 2011 it had reached one thousand published issues. A defunct newspaper from Guayaquil, *La Razón*, reappeared in 2010 in an online version (www.larazonecuador.com). In 2008 the sports paper *El morlaco digital* (www.elmorlaco.com) was launched from Cuenca. This was followed in 2010 by *Studiofutbol* (www.studiofutbol.com.ec). These online newspapers are the hope for a citizenry that looks with growing and logical distrust the control of communication by the large economic groups.

5. The Constitution of 2008 and its imperatives

The arrival to power of Rafael Correa in 2007, and in particular the adoption of the new Constitution in 2008, marked the beginning of a new era for Ecuadorian communication, which is signified by the gradual cuts to the participation of the financial powers in the media and, as we shall see, the simultaneous configuration, of a relevant state media sector, which was virtually non-existent until then. In fact, article 312 of the new Constitution establishes that:

Financial entities or groups may not own permanent, total or partial stakes in companies operating outside the financial activity. The involvement in the control of the capital, investment or heritage of social communication media is prohibited to financial entities or groups, their legal representatives, board members and shareholders.

Moreover, the 29th transitional provision specifies:

Stock holdings possessed by the legal entities of the financial sector in companies outside the sector will be disposed of within a period of two years from the entry into force of this Constitution. The stock holdings of the legal entities of the financial sector, their legal representatives and board members and shareholders with participation in the paid-in capital of social media, must be disposed of within a period of two years from the entry into force of this Constitution.

The deadline ended on 20 October, 2010. During the interregnum the confrontation between the government and the media increased and some delaying and fraudulent maneuvers were played by the financial sectors. Thus, the Banking Council issued a resolution on 12 August, 2010, proposing that bankers may retain up to 25% of participation in the media.

As a result, there were immediate protests by citizens and especially by MPs affiliated to Alianza País -the President's party-, who warned that the role of the Banking Board was not to interpret the Constitution. In a resolution dated 7 October, the Banking Board apparently backed off. However, in a new resolution dated 14 October the board once again remained open to the possibility of allowing the presence of financial groups in the media by reducing the level of participation so that shareholders can transfer their shares to grandchildren,

uncles and nephews. The government rejected the maneuvers of the Banking Board and the financial groups had to abide by the provision. As a result, Fidel Egas, the President of Banco Pichincha, which is the leading shareholder in various media, accused the government:

Us bank shareholders ceased being shareholders in the media as a consequence of a media persecution orchestrated by the Government and its senior officials, but also by people full of complexes and without an idea of the future and the freedom of the press and independence /.../ the Government does not want us bankers to own media, because they cannot manage us like they do to other media by just giving or taking away advertising. (*Hoy*, Quito, 22 October, 2010).

In turn, a total of 118 bank shareholders, who possessed 201 holdings in media companies, were affected by the rule. For example, the Edimpres group, which publishes Quito's *Hoy* newspaper, offered a dozen shareholders linked to four different banks [13].

Table 4. Ecuadorian banks and media (1999-2011)

Banks	Media	New ownership / Other situations
Filanbanco (Isaías group)	El Telégrafo (n)	State
Filanbanco (Isaías group)	La Razón (n)	Newspaper ceases
Filanbanco (Isaías group)	GamaTV	State (Deposit Insurance Agency)
Filanbanco (Isaías group)	Cablevisión	State (Deposit Insurance Agency)
Filanbanco (Isaías group)	TC Televisión	State (Deposit Insurance Agency)
Filanbanco (Isaías group)	La Prensa, El Telégrafo, Carrousel, Super K-800 (s)	State (Deposit Insurance Agency)
Filanbanco (Isaías group)	La Onda, El Agro (s)	State (Deposit Insurance Agency)
Banco Amazonas	Edimpres (Publisher)	Bank gets rid of shares
Bancomer (Cevallos-Balda group)	El Metropolitano (n)	Newspaper ceases
Banco del Pichincha (Egas group)	Teleamazonas	Affiliated employees / Plural TV (Peru)
Banco del Pichincha (Egas group)	Mundo Diners, Gestión, Fucsia, Soho (m)	Affiliated employees
Banco del Austro (Eljuri group)	Telerama	Sell to affiliated employees
Banco Guayaquil	Centro de radio and televisión Cratel	Bank gets rid of shares
Banco de Machala (Caravana group)	Caravana TV, Radio Caravana (s)	Bank gets rid of shares
Banco Bolivariano	Radiodifusora Trafalgar (s)	Bank gets rid of shares
Produbanco	Radiodifusora Sol (s)	Bank gets rid of shares

Source: Author's own creation based on data from various Ecuadorian media. The "media" section lists those media in which a bank had significant ownership at the beginning of the period (+ 30%); (n) newspapers; (m) magazines; (s) stations.

The group led by Fidel Egas, the owner of Banco del Pichincha, is the country's main emporium and includes the national TV channel *Teleamazonas*. Egas sold 48% of its shares to 140 affiliated employees (allegedly through the bank's own credits); 30% to *Plural TV*, a Peruvian group that owns two important newspapers in Lima, *La Republica* and *El Comercio*, and *América TV* (a veteran free-to-air channel), and the remaining 22% to people he trusted, according to his own statements.

Similar actions were performed by Eljuri group, formed around Banco del Austro, which is based in Cuenca and owns several media like *Telerama* channel. In contrast, Mario Canessa, who heads the Caravana group -*Caravana TV*, *Radio Caravan* and *Radio Diblu*- which specialises in sports information, and is also President of Banco de Machala, chose to disassociate himself from the Bank and remained at the forefront of the media group.

Few days before the end of the legal period given to the banking sector and the media to disassociate from each other the national police rose in arms against the government over labour problems. The Government of President Correa considered this a coup attempt with the kidnapping of the President, while the private media generally did not consider the situation as such. The confrontation between the political power and the media increased after the government ordered, during the incidents, all television channels to connect to the public television signal and broadcast its contents.

6. Report of the License Audit Commission

In its 15th transitional provision, the Constitution of 2008 states that within 30 days after its entry into force a Committee must be constituted to audit the radio and television broadcasting licenses and produce a report within a period of 180 days.

The new Commission is constituted and chaired by Professor Guillermo Navarro Jiménez and on 18 May, 2009, it offered a comprehensive study that highlighted many irregularities of all kinds in the granting of these licences since 1995, when the above-mentioned new Law of Radio and Television came into force [14].

This report was minimised by the private sector, which stressed that the composition of the Commission was almost exclusively official. However, the data provided by the study were eloquent and the irregularities ranged from hundreds of petitions that had been simply ignored to the self-granting of frequencies that affected several successive Presidents of the Ecuadorian Broadcasters Association, aka AER, and members of the institution in charge of granting the licenses, Conartel (the National Council of Radio and Television), such as Bernardo Nussbaum, Freddy Moreno and Lenin Andrade Quiñones, and relatives, like Argemiro Andrade Diaz.

The close dependence on political parties was another constant, and the report included a comprehensive list of licenses granted to the leaders of successive political parties in power and several family groups: Alvarado, Mantilla, Vivanco.

The comprehensive report also highlighted the close connections between the print and audiovisual media groups. Five of the major newspapers in Quito and Guayaquil also had radio stations and television channels, 28 radio companies also had partial ownership in television channels [15].

7. The Government and the public media.

Since the beginning of Rafael Correa's presidency an important sector of the public media was formed in Ecuador, precisely a country historically characterised by its weak state media system, which has lacked until then, for example, a public television station or news agency [16].

At the beginning of 2007 the Ecuadorian government only had at its disposal *Radio Nacional de Ecuador*, which broadcast in mediumwave. The first step was the nationalisation of Guayaquil's morning newspaper, *El Telégrafo*, which was the country's most respectable paper and whose majoritarian control passed to the Deposit Insurance Agency in March 2002, following the bankruptcy of Banco del Progreso, the major shareholder in the newspaper. Between then and June 2007 *El Telégrafo* went through a dark stage in which minority private shareholders, headed by director Carlos Navarrete, won participation through several increments of capital that were not recognised by the public sector. Navarrete left the direction of the newspaper in June and *El Telégrafo* became definitively a state body. In February 2008, Navarrete was assassinated at his home.

Ruben Montoya became the newspaper's new director, but its circulation decreased and the losses increased. At the beginning of 2010 the paper had almost 200 workers and printed about 22,000 copies, one third less than five years earlier. The paper offered little advertising, which was almost reduced to official announcements. On 25 March, 2010, Montoya was fired and the Deputy Director, Carol Murillo, and 21 columnists immediately resigned and alleged censorship practices; other terminations and resignations occurred in the next few months.

Edwin Ulloa became the new director. In September 2010 a new public enterprise called *Editores Nacionales Gráficos* was constituted, and in April 2011 it received a new colour rotary press, which produced *El Telégrafo* and a new public populist newspaper launched in September 2010, the weirdly called *PP El verdadero* ("The Real Pepe"). The company registered a loss of 6 million dollars that year.

In July 2008 the state took control of the media companies previously owned by the Isaías group. The Deposit Insurance Agency seized 195 companies from that group so that the state

could recover the 661 million dollars it provided for Filanbanco's bankruptcy in 1999. He explained:

This measure, which should have been taken 10 years ago, revives the hope of hundreds of citizens who never received their money after Filanbanco went bankrupt. We also stress that this confiscation does not violate any labour right nor paralyses any of the companies in question and that the Ecuadorian State guarantees security and stability. (*El Comercio*, 9 July, 2008)

The seized companies included two open-to-air television channels, Gama TV and TC Televisión, both based in Guayaquil and Quito, and another cable company, Cablevision, with two channels (Canal Noticias NC3 and Canal Deportes CD7), as well as four radio stations that broadcast from Guayaquil (*La Prensa* and *El Telégrafo*, previously owned by *Telégrafo's* company, and Carrousel and Súper K-800 -a mediumwave sports station-), as well as the magazines *Samborondón*, *La Onda*, *El Agro* and *Valleys* [17].

New large state media companies were configured during 2008 and 2009. *Ecuador TV*, the state channel, was launched in April 2008, followed months later by *Radio Pública*, which broadcasts in FM from Guayaquil, Quito, Cuenca and Manta. In 2009 the government created the public company *Empresa Pública Radio y Televisión del Ecuador* (MPR-TVEcuador). The implementation of this broadcasting entity cost 11 million dollars, according to the budget of this public company.

Finally the government created Andes -the Public News Agency of Ecuador y South América-, which began operations on 29 December, 2009, and whose objectives are:

Andes is a public information company that belongs to and represents the Ecuadorian society as a whole. Therefore, it will give space to all political, social and economic actors especially those who are not given space in other media; and it will include all views and points of view, without making any distinction on the grounds of political ideology, social class, sex, age or any other aspect. The management and organization of Andes will be public too. Although this agency was created by the Secretariat of Communication of the Presidency of the Republic and is funded, in part, by the State, its primary objective will be to develop a short-term self-financing maintenance and development system. (<http://andes.info.ec/quienes-somos>)

El Ciudadano, "the digital newspaper of the government of the civil revolution" (www.elciudadano.gov.es) was created in 2008 by Rafael Correa's. This paper is well-designed and reports widely on the cabinet's activities. Since 2009, *El Ciudadano* launched a summarised printed edition that was fortnightly and became weekly in 2011.

So in a short period of time, Ecuador went from being one of the Latin American States with one of the weakest public media sectors to having a generous range of public media. Added to this is the substantial increase in official advertising, which in 2008 reached 17 million dollars, i.e. 6.45% of the total, and tended to increase in the following years.

In 2009 the government became the first advertiser on Ecuador's television. In June 2009 the government announced that the state would not hire companies with shareholders registered in tax havens, which immediately affected several large media groups. It was revealed that newspapers such as *El Comercio*, *El Universo* and *La Hora* and magazines such as *Vanguardia*, with shareholding companies domiciled in the Cayman and Virgin Islands and the Bahamas had to reform their shareholders to avoid being deprived of such advertising.

All this led almost inevitably to a clash with the private sector, which mainly through the Ecuadorian Association of Newspapers Editors, AEDEP, showed very conflicting positions towards the government and the tense relationship of Rafael Correa with the world of private media [18]. Since 2007 the collective positions adopted by editors with regards to the government have been numerous. In the introduction to a collective liberal study on journalism in the country, editor Cesar Ricaurte reflects:

The crisis is not just experienced by companies. There is a setback for credibility in the whole world. In the country it is clear. The surveys about the collapse of trust in the press acquire faces on people who talk about the bad the situation of the press, about its errors and mistakes and, above all, about its lack of transparency and the arrogance that prevents it from assuming its errors. Undoubtedly, the Government has encouraged the climate of polarization with the systematic questioning... But that seed fell over a field that had been already fertilised (Ricaurte, 2010). [19]

In January 2011 President Correa announced a popular referendum on ten relevant issues and with ten questions on which citizens had to vote. The third question sought to ensure the absence of the financial powers in the country's media:

In order to avoid conflicts of interest, do you agree that the institutions of the private financial system, as well as the private national media companies, their directors and major shareholders should be prohibited from being owners or shareholders outside the financial and media sectors, respectively, by amending the Constitution as stated in annex 3?

In February, AEDEP presented a plea before the Constitutional Court because it considered the consultation to be unconstitutional. However, the consultation was officially held on 7 May and the results showed a majoritarian support to the third question.

Indeed, the results of the public consultation supported the governmental positions, but the support was not as high as anticipated by the government, especially in questions 3 and 9, concerning the media: 56.98% were in favour and 47.02% were against the third proposal, while in relation to the 9th question, 51.68% were in favour and 48.32% were against. Therefore, the permanent end of the presence of the financial power in the media is not yet clear. And there are new areas of confrontation, like the Law of Communication, which was announced in 2009 by the government and faces the rejection of private publishers and is having a very slow and divisive development.

8. Conclusions

The Ecuadorian experience between 1999 and 2011 is especially representative of the tensions surrounding media ownership in Latin America.

The Andean country went from having probably the media system most dependent on the financial sector to being, after profound transformations, the first country to prohibit this presence in the constitution, which is backed by a public consultation.

It is possible that in the future a political turnaround in Ecuador will lead to other legal changes that will allow such presence, but it is very unlikely that it will acquire the high level reached in the first decade of the 21st century. The next few years will also tell us whether the “Ecuadorian model” is supported in other countries.

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10 Notes.

[1] The good initial position deteriorated steadily in the first decade of the 21st century. In September 2002 the Ecuadorian Association of Newspapers Editors (AEDEP, founded in 1985), presented bill for the dissemination and access to public information, months later the then President of the Government announced a bill to regulate defamation offences, which the media saw as a restrictive official response to their initiative; in late 2005 the Government announced a reform to the Criminal Code that includes restrictive clauses to exercise the freedom of expression. In 2002 some radio stations, like *Radio La Jungla*, are shut down because of their “inciting of civil disobedience”. In May 2005 the director of *La Luna* radio station, Francisco Velasco, goes into exile due to the threats received when his station was identified as one of the protagonists in the fall of President Lucio Gutiérrez. A few days later the Government announces that it will protect the life of this journalist, who returns to the country. In February 2006 two journalists are shot dead in Guayaquil; robbery is ruled out as a motive but it is not demonstrated that their professional activity was the motive behind their deaths. The conflicts in the sector have increased dramatically since 2008.

[2] A good analysis of the Ecuadorian crisis and the banks-media relationship is offered by Vivanco-Mendieta, Jorge (2002), “Ecuador, el papel de los medios Frente a las corrupción”, available at www.offnews.info/transparencia/ecuador_prensa.htm. Retrieved on 20 February, 2011. Vivanco is Deputy Director of Guayaquil’s *Expreso* newspaper, which is a veteran fighter against the corruption in Ecuador.

[3] See López-Jiménez, Daniel, et al. (2009), “Ecuador”, in García-Duarte, Alfredo, editor, *Sistemas informativos en América Latina*, Universidad Católica de la Santísima Concepción/RIL editores, Santiago de Chile, pp. 75-105.

[4] A critical balance can be found in Quito’s fortnightly left magazine *Opción*, no. 75. In particular, Falconi, Franklin (2004), “¿Quiénes son el poder detrás del poder de los medios?”, available at <http://www.nodo50.org/opcion/75/especial> and www.foropolitecnico.org/2009/12/¿quienes-son-el-poder-detras-del-poder-de-los-medios. Consulted on 23 September, 2011.

[5] See “Fernando Aspiazú: Auge y caída” in *Vistazo*, Quito, 22 July, 1999.

[6] An overview of the Ecuadorian media landscape at the beginning of the century can be found in the doctoral thesis: Galarza, Teodoro (2003), *Estrategias interactivas en la radio comunitaria educativa. El caso Irfeyal*, Autonomous University of Barcelona, especially pp. 190-255.

[7] An analysis of the station's activity in this aspect can be found in Mármol, José Nelson (2005) "La radio que tumbó al presidente" (The radio that defeated the president), available at <http://www.libertad-prensa.org>. Retrieved on 20 February, 2011.

[8] A detailed analysis of the relationship of the Catholic radio in Ecuador, with data on popularity, ownership and management can be found in *Recursos Radios Católicas*, www.aciprensa.com/radio/ecuador.htm. Retrieved on 26 September, 2011.

[9] Comisión para la auditoría de las concesiones de las frecuencias de Radio y Televisión (Commission for the audit of the concessions of Radio and Television frequencies) (2009), *Informe definitivo y recomendaciones* (Final report and recommendations), Quito, pp. 254–255.

[10] See Cardoso, Gustavo (2000), "Radio en Internet y migración en Ecuador" (Radio on the Internet and migration in Ecuador), available at <http://www.comunica.org/tampa/docs/cardoso.doc>. Retrieved on 26 September, 2011. It especially refers to Cuenca's *Ondas Azuayas* station.

[11] The 1995 Law of Radio and Television, which clearly serves the interests of commercial radio, prohibits community stations to sell advertising spaces, obliges them to broadcast essentially educational content and limits their broadcasting power, and for this reason the initiatives in this area have been rare.

[12] A synthetic analysis of radio in Ecuador can be found in Astudillo-Campos, Fernando (2007), "La Radio en Ecuador" (Radio in Ecuador), in Arturo Merayo, (Coordinator), *La radio en Iberoamérica* (Radio in Latin America), Comunicación Social, Seville, pp. 191-201.

[13] "Accionistas de la banca vinculados a los medios" (Banks' shareholders linked to the media), in *Expreso*, Guayaquil, 22 October, 2010.

[14] Full text available at: www.ciespal.net/mediaciones/images/informecomision.pdf. Retrieved on 27 September, 2011.

[15] Aforementioned report, pp. 212-214.

[16] Correa shows a persistent concern for the "phatic powers". See *Correa, Rafael* (2009), *Ecuador: de Banana Republic a la no República* (Ecuador: from Bannana Republic to the no Republic) Debate, Bogotá. An economic analysis of the country in the first decade of the 21st century.

[17] A report on the economic situation of the state media can be found in "El gobierno pasa de uno a quince medios en menos de dos años" (Ecuadorian Government moves from one to fifteen media in less than two years), in *El Universo*, Guayaquil, 14 June, 2009. These media have not been re-privatized and an autonomous public company to manage them has not been created yet.

[18] See Punín-Larrea, María Isabel (2011), "Rafael Correa y la prensa ecuatoriana. Una relación de intrigas y odios" (Rafael Correa and the Ecuadorian press. A relationship of intrigue and hatred), in *Razón y Palabra*, Mexico, no. 75, pp 13. PDF consulted on 27 September, 2011.

[19]. On the distrust on the media see also Abad, Gustavo (2006), *El periodismo olvidado. Las instituciones mediáticas ante la rebelión de las audiencias* (Forgotten journalism. Media Institutions and audiences' rebellion), UASB, Quito, pp. 27. Available at http://www.flacsoandes.org/comunicacion/aaa/imagenes/publicaciones/pub_151.pdf. Consulted on 22 September, 2011.

HOW TO CITE THIS ARTICLE IN BIBLIOGRAHIES / REFERENCES:

Checa-Godoy A. (2012): "The banking sector and media ownership: the case of Ecuador", at *Revista Latina de Comunicación Social*, 67, pages 125 to 147. La Laguna (Tenerife, Canary Islands): La Laguna University, retrieved on ___th of ___ of 2_____, from http://www.revistalatinacs.org/067/950_Sevilla/06_ChecaEN.html
DOI: [10.4185/RLCS-067-950-125-147-EN/ CrossRef link](https://doi.org/10.4185/RLCS-067-950-125-147-EN)

Article received on 10 January 2012. Submitted to pre-review on 12 January. Sent to reviewers on 14 January. Accepted on 1 February 2012. Galley proofs made available to the author on 3 February 2012. Approved by author on 5 February 2012. Published on 7 February 2012.

Note: the [DOI](#) number is **part** of the bibliographic references and it must be cited if you cited this article.
