

GAMBLING COMMISSION

Regulation of Online
gambling:

The new challenges

Introduction to topic



- Worldwide developments
- Who to licence
(B2C, B2B, software, staff)
- Compliance
- Combating illegal supply
- Specific issues

Worldwide overview



- More jurisdictions seeking to regulate remote gambling to:
 - protect their citizens (keep crime out, ensure fair, protect vulnerable)
 - protect domestic gambling industry
 - Raise tax revenue
- Mainly point of consumption
 - Monopoly of regulation
 - Monopoly of tax but usually
 - No longer monopoly supply
- Different requirements for operators in each jurisdiction

Online gambling in Great Britain (1)



- Initially based on location of ‘key’ equipment (point of supply)
- Overseas operators based in certain locations allowed to market to those in GB
- By 2010 only regulated c15% of the British market – remainder regulated overseas, also free of UK tax
- Government proposed change to point of consumption

Online gambling in Great Britain (2)



- Law changed on 1 November 2014 – now regulate based on location of customer
- Regulate 100% of market - consistent approach for operators and consumers
 - British online gambling market approx £2.4bn
 - 150 gambling software suppliers
 - Over 300 online operators (excl lotteries and telephone betting)

Who to licence?



- Licensing of key parties in gambling arrangements:
 - B2C operators
 - B2B operators
 - Gambling software companies
 - Personal licences for key staff

Compliance



- Attraction of legal offer
 - Range of products, channels,
 - Competitive tax rate
 - Ability to advertise/market legally
- Value of licence
 - To operator in that and other countries
 - To personal licence holder
- Assurance and verification
 - Access to data and people
 - Regulator or third party?

Combating illegal supply



- Controls on advertising
 - Building relationships with advertisers – Google, Facebook etc
- Building relationships with payment providers
- Leverage via B2B and software licences
- Involve tax authorities
- Prosecute/arrest warrants

Protection of Consumers



- Underage gambling
 - UK has good sources of publicly available information to prevent access
- Availability of gambling management tools such as:
 - Financial /time limits
 - Self-exclusion – Britain considering national self-exclusion scheme for online gambling
 - ‘time outs’
 - Reality checks
 - Player tracking / data analytics

Fair and open



- Technical standards and game testing
 - Need for collaboration /not reinventing wheel
 - Burdens on industry of testing same game multiple times to meet requirements of different jurisdictions
 - Who is responsible for compliance and assurance?
 - Operator /third party /regulator

Specific issues



- Match fixing / betting integrity
 - Betting is increasingly 'in-play'
 - Huge far eastern unregulated market
- Peer to peer
 - Networks to pool liquidity for poker, bingo and pool betting
- Pace of technological and social change
 - Increasingly mobile based
 - Impact of social media
 - Rise of 'social gaming'
- How do regulators keep up?