

An Optimum Betting Market:

A Regulatory, Fiscal & Integrity Assessment

Produced by:



In partnership with:



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Foreword

The contents of this report are the result of a collaboration between H2 Gambling Capital and the International Betting Integrity Association (IBIA) to examine a range of different regulatory models for betting globally and to evaluate the relative strengths and weakness of those markets. Twenty jurisdictions were chosen representing regulatory frameworks for betting across six continents and covering differing licensing models. Consideration was also given to the necessity for, and effectiveness of, betting product restrictions, along with the cost of match-fixing to the regulated betting sector globally.

The result is a first of its kind study that can quite rightly be justified as unprecedented. The betting product and integrity evaluation is based on the most extensive and detailed collection of market information that has ever been assembled. That process considered betting product and market data from many of the world's leading regulated sports betting operators representing nearly 50% of all commercial online betting globally and covering \$137 billion in turnover. Suspicious betting data unique to those operators, which feeds into the largest customer account-based integrity system in the world managed by IBIA, has also been assessed.

The resulting contents of this report provide a never seen before insight into global consumer demand, integrity risks and regulatory practices. Whilst the evaluation of the various regulatory models in operation globally has determined the core facets that are most likely to generate a successful well-regulated market for betting, which is underpinned by a jurisdictional market assessment matrix.

It is clear that consumer appetite for betting products and services will continue to grow with the ongoing globalisation of sport and the advent of new competitions; interest in localised sport will also evolve. That is forecast to result in the regulated online and land-based betting market growing from \$74bn in gross win (from \$490bn of turnover) in 2019 to \$106bn (from \$770bn of turnover) by 2025.

Whilst the size and growth of the unregulated betting market cannot be accurately assessed, its adverse impact is clear, and it will continue to present a danger to consumers and the integrity of sporting events. This report is, in part, an attempt to set out the most effective means of channelling consumers to regulated operators and to counteracting the challenge presented by the unregulated sector.

A particular thank you must go to those many regulated betting operator members of IBIA that provided sensitive commercial information for this study, and which has allowed an in-depth consideration of regulatory and integrity issues, resulting in evidence-based conclusions. A study of this nature would not have been possible without the active participation and commitment of those regulated operators.

The support of the project's partner gambling trade associations, namely the Betting and Gaming Council (BGC), Netherlands Online Gambling Association (NOGA), Swedish Trade Association for Online Gambling (BOS), Spanish Online Gambling Trade Association (Jdigital) and the European Gaming and Betting Association (EGBA), has also been of great assistance in the delivery of this report.



Khalid Ali
CEO of IBIA



David Henwood
Director of H2

Introduction

H2 Gambling Capital was commissioned by the International Betting Integrity Association (IBIA) and its partners the Betting and Gaming Council (BGC), Netherlands Online Gambling Association (NOGA), Swedish Trade Association for Online Gambling (BOS), Spanish Online Gambling Trade Association (Jdigital) and the European Gaming and Betting Association (EGBA) to:

- a) Evaluate the strengths and weaknesses of various regulatory and fiscal frameworks for land-based and online racing and sports betting currently in operation globally.
- b) Assess the necessity for, and effectiveness of, betting product restrictions, and the cost of match-fixing to the regulated betting sector.
- c) Identify an 'optimum betting market' solution that encompasses best practice models in areas such as regulation, taxation and consumer channelisation.

The assessment was conducted during the latter part of 2020 and early 2021 and included a wide range of data sources, notably H2's global gambling market data and global betting market and integrity data from IBIA and its members. The resulting evaluation and recommendations have been set out in this report and provides an assessment of the core criteria necessary for an optimum betting market from a regulatory and fiscal perspective.

All betting market and consumer channelling data is from H2, unless otherwise stated, and was correct at the time of writing. H2 uses gross win (stakes minus prizes) and US\$ dollars in this report unless otherwise stated. Where dollars and euros are both displayed, an exchange rate of 0.84 euros to dollars has been used. While H2 is of the opinion that the conclusions and underlying assumptions of the analysis herein are reasonable as at the time of writing, no liability for the accuracy or completeness of the data and information provided is given. The report was published in June 2021.

H2 Gambling Capital

H2 - a global analyst company based in the UK - is widely recognised as the leading independent authority regarding market data and intelligence on the gambling industry. The intelligence generated by H2's industry forecasting model has become the most quoted source regarding the sector in published company reports, transaction documentation and sell-side analysts' notes, as well as in the trade/business media. Its databank covers over 230 world markets, circa 2m data points and 5-year forecasts currently to 2026e.

 www.h2gc.com

International Betting Integrity Association

The International Betting Integrity Association (IBIA), formerly known as ESSA, is the leading global voice on integrity for the regulated betting industry. Its monitoring and alert platform is a highly effective anti-corruption tool that detects and reports suspicious activity on its members' betting markets. The association has longstanding information sharing partnerships with leading sports and gambling regulators to utilise its data and prosecute corruption. It represents the sector at high-level transnational policy discussion forums.

 www.ibia.bet

Betting and Gaming Council

The Betting and Gaming Council (BGC) is the standards body that represents the regulated betting and gaming industry, including land-based casinos, bookmakers and online operators. BGC membership consists of nearly 100 companies, including most of the world's largest licensed online gambling operators and software providers. They provide regulated online gambling services to tens of millions of customers.

 www.bettingandgamingcouncil.com

Netherlands Online Gambling Association

The Netherlands Online Gambling Association NOGA is the industry association and advocate for online gambling companies who are committed to a safe, responsible and attractive online offer in the Netherlands. NOGA promotes constructive dialogue and works in close cooperation and consultation with the Dutch government and other actors to achieve an appropriate legislative framework that provides for an open licensing system in which the consumer is protected and the integrity in the market ensured.

 www.no-ga.nl

Swedish Trade Association for Online Gambling

The Swedish Trade Association for Online Gambling, Branschföreningen för Onlinespel (BOS), represents more than 20 B2C gambling companies and B2B game developers that operate on the Swedish market. All gambling companies that are BOS members must hold a Swedish licence. BOS works for a sound and safe gambling market characterized by strong consumer protection where all gambling companies have equal rights and responsibilities.

 www.bos.nu

Spanish Online Gambling Trade Association

Jdigital is a non-profit association whose main objective is to promote safe and responsible online gambling activity. Jdigital works to achieve a balanced and competitive regulation, which provides an open and safe online market. The association seeks to protect the interests of consumers and gambling operators, ensuring operators comply with their obligations. Jdigital currently represents more than 80% of licenced online gambling operators in Spain, together with payment platforms and other related industries.

 www.jdigital.es

European Gaming and Betting Association

The European Gaming and Betting Association (EGBA) is the Brussels-based trade association representing the leading online gaming and betting operators established, licensed and regulated within the EU. EGBA works together with national and EU regulatory authorities and other stakeholders towards a well-regulated and well-channelled online gambling market which provides a high level of consumer protection and takes into account the realities of the internet and online consumer demand.

 www.egba.eu

Optimum market assessment:

Selected jurisdictions

Key: The segments represent the five assessment criteria (regulation, taxation, product, integrity, advertising) and scoring.

 **+80pts**
(attractive market)

 **+70pts**
(moderate to challenging)

 **less than 70pts**
(very challenging and/or undeveloped)



Great Britain



Robust regulation, moderate operator costs and taxation. Represents one of the earliest pieces of online gambling legislation and remains one of the best examples of regulation globally. Forecast to retain high operator numbers and channelling rate.



Malta



Primarily an international operating hub. Wide betting product range permitted, and integrity measures recently strengthened. Attractive tax, including potential for significant reduction in corporation tax. Will continue to attract operators.



Denmark



A robust but balanced regulatory framework has established one of the more successful markets in Europe. However, the move away from moderate GGR tax is a negative and, as the government has conceded, is likely to see onshore channelisation fall.



Nevada



Long-established and successful regulation. Initial licensing cost is potentially sizeable but mitigated by an extremely attractive GGR tax and wide product offering. Requirement to show ID at land-based premises before beginning online betting is outdated.



Sweden



Positive market on recent initial opening with a good regulatory and fiscal balance attracting a significant number of operators. However, a lack of clear operational guidance resulting in fines being imposed and new product restrictions are negatives.



New Jersey



Instrumental in repealing PASPA and progressive stance on regulation. Good GGR tax base and strong on integrity. Rejection of the sports data mandate and integrity fee. Linking online licences to land-based premises may restrict market potential.



Spain

79pts

A relatively positive regulatory and fiscal framework attracting a sizeable number of operators with a growing onshore channelisation. This may however be undermined by overly stringent advertising restrictions leading to reduced market oversight and taxable revenues.



Italy

77pts

Well-established market which, through a balanced framework offering wide consumer choice, has steadily reduced the number of consumers betting offshore. Overly stringent advertising restrictions may reverse that positive onshore channelling trend.



Netherlands

77pts

Unlimited online licences and strong regulatory focus on player protection likely to attract a sizeable number of operators. However, continuing land-based monopoly added to a high online GGR tax and product restrictions likely to impact channelling.



Germany

76pts

Long-awaited regulation of one of the largest markets in Europe immediately attracting licensees. However, the turnover-based tax and in-play betting restrictions may cause consumer channelling issues hindering regulatory oversight and fiscal returns.



Colombia

76pts

An emerging online market with a moderate GGR tax and wide product offering means that Colombia is likely to attract more international operator interest. Would benefit from continuing to strengthen its framework, notably on betting integrity.



France

72pts

Robust regulatory framework and strong on betting integrity. But high tax burden, restriction on betting product offering and additional product limitation of a land-based monopoly. Unattractive market with a low number of licensed online operators.



Poland

72pts

Unlimited licensing for land-based and online betting and no restrictions on the types of bets offered. However, burdensome high turnover tax and sports betting right have contributed to relatively low licence numbers and impacted consumer channelling.



Kenya

71pts

Ability to offer a wide betting catalogue and attractive GGR tax are hampered by other tax burdens, expensive licensing, lack of responsible gambling and integrity measures. Market stability issues also present challenges for international operator investment.



Mexico

70pts

Unlimited licences, wide betting product offering and ability to advertise betting services is attractive. However, this is set against a dated law primarily focused on land-based gambling with a relatively high tax burden and lack of market integrity measures.



Australia

69pts

Fragmented framework between states and federal government with a restriction on online in-play betting. Reasonable GGR tax, but sports fees significantly increase the fiscal burden resulting in low operator numbers and high offshore channelling.



Portugal

68pts

The high turnover tax burden makes Portugal an unattractive market with a low number of licensed online operators and a land-based monopoly. Unlikely to attract many new operators and sizeable player channelisation offshore expected to continue.



Argentina

61pts

Retail betting available and some emerging provincial online licensing. A fragmented market, limited online licence availability and a lack of integrity measures are a challenge, but local and international operators are showing interest in the market's potential.



Canada

47pts

Repeal of the federal single sports bet prohibition and Ontario signalling that online licences will be available for private operators is positive. However, integrity challenges and provincial monopolies remain, with offshore challenging likely to continue.



India

9pts

Whilst betting is widespread across India it is mainly prohibited and therefore unlicensed and unregulated. Player protection and market oversight is therefore absent, as are fiscal returns. The unregulated market and related criminality will continue to flourish.

Executive summary

The global regulated betting market generated around \$74bn in gross win (from \$490bn of turnover) in 2019 and is forecast to reach \$106bn (from \$770bn of turnover) by 2025. This report examines the strengths and weaknesses of various regulatory and fiscal frameworks for land-based and online betting currently in operation around the world. It also provides an assessment of the availability of betting products and related match-fixing, including the cost of the latter to the regulated sector. This independent appraisal was commissioned to identify an 'optimum betting market' solution that encompasses best practice models globally.

Regulatory market assessment

Five key criteria - regulation, taxation, product, integrity, and advertising - have been identified as the cornerstones of a successful regulatory market structure for land-based and online (interactive/remote) betting. Each has been allotted a measurable score and employed as a benchmark to assess the prevailing framework in a select number of jurisdictions globally. This study's assessment of the various regulatory models in operation globally has determined the following factors that are most likely to generate a successful well-regulated betting market.

The ten pillars of an optimum betting market

1 Betting available through land-based and online channels

2 Unlimited or market maximising licence numbers

3 Licensing fees to reflect regulatory costs

4 Robust but practical player protection measures

5 Betting taxation in 15-20% GGR range

6 No overly burdensome additional taxation

7 Wide product offering - multiple channels: fixed odds, pool

8 Wide product offering - permitted bets: no significant restrictions

9 Betting integrity protocols

10 Balanced advertising and sponsorship parameters

The availability of betting and the cost of match-fixing

This study utilises an extensive collection of global regulated betting operator market and alert data from operators representing \$137bn (€115bn) of global betting turnover per annum. The detailed split between sports, and by different betting markets, is a level of detail that has never been obtained before. The evaluation of that data has resulted in the following key findings:



Of **650,000** sports events offered by the operators in this study, **99.96%** had no integrity issues. This translates into **1** betting alert for every **2,700** sporting events.



Up to **99%** of turnover is wagered on markets that are also available pre-match, negating any supposed integrity benefit from prohibiting in-play betting on regulated markets.



In football, **9 out of 10 (91%)** of all alerts took place on primary betting markets. With only one suspicious alert on secondary markets for every for every **\$2.2bn** of turnover.



Over **50%** of betting alerts in tennis were on match or sets, with only **5%** of alerts on points only betting.



92% of basketball and **84%** of football alerts were generated by customers in a different country to the potentially corrupted match, thereby circumventing any betting restrictions.



The top seven football competitions account for less than **25%** of total regulated betting turnover globally, with **\$110bn** wagered on matches outside of these main leagues.



1 in 5 of all suspicious betting alerts in football involve reports from IBIA members' retail outlets, evidence that this is not an issue that can be considered exclusive to online.



The global regulated betting industry loses around **\$25m** per annum from match-fixing.

Much of the commentary opposing certain betting products and supporting restrictions on regulated markets do not appear to be grounded in robust data or are proportionate to the level of risk and consumer demand. Such restrictions tend to be counterproductive to the integrity of the market and the sporting events these measures have been introduced to protect.

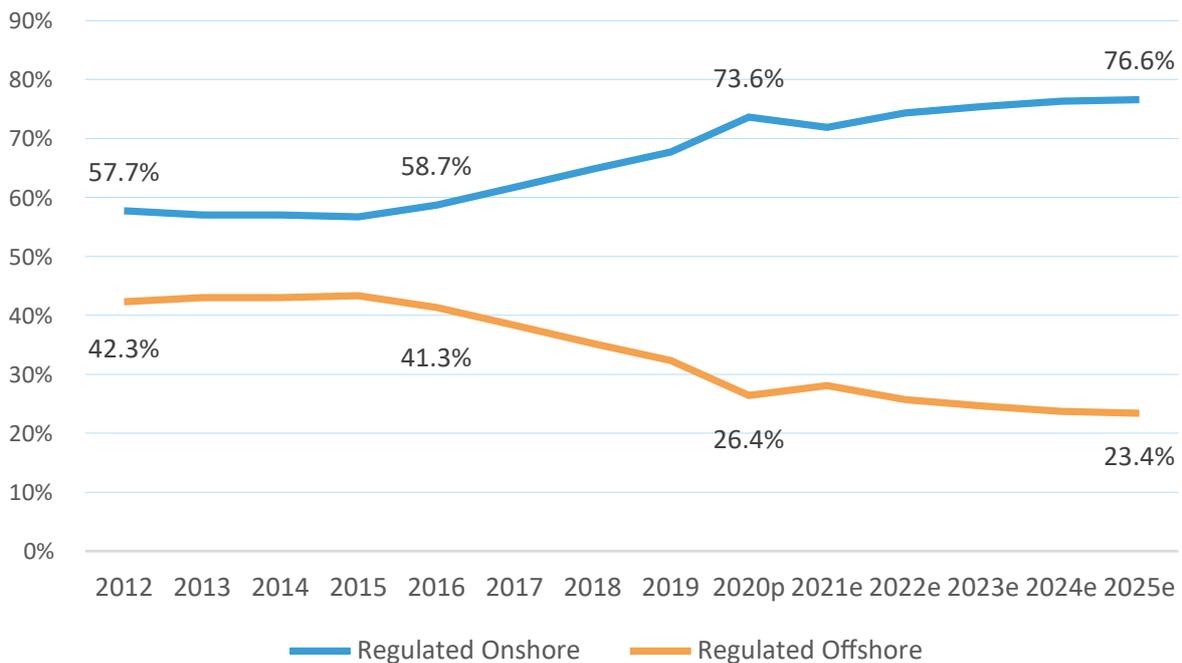
Chapter 1:

The global betting market

Sports Betting Market Overview – Growth & Trends

The following H2 market forecasts are based solely on the ‘white’ onshore and ‘grey’ offshore regulated betting markets and do not include the unregulated ‘black’ market.

Figure 1: Regulated Onshore v Regulated Offshore Online Betting % 2012-25e

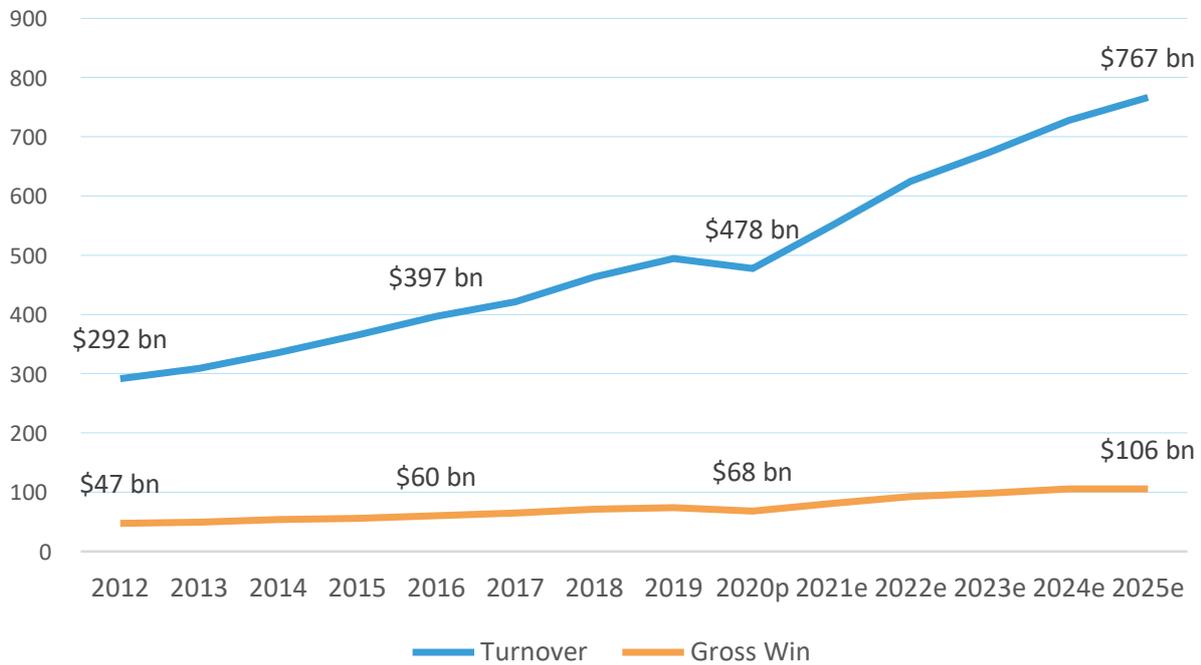


Note: p = provisional, e = estimate.

During 2012 to 2020, the percentage of global regulated onshore betting grew from 58% to 74%, indicating a significant shift over the last decade to white market licensed activity as more jurisdictions license and regulate online betting. This is expected to reach 77% by 2025e.

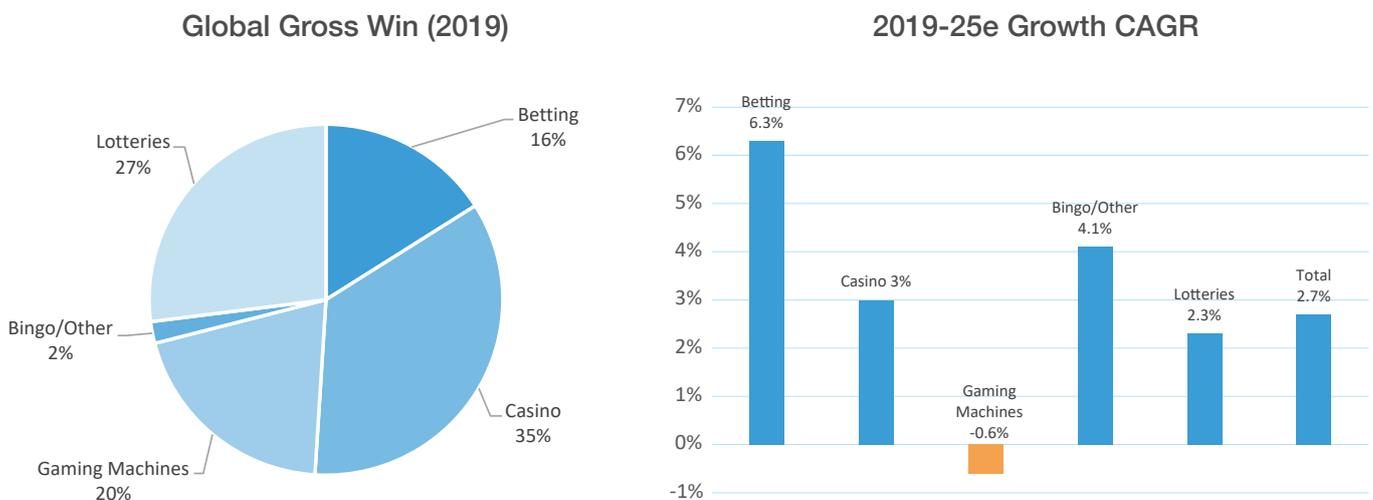
The subsequent analysis considers all regulated betting activity combined and does not distinguish between licensed onshore (white) and licensed offshore (grey) markets.

Figure 2: Global Betting Turnover and Gross Win 2012-25e (US\$bn)



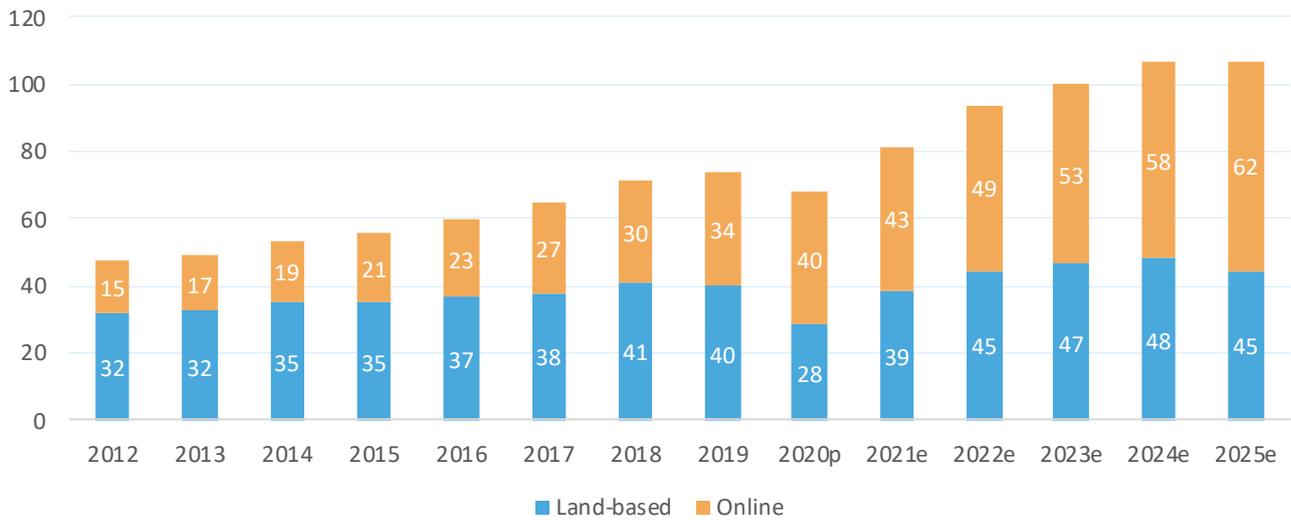
Betting is a high turnover, low margin business. The global regulated market generated \$74.1bn of gross win in 2019 (from c.\$490bn in turnover), which is forecast to increase to \$105.7bn by 2025e (from c.\$770bn in turnover). This represented 16% of all gambling gross win in 2019. However, betting is the fastest growing gambling segment and is forecast to grow at over double the rate of the overall gambling industry over the next five years.

Figure 3: Global Betting vs Other Gambling Products



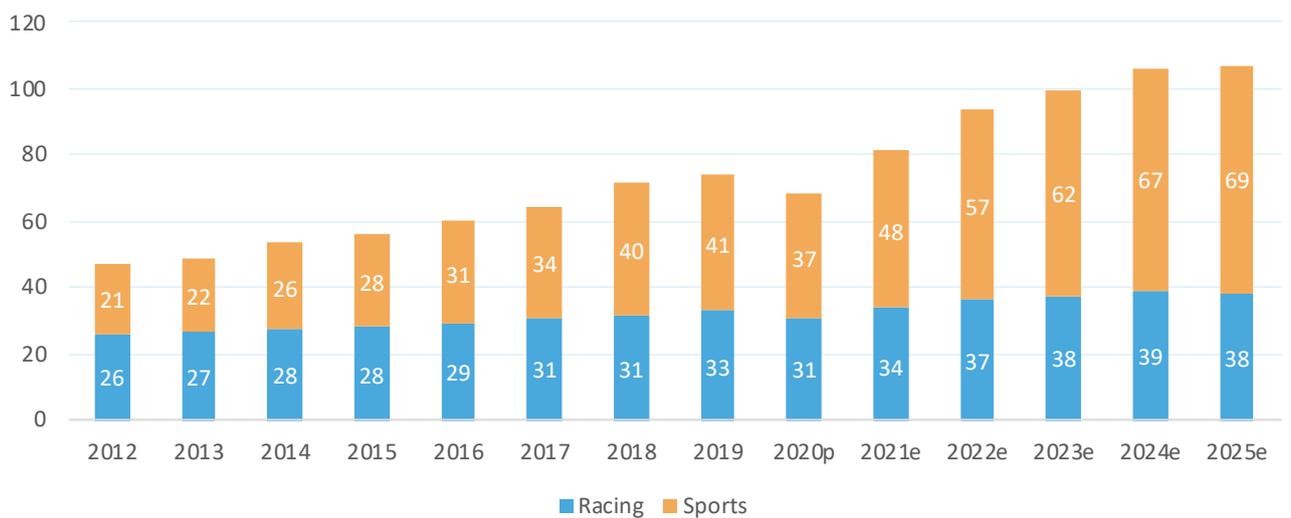
Within a 6.3% overall betting compound annual growth rate (CAGR) during 2019-25e, online betting (+10.8% CAGR) is forecast to grow faster than retail betting (+1.7% CAGR), and for sports betting (+8.9% CAGR) to grow substantially faster than horse/dog race betting (+2.6% CAGR).

Figure 4: Global Betting Gross Win – Land-based vs Online 2012-25e (US\$bn)



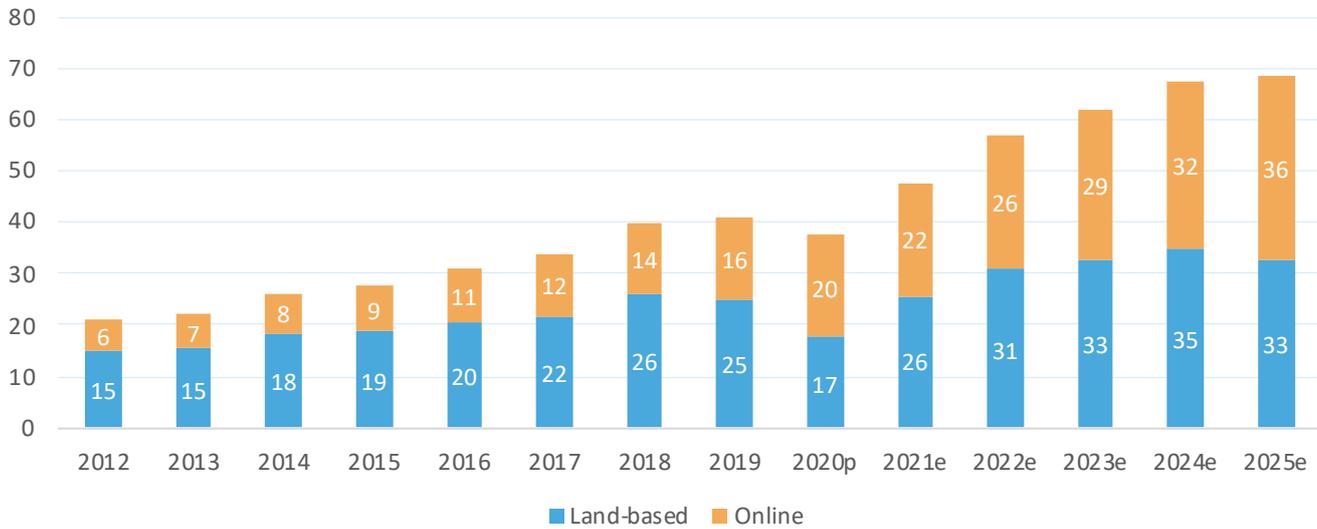
Online betting has been growing substantially faster than land-based betting for a number of years, and in 2019 accounted for 45% of all betting gross win. In 2020, H2 calculates that online betting will account for more gross win than land-based for the first time. Although this was primarily due to the enforced closure of retail betting shops during the pandemic, online is forecast to remain the dominant channel going forwards.

Figure 5: Global Betting Gross Win – Sports vs Race Betting 2012-25e (US\$bn)



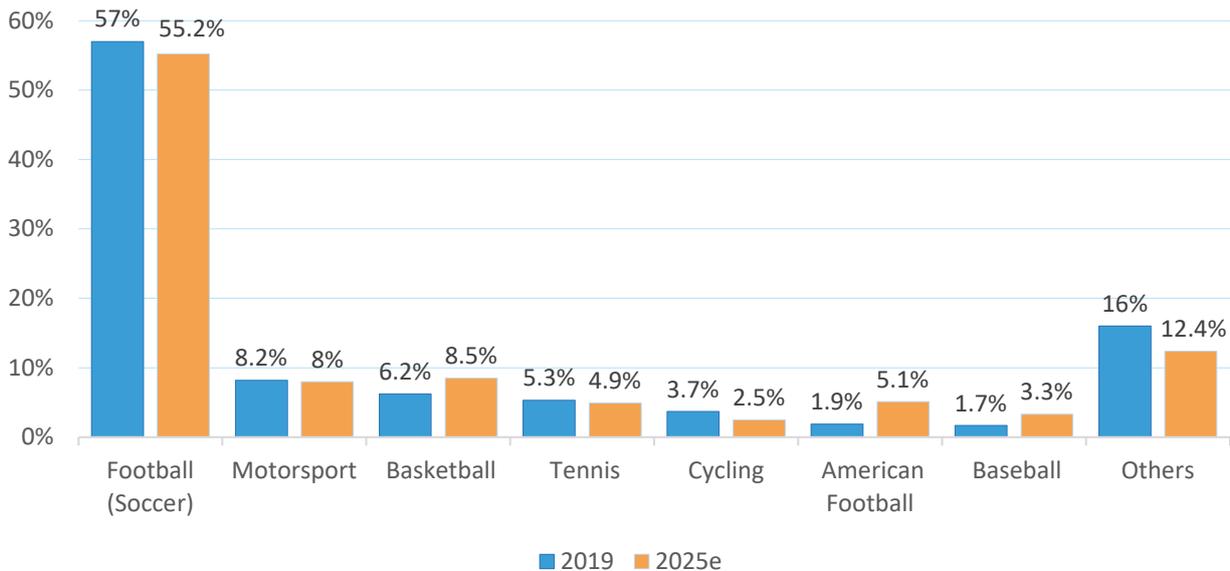
Racing (horses/dogs) has traditionally been the main betting product, but sports betting has been growing substantially faster than race betting for a number of years. In 2019, sports accounted for 56% of all betting activity and continued market share gains are forecast.

Figure 6: Sports Betting Gross Win – Land-based vs Online 2012-25e (US\$bn)



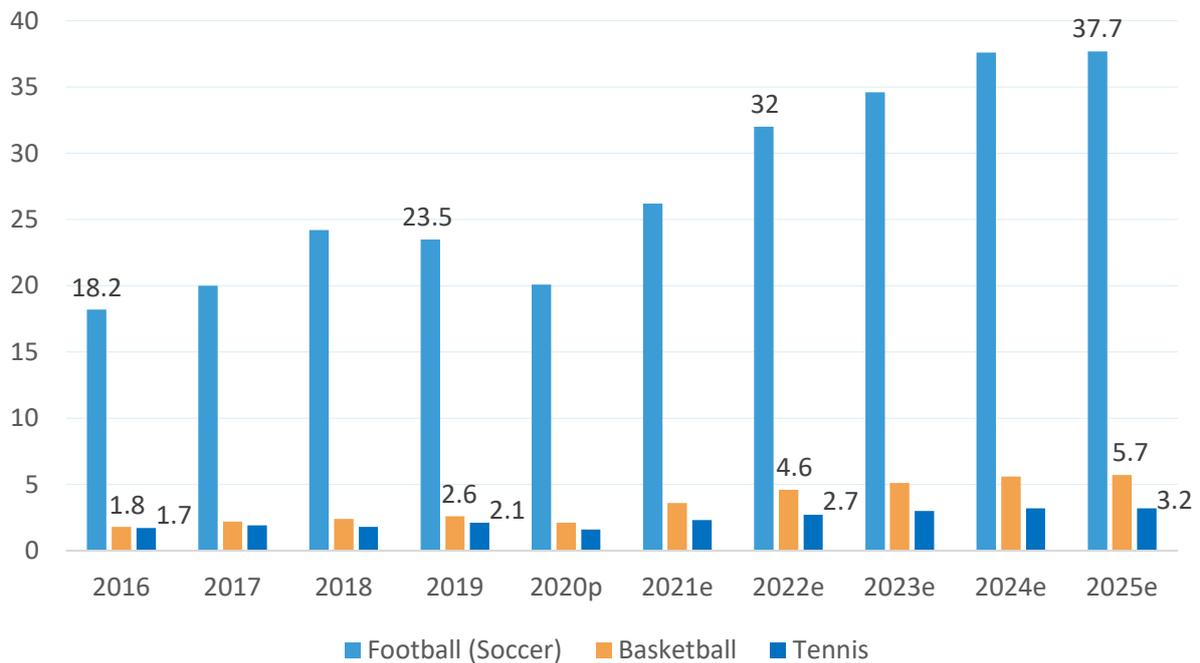
Racing (horses/dogs) has traditionally been the main betting product, but sports betting has been growing substantially faster than race betting for a number of years. In 2019, sports accounted for 56% of all betting activity and continued market share gains are forecast.

Figure 7: Split of Global Sports Betting Gross Win % by Sport 2019 & 2025e



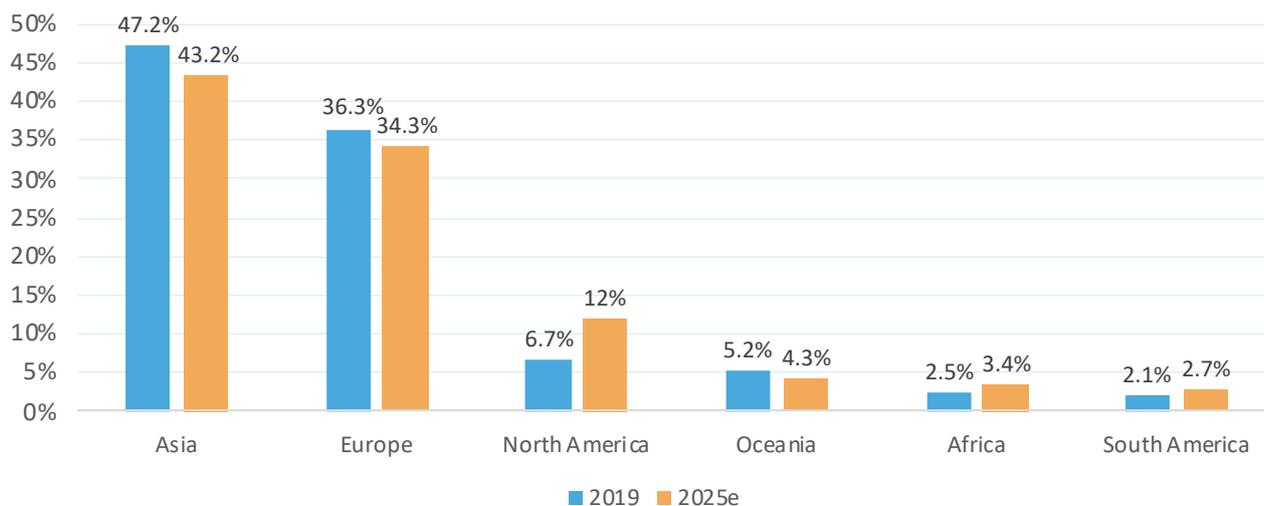
Within sports betting, football (soccer) is by far the largest sport for betting, followed by motorsport, basketball, tennis and cycling. However, motorsport and cycling are significantly skewed by the huge onshore betting market in Japan, where betting on Kyotei (motorboat) and Keirin (cycling) account for 93% and 98% of the global market for these sports. Therefore, in terms of truly global betting, football, basketball and tennis are the largest products, and these form the focus of this report’s analysis of global market activity and integrity alert data.

Figure 8: Global Gross Win for Football, Basketball and Tennis 2016-25e (US\$bn)



Betting on football is expected to grow from \$23.5bn in 2019 to \$37.7bn in 2025e, representing 60% growth over those years. Tennis betting will also see similar growth (over 50%) from 2019 to 2025e, reaching \$3.2bn (from \$2.1bn). Basketball betting through regulated operators is, however, expected to more than double from \$2.6bn in 2019 to \$5.7bn in 2025e.

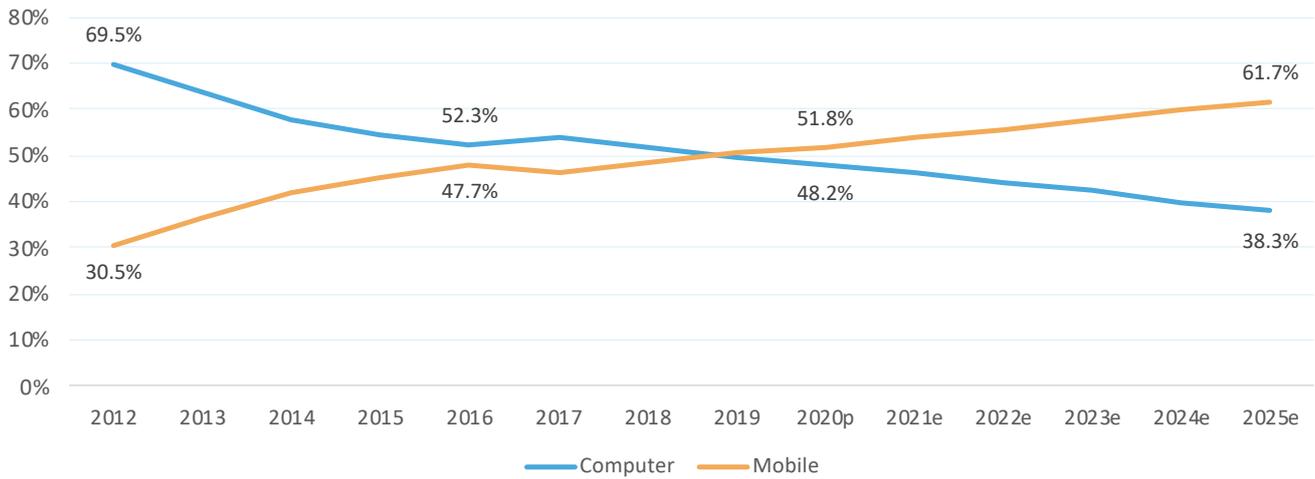
Figure 9: Total Betting Gross Win % by Continent 2019-25e



In terms of all betting activity by region, Asia had the largest in 2019 with almost 50% of all betting gross win. This is predominantly driven by the large onshore betting monopolies in China, Japan and Hong Kong. The global market share for Asia and Europe (36% in 2019) is expected to fall, with North America nearly doubling from 6.7% in 2019 to 12% in 2025e. Africa and South America are also expected to increase their share of the market by 2025e.

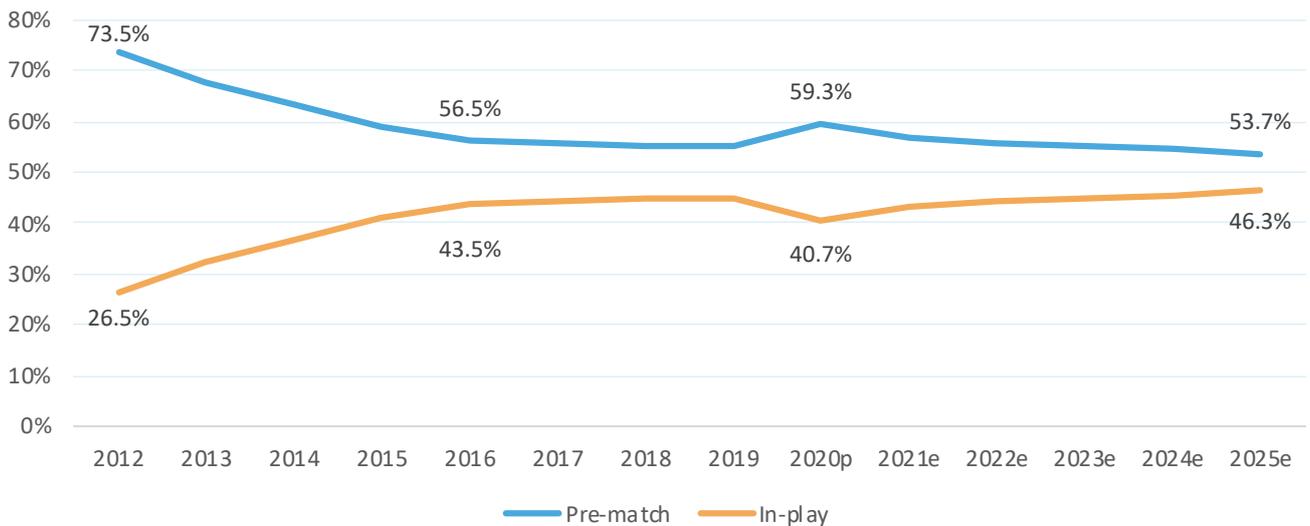
For online sports betting, Europe had the largest share in 2019 with over 50%, followed by Asia with around 30%. Both are forecast to lose market share, falling to 45% and 27% respectively in 2025e. North America is expected more than double from around 8% in 2019 to 19% in 2025e. South America is also expected to double to 1.8%, with Africa rising to 3.4%.

Figure 10: Mobile vs Computer Proportion of Online Betting Gross Win % 2012-25e



In-play betting and mobile are both key drivers of online sports betting gross win and are expected to continue to be the main growth drivers over the next few years, with mobile doubling over the 2012-25e term reaching 61.7% of all online betting by 2025e (up from 30.5% in 2012).

Figure 11: Global Pre-Match vs In-Play Online Sports Betting Gross Win % 2012-25e



For sports betting (excluding racing), in-play will account for an increasing share of the regulated market globally and is estimated to reach 46.3% of the market by 2025e (up from 26.5% in 2012), driven by increasing consumer demand for that product.

Chapter 2:

Regulatory market assessment

Methodology

Five key criteria have been identified as the cornerstones of a successful regulatory market structure for land-based and online betting. Each has been allotted a measurable score based on the importance and impact of that criteria. Those criteria have then been considered and assessed in line with the prevailing framework in a select number of jurisdictions globally.

A total of 100 points has been allocated across the five key assessment criteria as follows:

- 1) Regulation and Licensing (30pts):** strength of overall regulatory framework for betting, availability of licensing for land-based and online racing and sports betting, licensing and compliance costs, player protection and enforcement measures.
- 2) Taxation (20pts):** prevailing model in operation (GGR v turnover) and assessment, additional taxes such as sports levies along with wider corporation taxes considered.
- 3) Product (20pts):** ability for operators to offer consumers a wide range of products (fixed odds, pool, exchange and spread betting) and bet types (in-play, virtual).
- 4) Integrity (15pts):** mandatory reporting of suspicious betting, requirement to be part of a monitoring body, national and international information exchange and cooperation.
- 5) Advertising (15pts):** applicable guidelines and capacity to advertise licensed betting services across all media, promote player bonuses, sponsor sport and sporting events.

A range of country, state, province and territory betting market assessments have been made. This includes a wide variety of regulatory approaches for land-based and online betting, as well as a mix of market size, maturity, and geographical location. The aim has been to assess a wide cross-section of global approaches to betting regulation and the strength of those.

Betting market framework regulation is not static, and the comments and scores should be viewed as applicable to the timeline when the assessment took place. This has included consideration of several markets which are in the process of implementing new legislation and regulations for betting, but where there is enough detailed data to make an initial assessment.

In those cases, a provisional assessment and score has been allocated - this includes Argentina, Canada, Germany, Kenya and the Netherlands - and is open to reassessment as the regulatory position changes at country, state, province and territory levels; the scores allocated are reflective of consumer access to regulated betting markets at those various levels.

The prevailing market structure has been shown to be an important determiner in the consumer channelling rate to operators licensed in that market. That, in turn, affects the market and consumer oversight afforded to the regulatory authority as well as the fiscal returns that are achievable, most notably the taxation placed on regulated betting.

The Coronavirus pandemic and its impact on betting services has meant that 2020 consumer channelling data may not be a true indicator of market regulation. The online betting onshore consumer channelling rate for 2019 has therefore instead been added to each jurisdiction as an additional guide to the success of the betting framework model in operation.

Jurisdiction market assessment synopsis

Rank	Country	Regulation	Taxation	Product	Integrity	Advertising	Total
1st	Great Britain	27pts	17pts	20pts	14pts	13pts	91pts
2nd	Malta	25pts	19pts	20pts	12pts	12pts	88pts
3rd	Denmark	27pts	13pts	19pts	14pts	13pts	86pts
4th	Nevada (USA)	25pts	19pts	18pts	12pts	11pts	85pts
5th	Sweden	25pts	16pts	17pts	13pts	12pts	83pts
6th	New Jersey (USA)	25pts	17pts	16pts	13pts	11pts	82pts
7th	Spain	26pts	16pts	19pts	13pts	5pts	79pts
8th	Italy	27pts	14pts	17pts	14pts	5pts	77pts
8th	Netherlands (p)	22pts	13pts	15pts	14pts	13pts	77pts
10th	Germany (p)	25pts	11pts	14pts	13pts	13pts	76pts
10th	Colombia	24pts	16pts	18pts	7pts	11pts	76pts
12th	France	22pts	8pts	15pts	14pts	13pts	72pts
12th	Poland	24pts	5pts	18pts	13pts	12pts	72pts
14th	Kenya (p)	20pts	15pts	18pts	7pts	11pts	71pts
15th	Mexico	22pts	12pts	18pts	7pts	11pts	70pts
16th	Australia	22pts	10pts	12pts	13pts	12pts	69pts
17th	Portugal	22pts	7pts	14pts	13pts	12pts	68pts
18th	Argentina (p)	18pts	12pts	14pts	7pts	10pts	61pts
19th	Canada (p)	18pts	5pts	12pts	5pts	7pts	47pts
20th	India	3pts	2pts	2pts	1pt	1pt	9pts

Jurisdictional market forecast synopsis

Rank	Country	Total	Channelling		Market Outlook
1st	Great Britain	91pts	99%	↔	Maintain high channelling and number of operators
2nd	Malta *	88pts	n/a	↔	Maintain high number of operators
3rd	Denmark	86pts	89%	↓	Onshore channelling to fall
4th	Nevada (USA)	85pts	89%	↑	Increase in onshore channelling
5th	Sweden	83pts	91%	↓	Onshore channelling to fall
6th	New Jersey (USA)	82pts	82%	↑	Increase in onshore channelling
7th	Spain	79pts	76%	↑	Increase in onshore channelling
8th	Italy	77pts	94%	↓	Onshore channelling to fall
8th	Netherlands (p)	77pts	3%	↑	Increase in operator numbers and onshore channelling
10th	Germany (p)	76pts	92%	↑	Increase in operator numbers
10th	Colombia	76pts	79%	↑	Increase in operator numbers and onshore channelling
12th	France	72pts	92%	↔	Continue to have low operator numbers
12th	Poland	72pts	84%	↔	Continue to have low operator numbers
14th	Kenya (p)	71pts	93%	↔	Maintain high channelling and number of operators
15th	Mexico	70pts	90%	↑	Maintain high channelling and increase operator numbers
16th	Australia	69pts	76%	↔	Continue to have low number of operators and high offshore channelling
17th	Portugal	68pts	66%	↔	Continue to have low number of operators and high offshore channelling
18th	Argentina (p)	61pts	43%	↑	Operator numbers and onshore channelling to increase
19th	Canada (p)	47pts	31%	↑	Operator numbers and onshore channelling to increase
20th	India	9pts	0%	↔	Unregulated betting to continue

Note: (p) = provisional score. Channelling relates to interactive/online betting. * Malta is primarily an international operating hub and its onshore channelling (population 0.5m) is therefore not included/deemed relevant. Consumer onshore channelling (2019) - Very high +95%, High +90%, Medium High +85%, Medium Low +75%, Low -75%

Regulation and Licensing

The regulatory and licensing framework provides the core foundation of any policy on the availability of betting services, both land-based and online. There are a variety of approaches adopted globally, but the four main regulatory models in operation are as follows:

- Prohibition
- Monopoly/single licence
- Limited number of licences
- Unlimited number of licences

A single model may be applied universally across all betting services in a jurisdiction or it may see differing approaches applied to land-based and online businesses. In some countries, where there is state or territory control of gambling, the position can become more complex with variations across different regions in a country. The perceived success of the model employed is also open to different interpretations based on the focus of the policy in operation.

However, if the fundamental policy approach is to have control of access to, and oversight of, betting services, even if that is to prohibit such access, then the related availability of betting services and the compliance of consumers with that policy is a core indicator of success. This is also a predominant indicator across the other key market assessment criteria in this report. An assessment of the various regulatory and policy approaches adopted is therefore valuable.



The prohibition of betting is ineffective and allows related criminal activity the opportunity to flourish

Whilst the Constitution of India allows each state to regulate and tax gambling, betting is prohibited across most of the country, a policy which dates back to the federal Public Gaming Act 1867.¹ Most permitted betting has been conducted at horse racetracks and through off-track retail sports betting in the small state of Sikkim.² However, at the start of 2021, online horse race betting was permitted in the state of Maharashtra; a similar arrangement was repealed in Karnataka in December 2020 (having been granted in November), following opposition to the move which cited a lack of regulation and problem gambling concerns.³

The prohibition of betting in India is widely seen to have been ineffective and, in that situation, reports such the Supreme Court Committee on Reforms in Cricket in 2015, Law Commission of India's report in 2018 and recent judicial judgments have understandably recommended that betting should be regulated and taxed.⁴ However, the federal government has yet to take any action on the issue and social concerns have conversely led some states to specifically ban online gambling.⁵ Regulation and market oversight, notably consumer protection, therefore remains absent across much of India, although illegal betting is widespread (reportedly worth more than \$100bn per annum).⁶ This has allowed related criminal activity the opportunity to flourish and continues to occupy the time of law enforcement bodies.⁷

Many countries have historically regulated the supply of betting services through a monopoly operator, often state-owned and through land-based facilities. In some cases, the framework has provided different bodies with sole control of specific forms, such as betting on racing (on and off racetracks) and separately betting on other sports. Choice and competition were consequently restricted, as was related product attractiveness and innovation. With the advent of online betting, that predominantly land-based supply has been challenged by the ease of consumer access to offshore online betting services with a modern broader product catalogue. This has caused policymakers around the world to reconsider their regulatory approach.

Some jurisdictions have nevertheless sought to maintain the land-based and online monopoly supply of betting services, either nationally or at state level. Canada is an example, where its provinces and territories legislate and control land-based and online gambling through monopoly operators. Aligned with a regressive federal betting product restriction (set to be repealed), many Canadian citizens have sought to engage with offshore operators, with less than a third of gross gambling revenue (GGR) from betting staying onshore in 2019.

Ontario, Canada's largest province by size of population, is moving to address this issue and announced plans in 2019 to open the online gambling sector to private companies. This was reiterated in the budget plan in late 2020 and is expected to be advanced during 2021, potentially bringing more taxable revenues onshore as well as greater market oversight.⁸ The fundamental goal is to establish a framework that is "both competitive and protects consumers."⁹ The position of other Canadian provinces and possible alignment under single approach, as in Germany, to address regulatory inconsistencies, market inefficiencies and associated costs, is unclear. However, the ongoing regulatory activity in the United States (US) may prove an influencing factor.



Monopolies restrict choice and competition, and result in consumers using offshore operators

The hybrid regulatory model of multiple licences for online betting services, whilst retaining the incumbent land-based monopoly provision, has been adopted by a number of countries globally. France and Portugal take this approach, which is also prevalent across Australia, albeit the burdensome fiscal nature of all three jurisdictions has significantly limited the interest of private operators in entering those markets. The Netherlands online gambling regime, expected to be operational towards the latter part of 2021, will similarly retain a monopoly land-based model while offering unlimited online licences. Whilst more appealing, it still carries a sizeable fiscal burden which is likely to impact operator interest in the market.

Licensed private operators are already in existence in other jurisdictions offering land-based gambling, and those frameworks have naturally gravitated towards online licensing as well. The Argentinian province of Buenos Aires and the US state of New Jersey have both relatively recently introduced arrangements that limit the number of online betting licences and require offshore companies to establish agreements with incumbent licensed land-based operators. The Buenos Aires province approach is limited to seven partnership licences. Whilst New Jersey's model restricts the market to up to three websites (skins) for each land-based casino offering betting; those websites may then be offered to international companies that meet regulatory conditions. The US state of Nevada also links online betting to land-based licensees.



The regulatory and fiscal benefits from licensing land-based and online betting have been demonstrated in many jurisdictions

The latter has permitted land-based betting for some time as it was one of four US states that were exempt from the federal prohibition on the state licensing of betting established by the Professional and Amateur Sports Protection Act 1992 (PASPA).¹⁰ Like India, there was widespread betting offshore by US citizens as a result of this restriction, amounting to an estimated \$196bn per annum (or 97% of all sports bets).¹¹ The repeal of that Act in May 2018, which was led by New Jersey, is having an important impact across the US and to retaining consumers onshore. Many states are moving to permit betting via land-based points of sale, notably through existing casinos, and online. This is likely to influence the regulatory models in neighbouring jurisdictions, and indeed throughout the Americas and further afield, as the regulatory and fiscal benefits from licensing land-based and online betting becomes increasingly apparent.

From a regulatory perspective, the purest model in operation, which serves to maximise market oversight and consumer protection, whilst promoting competition and choice, is provided by unlimited licensing for both land-based and online betting channels. That is seen to best effect in Great Britain but is also evident in numerous other countries such as Sweden, Spain, Denmark, Kenya, Mexico and Colombia, amongst others. Italy also imposes a regulatory model that allows private operators to obtain licences for both land-based and online betting services, albeit it limits the number of licences that are available. However, the number of licences offered is so high (80+) that it is close to an unlimited licensing model.

These countries invariably benefit from significant operator interest. This modern competitive market approach within a regulatory structure is also invariably evident in other important aspects of the market, notably establishing attractive taxation and product availability. It is no coincidence that those jurisdictions that establish sufficient choice and competition in their markets also have high consumer channelling onshore, benefiting taxation, social protections, and market oversight. Great Britain, for example has a 99% onshore online consumer channelisation rate, whereas monopoly-led Canada has 31% and prohibitionist India has 0%.



High procedural and licensing costs make markets unattractive for betting operators

However, licensing availability alone is not sufficient to ensure an attractive market: the related costs and licensing duration are also important market considerations. High procedural and licensing costs are a particular impediment to operators applying for licences. Especially where that mechanism is essentially employed as another means of taxation rather than supporting proper regulatory practices and market oversight. Annual regulatory compliance fees must also be factored in and are generally applied through flat rates or are based on operator GGR or turnover. As with taxation in general, any regulatory turnover-based fee mechanism, as employed in Mexico and Germany, is challenging. Mexico's approach is particularly perplexing given that it employs a GGR betting tax. Flat rate fees are the norm. Longer-term licensing durations are also more attractive, providing stability for investment.

Modern legislative frameworks are also desirable. Outdated legislative models are readily evident in countries such as India, where the prohibitionist approach of many states is based on a law from 1867, but where betting is known to be widespread and growing. Dated legislation also remains in place in more progressive countries such as Mexico, which whilst permitting land-based and online betting, utilises a law enacted in 1947, with a supplementary regulation covering online gambling from 2004. A new federal law was submitted in 2014 that seeks to cater for the modern online gambling environment, but it is unlikely to be approved during the current administration (ending 2024). In Kenya, betting has been regulated under a primarily premises focused law from 1966, supplemented by an online regulation in 2019; a new law covering all land-based and online gambling is awaiting approval in 2021.¹²



New legislative models catering for online betting are part of an evolving modern global gambling landscape

The acceleration of online gambling has however served to refocus many policymakers around the world on the suitability of their laws and regulatory frameworks. Engagement with local and international gambling businesses is an important part of the consideration process into any revised framework. New legislative models, catering for online betting in particular, have become an ever-present and evolving part of the modern global gambling landscape. Malta, Germany, Buenos Aires province and the Netherlands have all updated their laws in recent years. Others such as Brazil, Ireland, Montenegro, Chile, Ontario and numerous US states are at various stages of the policy development and legislative implementation process.

Great Britain was one of the earliest jurisdictions to introduce legislation that specifically catered for online gambling with the Gambling Act 2005. It will reassess its legislation during 2021, notably in relation to responsible gambling and related player protections. Contrary to some protestations, responsible reputable operators welcome practical and effective player protections measures, including self-exclusion, deposit, time and betting limits, as important components of a modern and progressive legislative framework. Those operators see market entry as part of a long-term investment and that includes embracing social protection measures. The matrix of selected countries contained in this section places importance on the availability of suitable responsible gambling measures and of modern legislative frameworks.

Taxation

The type and level of taxation significantly influences the size and product availability of the licensed betting market and is an important driver of market growth, structure and consumer attraction. This is particularly relevant for online betting where licensed operators are competing not just within that licensed framework, but within a globally competitive betting market. It is a market where consumers can and do switch between operators depending on the competitiveness of the betting offer. As such, the taxation of betting is a key determining factor for many operators when considering whether to apply for a licence in a market.

The gross gambling revenue (GGR)¹³ model has become the standard approach to taxation, notably for online betting. A turnover tax (on stakes/wagers/handle) invariably creates betting products that are less competitive and are unappealing to consumers compared to operators offering the same products taxed on GGR.¹⁴ An assessment of different jurisdictional approaches to betting taxation demonstrates its impact on the number of operators that seek licences in that jurisdiction, and in turn, the rate of consumer activity channelled to that regulated market.

Poland has one of the relatively few remaining turnover-based betting tax models in operation in well-regulated jurisdictions. Its burdensome 12% turnover tax has seen it struggle to attract companies, with only around

Figure 12: The impact of tax on online betting operator numbers and channelling

Country	Betting Tax	Overall Tax	Operator numbers	Channelling
Nevada (USA)	6.75% GGR*	Moderate	Medium	Medium High
Great Britain	15% GGR	Moderate	High	Very High
Sweden	18% GGR	Moderate	High	High
Kenya	15% GGR**	Medium	High	High
Denmark	28% GGR	Medium	High	Medium High
Australia	10-15% GGR***	High	Low	Medium Low
Portugal	8% Turnover	High	Low	Low
Poland	12% Turnover	High	Low	Medium Low

Note: Operator numbers are for licensed online betting. Tax and operator numbers assessment is relative to market size. *Additional federal tax of 0.25% and winnings subject to income tax. **Additional 20% player Withholding Tax ***Additional sports rights ranging from 2.5% of turnover to 20-30% of GGR. Consumer onshore channelling (2019) - Very high +95%, High +90%, Medium High +85%, Medium Low +75%, Low -75%

20 currently licensed, which is small relative to its market size. Whilst there has been an increase in consumer channelling onshore since Poland repealed the ban on advertising betting in 2017, it continues to be an issue. Local operators state that the government would have received an additional PLN1.1bn (€245m/\$295m) in tax if offshore activity was brought onshore and have called for the burdensome tax rate to be addressed.¹⁵

Portugal similarly has a higher end turnover-based tax rate, which was reduced to a flat rate 8% of turnover in 2020 from the original 8-16% of turnover, has been identified as a key impediment in attracting operators to its online regulatory regime. It is also a key reason for Portugal's continuing difficulties in channelling consumers (currently below 70%) to those comparatively small number of online operators that have taken a licence in the country.

Significant numbers of Portuguese citizens seek out more fiscally competitive offshore online betting operators. There is no evidence to suggest that these offshore consumer channelling issues will be resolved whilst a high turnover tax system remains in place in Portugal. As in Poland, apart from a resulting loss of regulatory market oversight and the accompanying ability to intervene on player protection and gambling addiction issues through the monitoring of licensed operators, there is of course also the significant loss in taxable revenues offshore.



A turnover tax creates betting products that are less competitive compared to GGR

France moved away from a turnover-based online sports betting tax to a GGR regime in 2020, albeit replacing its high turnover tax with a similarly high 55% GGR approach (with additional racing levy and sports rights). France continues to be an unattractive market with a relatively small number of operators taking licences. Malta, has replaced its low turnover tax regime (0.5% and capped at maximum of €466k) with a 5% GGR for online and land-based bets placed by consumers based in Malta, and no tax for international bets.¹⁶ Malta also offers businesses significant reductions in its 35% corporation tax, which means that its potentially low overall tax burden is very attractive.¹⁷ The country, which provides access to the European Union and wider global markets, has attracted a large number (100+) of licensed operators.¹⁸

Consideration of the overall business tax impact is important in any market analysis. The benefits of a competitive GGR tax are negated where higher fiscal costs are imposed elsewhere. This can be seen quite starkly in Australia, where many state and territory governments have imposed GGR taxation in the globally competitive 10-15% range,¹⁹ but where such direct betting taxation is undermined by additional product fees imposed by sports bodies. A 2017 report commissioned by the Australian Federal Department of Social Services highlighted that: "One of the most significant issues identified by industry stakeholders as impacting on the profitability of operators was product fees."²⁰ Further commenting that "Australian operators are paying on average 2.5% of turnover or between 20 and 30% of Gross Gambling Revenue (GGR) to Australian racing and sporting bodies for the rights to run books on their products, unlike operators in other jurisdictions who do not pay product fees."²¹

As the report rightly notes, "Given that online gambling operators generally run with relatively narrow profit margins of around 3-4%, this is a significant impost."²² These fees, and the turnover approach in particular, make it difficult for Australian onshore betting operators to compete with offshore operators, unhindered by such fiscal burdens. Unsurprisingly, Australia has a relatively low number of onshore online operators and high offshore consumer channelling. France has provided a similar sports betting right, presented as an integrity fee following European Commission concerns about the initially proposed purpose as a commercial aid to professional sports.²³ Poland also imposes an additional tax burden through a sports right and, like France and Australia, suffers from low onshore operators relative to its market size. A European Commission funded study published in 2014 considered the sports rights adopted in the Australian state of Victoria and France. It is critical of the approach, citing issues around its necessity, effectiveness, legality, and the high costs involved.²⁴

The pandemic has caused financial uncertainty for many sports clubs and competitions, and some jurisdictions have turned to betting as a potential means to provide additional financial support. In Italy, for example, a temporary tax of 0.5% of turnover on land-based and online betting has been imposed covering the period May 2020 to the end of 2021.²⁵ Along with a relatively recent general betting GGR tax rise and a total prohibition on advertising, this additional onshore tax burden is widely expected to benefit the offshore industry.²⁶ Spain is instead considering allocating a portion of its existing betting tax revenues to national professional sports bodies, which if agreed would begin towards the latter part of 2021.²⁷ Benefiting commercial entities (professional sport) through any means which utilises onshore betting, and imposes fiscal burdens, is likely to further benefit offshore operators.



The benefits of a competitive betting tax are lost if high costs are imposed elsewhere

Whilst levies on betting for the benefit of horse and greyhound racing are in place in some jurisdictions – a result of an historical and symbiotic relationship between the two – most have not introduced an equivalent practice for the wider sports sector, leaving that relationship to develop through normal commercial engagement. This is the case in New Jersey, and indeed many other US states, which have rejected the idea of a sports levy or right, repackaged as an integrity fee.²⁸ A government-commissioned inquiry in Sweden in 2020 similarly rejected calls for both a horse racing levy and a sports betting right stating that: “The inquiry’s overall assessment is that it would not be appropriate to introduce either the funding model that has been considered for the horse sector or special copyright-like protection for sport in order to compensate the sports movement for its events being used as an object of gambling.”²⁹

The Swedish government has set the tax rate of its licensed online betting market (operational from January 2019) at 18% GGR.³⁰ That fiscal approach was supported by a report by Copenhagen Economics which determined that “a tax-rate of online gambling which gives both a high channelling rate as well as high (Swe. “goda”) tax revenues lies within the range of 15 to 20 percent of the gross gambling revenue (GGR).”³¹ Sweden saw 87 licence applications approved by August 2019, with 45 for sports betting³² and a positive initial 91% channelling rate.³³ A reduction in sports betting channelisation to 80-85% in early 2020, which may continue to decrease as a result of regulatory issues, betting product restrictions and offshore competition, highlights the connectivity of the regulatory and fiscal frameworks.³⁴



Most successful regulatory regimes employ a GGR tax (up to 20%) within a wider competitive tax framework

The US states of Nevada and New Jersey also employ competitive GGR betting taxes. Nevada’s long-established market has a particularly attractive 6.75% GGR and overall tax regime, albeit a federal 0.25% turnover tax on bets (there is bipartisan support in Congress to introduce legislation to repeal this tax)³⁵ and winnings being subject to federal income tax must also be considered. However, both have strong consumer channelling rates and a positive number of operators, with New Jersey’s 14.75% GGR (since 2018) similar to Great Britain’s well-established 15% GGR (since 2001).³⁶ Britain is one of the leading jurisdictions globally from both a regulatory and fiscal standpoint with a mature market hosting a high number of licensed operators and an enviable 99% consumer channelling rate. The success and benefits of all three regimes is self-evident in their respective attractiveness to operators, high consumer channelling (Nevada and New Jersey are forecast to be +90% onshore from 2020 onwards) and associated fiscal returns from both land-based and online betting.

Emerging online licensed betting markets in Colombia and Kenya have also adopted a globally competitive 15% GGR tax regime. Colombia’s online market is still developing since its initial 2017 opening, but its fiscal framework

is generally positive (setting aside the minimum return to players and turnover-based licence fee) and attracting international operator interest. The same is the case for nearby Argentina and its more recent progress in the online area. However, the challenges of a fragmented Argentinian market of provincial regulation and taxation, with 25% GGR in Buenos Aires province (expected to be in operation in 2021), along with 25% corporation tax, 21% value added tax on digital services applicable to online gambling since 2018 and 5% federal online betting turnover tax from 2021, place additional market barriers.³⁷ The federal tax is a 150% increase from the previous 2% and will further hinder the market's development and taxable returns, with only 43% of Argentinians betting onshore in 2019.³⁸



High taxation and fiscal instability are unattractive for prospective market investment

Fiscal stability and additional tax burdens are pressing issues for Kenya's more established market framework to address if it is to attract more international operator interest. Kenya reduced its corporation tax from 30% to 25% in 2020 making it the lowest rate in East Africa, designed to attract foreign direct investment through subsidiary companies (there is a 37.5% non-resident corporation tax for foreign branch companies).³⁹ This supported the attractive 15% GGR tax for online and land-based betting services introduced in 2018 (from 35% GGR).⁴⁰

That positive fiscal position has however been hampered by a 20% player withholding tax (variously amended, repealed, and reintroduced since 2012) and, from 2021, a new 1.5% digital services tax on gross income impacting online operators along with an increase in corporation tax back to the pre-2020 level of 30%.⁴¹ The continually evolving tax situation, the differing interpretations of which saw the suspension of 27 betting licences in 2019, highlights the volatility of the fiscal and regulatory position in Kenya.⁴² That instability negatively impacts longer-term operational business planning and is unattractive for prospective market investment.

Concerns also exist with Denmark's new betting tax and its expected adverse impact on onshore consumer channelling. Since its market opening in 2012, Denmark has been held as a positive example of a proportionate fiscal model aligned with a balanced regulatory market framework. However, it has taken the regressive step of increasing its GGR tax from 20% to 28% from the start of 2021. The government has conceded that this is likely to make offshore operators more attractive and result in a 9% reduction in the onshore channelling rate, which was calculated at a healthy 89% in 2019.⁴³ Denmark is taking the opposite approach to Spain which reduced its online betting tax from 25% to 20% GGR in 2018 benefiting its licensed operator numbers and onshore channelling rate, which subsequently improved from 71% in 2017 to 76% in 2019, and is forecast to hit over 90% by 2024 (recent advertising restrictions may however negatively impact this channelling trend).



A burdensome fiscal framework is counterproductive to market maximisation

The adoption of a fiscal model that reflects the international availability and dimension of sports betting products and is not over-burdensome from that perspective is of paramount importance. The evidence from existing markets shows that a burdensome fiscal framework, notably for online betting and relative to other markets is counterproductive to market maximisation. In short, there is a clear correlation between taxation, licensed operator interest and numbers, and consumer channelling to those onshore licensed and taxed businesses. Most successful jurisdictions employ a GGR tax (generally no higher than 20%) within a wider competitive tax regime, as in Great Britain, Malta, Nevada, New Jersey, Spain and Sweden.

Product

In addition to the development of a suitable licensing and fiscal structure for sports betting, it is also fundamental to the viability of any regulated market that licensed operators are able to offer a wide range of sports betting products. Imposing unnecessary or ineffective restrictions invariably leads to consumers seeking prohibited products through other channels, notably offshore online markets. This is counterproductive to the core regulatory aim. Instead, the availability of betting should be based on a proportionate and evidence-based approach, striking an appropriate balance between commercial, social and regulatory considerations.

The following Chapter provides a detailed operator market data focused examination of the current and proposed availability and access to betting products, notably in relation to integrity concerns. This section will instead set out the regulatory market implications of the two main models that seek to:

- place significant restrictions on betting; and
- permit a wide betting product availability.

An examination of the prohibitionist policy has been conducted in the regulatory and licensing section. In that scenario, the onus is on governmental authorities to impose that total ban on betting, which in practice is ineffective and unenforceable in the face of modern global communication channels. With no regulatory framework permitting a controlled availability of betting, consumers may access services with companies that have no regulatory oversight of the betting being offered. That service may lack social protection protocols, heightening potential problem gambling and criminal activity associated with such unregulated betting.

Where a regulatory and licensing framework is in place, the availability of betting can be based on the channel of betting (e.g., fixed odds, pool, exchange and spread betting) and/or on the types of bets that are permitted to be offered (e.g., in-play betting, betting on corners, the level of sports competitions). It is important that any policy assessment understands and acknowledges that the modern betting market, online in particular, is part of a globally competitive service sector. Consideration must be given to the impact on choice and competition, as well as consumer access to alternative channels, before any product restrictions are imposed.



The modern online betting market is part of a globally competitive service sector

Canada introduced a particular restrictive product limitation into its Criminal Code in 1985, prohibiting betting “on a single sport event or athletic contest”.⁴⁴ In addition to the monopoly provision of betting in each province, the law prevented those operators from offering a core betting product (single bets). This restricted Canadian consumers to placing combination bets (or parlays) with onshore operators; various additional self-imposed product limitations across provinces on the types of bets and sports offered has increased the unattractiveness of the market.

In late 2020, after decades of lobbying to remove this single bet restriction, and following the repeal of PASPA in the US permitting betting across that market, the Canadian government introduced a Bill to permit single event sports betting.⁴⁵ This is similar to a Private Members’ Bill which has also been introduced and follows a number of previous attempts to repeal the Criminal Code.⁴⁶ Legislation achieving this is expected to pass during 2021. It will provide a much-needed boost to the attractiveness of the onshore market, which will be further enhanced if Ontario opens its online regime to private operators and other provinces follow. Until that time, many Canadian consumers will seek alternatives, and which saw C\$327m in gross win for offshore operators from Canadian bets in 2020.

Australia has a similarly restrictive federal policy that prohibits in-play sports betting from being offered by online operators licensed by its states and territories.⁴⁷ Strangely, in-play betting is permitted in licensed premises, through telephone betting, and online for racing.⁴⁸ The Review of Australia's Sports Integrity Arrangements (2018) recommended that "consideration be given to allowing online in-play wagering in Australia", however it was rejected by the government.⁴⁹ A requirement for onshore operators to also seek approval (at financial expense) from Australian sports bodies to offer betting on their events increases the unattractiveness of the market for operators and consumers alike. Like Canada, large numbers of Australian bets are placed offshore circumventing taxation and social protection protocols. That amounted to around A\$458m in gross win for those offshore operators in 2020.



The impact of consumer access to offshore products and services must be considered

Restrictions on some in-play bets are maintained in the new German State Treaty expected to be operational from mid-2021. Fixed odds in-play betting is only allowed on the final result, next goal, or similar, of a sporting event. A list of permitted bets will be published and bets deemed susceptible to manipulation banned (the impact of, and necessity for, this type of prohibitive approach when compared against robust and verifiable operator market and alert data is discussed in Chapter 3). Non-sports bets (e.g., elections and TV shows), betting exchanges and spread betting are also prohibited. Aligned with a turnover tax, such product restrictions may consequently make the market a challenging one for its licensed betting operators.

France and Portugal impose limitations on their betting markets, designated through prescribed lists of permitted bet types and sporting competitions. Whilst both have unlimited online licencing regimes, they suffer from low numbers of operators. That is partly due to their burdensome fiscal regimes, but it is also a result of the limitation on the betting products that their licensed operators may offer. That commercial disadvantage, relative to offshore operators unhindered by such concerns, is also demonstrated by Portugal's continuing struggle to improve the number of consumers using its licensed online sport betting market.

A number of new online gambling frameworks are expected to come into operation during 2021 with one of the most anticipated being the Netherlands, which is due to be operational towards the end of the year. It will also employ a list of permissible betting events and will prohibit certain markets seen as negative, such as yellow cards in football or a double fault in tennis. Sweden imposed similar restrictions at the start of 2020, a year after the online market opened, again on integrity grounds. These product restrictions only cover bets on Swedish sporting events, which has lessened their impact. Nevertheless, it is expected to put pressure on the onshore sports betting channelling rate which was calculated to be 91% in 2019, but which had fallen to 80-85% in early 2020.⁵⁰ Any additional market product limitations would put further pressure on that channelling.

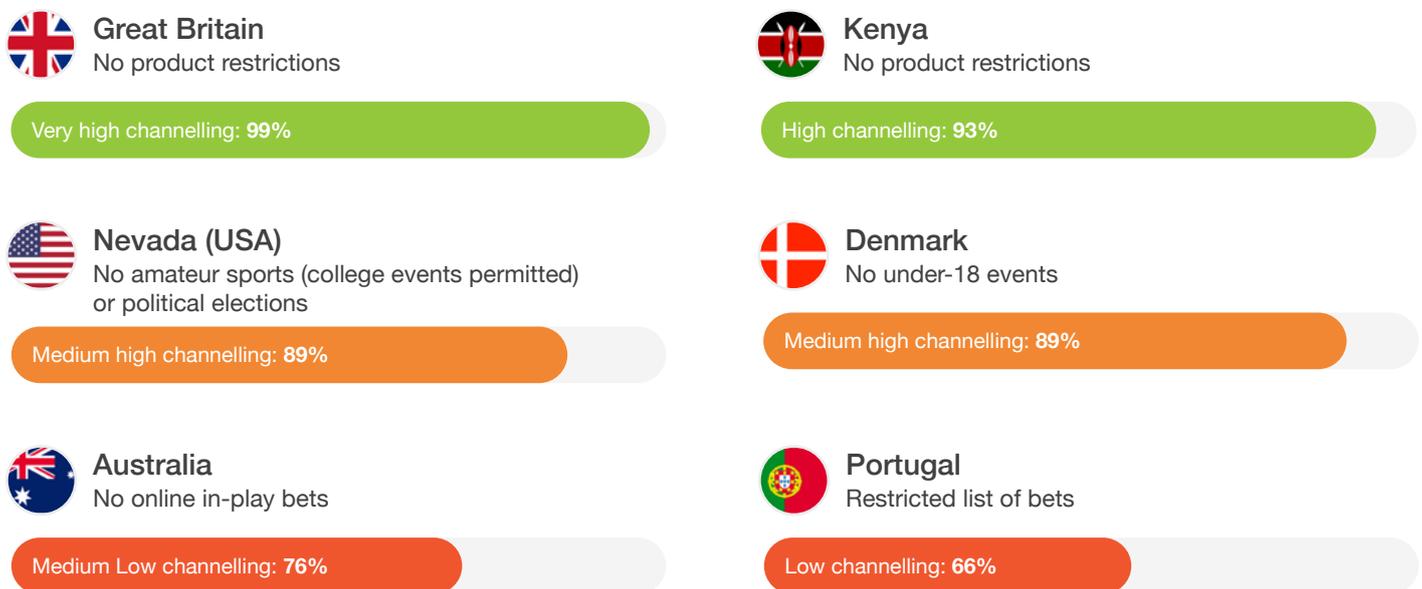
Spain has taken the opposite approach to Sweden. Having included a requirement for its operators to adhere to an approved list of sports events and the aspects of those events on which betting could take place when the online market opened in 2012, it removed that burden a year later.⁵¹ It also lowered its GGR tax from 25% to 20% in 2018.⁵² The Spanish market has seen significant growth in licensed betting as a result, with onshore online betting channelisation of 28% in 2012 reaching 76% in 2019, and initial estimates of over 90% by 2024; however, stringent advertising restrictions may reverse this positive channelling trend.

Many jurisdictions that regulate betting on sporting events do not impose significant restrictions on the types of bets or events permitted, with regulated betting operators able to offer a wide range of products and services to consumers, whilst employing risk-based security systems to monitor their markets. Any

restrictions that are placed on operators are principally prohibitions on under-18 and amateur sporting events, and there are some exceptions relating to these events allowing betting where they are major competitions and widely broadcast.

In the US, it is common for state prohibitions on betting on college sports, although that is not universal and Nevada, for example, does not impose any restrictions on college betting. New Jersey, which permitted betting from 2018, initially prohibited betting on any collegiate sport or athletic event in the state or on any New Jersey college team game elsewhere. However, in November 2020, a state Senate panel unanimously approved a constitutional amendment to remove all restrictions on what college athletic events may be wagered on, with a state Assembly panel advancing a Bill to achieve that in May 2021.⁵³ If approved by the full legislature, the proposal could go to a state-wide referendum in November 2021.⁵⁴

Figure 13: Betting Product Availability and Online Onshore Channelling



Note: Consumer onshore channelling (2019 data) - Very high +95%, High +90%, Medium High +85%, Medium Low +75%, Low -75%

Restricting product availability will prove counterproductive to maximising the market's fiscal potential and also its regulatory and integrity oversight. Product limitations are invariably arbitrary and benefit offshore operators unhindered by those constraints. Jurisdictions such as Colombia, Denmark, Great Britain, Kenya, Malta, Mexico, Spain, and many others, therefore permit a wide betting product offering through a variety of channels by their licensed operators. The common features in many of these jurisdictions include unlimited licences, reasonable GGR tax, high operator licensing and strong onshore consumer channelization trends. Whereas the reverse is often true in jurisdictions that overly restrict betting products.

Indeed, Great Britain's 99% onshore online betting consumer channelling rate in 2019 (with no product restrictions) is in stark contrast with Canada's 31% (monopoly with no single bets), Portugal's 66% (restricted list of sports and bets permitted) and Australia's 76% (no online in-play betting). Whilst issues such as licensing and taxation significantly impact a market's viability and attractiveness, the availability of betting products should not be underestimated.

It is important to emphasise that those jurisdictions that permit betting markets without significant restrictions do not suffer from increased player protection issues. Responsible operators work closely with regulators to set

clear parameters, including self-exclusion policies tailored to each customer, whilst allowing consumers access to a wide variety of regulated products. It is not in the interests of responsible operators to encourage or facilitate social problems from any form of gambling, in fact quite the contrary. Such adverse behaviour is to the detriment of operators and the reputation of the industry; regulatory authorities would also move to impose new regulatory measures and increased cost burdens on operators.



Many jurisdictions permit operators to offer a wide range of regulated products and services

Where product restrictions have been imposed, the prevailing policy has been to constantly expand the list of prescribed sports events and types of bets permitted, as in Italy.⁵⁵ The process of restricting betting and providing lists of approved events and bet types, and the constant review and updating of that approach, invariably involves additional administrative and monitoring cost burdens on both the regulatory authority and its licensed operators. Such practices are of questionable positive social or integrity impact given the limitations of any national approach in a fragmented global market of differing regulatory models for gambling.

At the same time, offshore operators will continue to offer whatever types of betting products they chose without any regulatory limitation, oversight or possible sanctions, nor is there any requirement on them to engage in responsible preventative actions to protect consumers or sporting events. The failure to attract operators to a market because of unworkable regulatory practices and restricted product availability invariably hampers that market's development; consumers will instead gravitate to offshore operators offering a larger product catalogue.

Integrity

Maintaining the integrity of sporting events and stopping the corruption of those events for fraudulent betting purposes, most notably through the manipulation of the event and associated wagering, has become an increasing focus of policymakers, sports and betting companies. The following Chapter will consider product and integrity issues using detailed market and alert data; this section will consider regulatory procedural issues and sanctions.

Modern-day match and spot-fixing (hereon in match-fixing) came to the fore at the start of the century, most notably through cricket (Cronje)⁵⁶ and football (Bochum)⁵⁷, but which has unfortunately become a global sports-wide issue since. This report will not seek to list the numerous cases and sports affected, which are often available as a matter of public record. This report will however seek to assess the regulatory processes (or lack of) employed to protect both regulated betting markets and the sporting events on which betting takes place.

Responsible licensed betting operators welcome practical and effective market integrity measures. Indeed, maintaining the integrity of the market is important for licensed operators for two reasons: firstly, defrauding betting operators is the focus of the corruption and will see operators incur financial loss; and secondly, because consumers will be less likely to engage with a product they believe is unfair or fixed, further impacting financial opportunities. Maintaining the integrity and credibility of the market is therefore of paramount importance.

A range of integrity measures are readily available and employed by various regulatory authorities and include information sharing, voiding suspicious bets and the suspension of betting markets. However, the principal means of protecting a market is through monitoring, and the most efficient and widely used approach is to require licensed operators to utilise their market and customer oversight to identify and report suspicious betting to the authorities.

The model in operation in Great Britain is widely seen as one of the most effective, with a clear reporting requirement in its licensing conditions and a dedicated integrity unit within the regulatory authority.⁵⁸ That jurisdiction’s legislation provides a range of specific integrity provisions to counteract sports betting corruption, including the regulator’s ability to: issue codes of practice (Section 24); prosecute offences (Section 28); exchange information (Section 30 and Schedule 6); an offence of cheating (Section 42); require the provision of information (Section 88); and to void bets (Section 336).⁵⁹ This is supplemented by policy position papers providing guidance to operators on the integrity monitoring and reporting process.⁶⁰

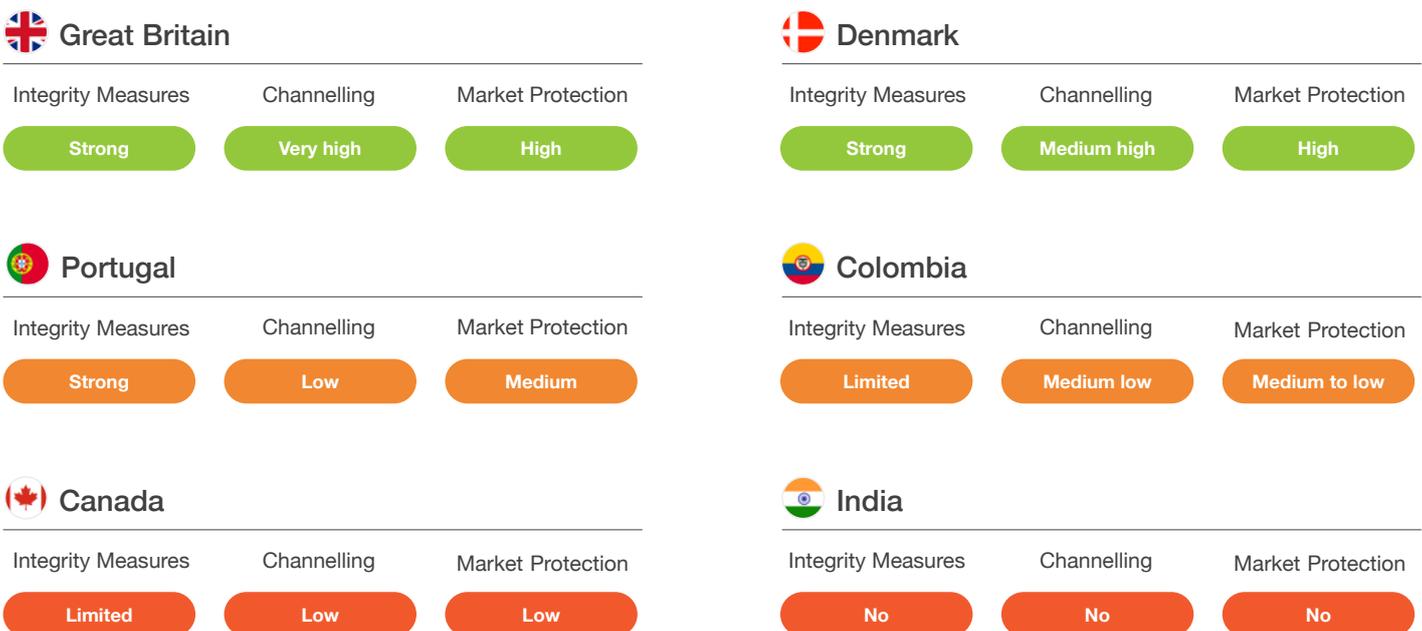


Responsible betting operators welcome practical and effective integrity measures

The requirement to report suspicious betting is particularly evident in European gambling licensing frameworks with France, Italy, Denmark, Sweden and Spain, amongst others, adopting similar practices to Great Britain. Malta is one of the more recent examples, with a Sports Integrity Unit established within the Malta Gaming Authority (MGA) in August 2019, an operator guidance paper published in October 2020 and a requirement on licensees to report suspicious betting via a specific MGA portal from the start of 2021.⁶¹ Outside of Europe, the US states of New Jersey and Nevada also enforce integrity reporting, as does Australia which has also established a central body (Sports Integrity Australia⁶²) to oversee the country’s integrity policy. The position in other jurisdictions can however be somewhat less proactive.

In addition to individual operator monitoring and reporting, it is also increasingly recognised that there is clear value from operators being part of a wider international integrity alert and monitoring system, which also feeds data into the appropriate authorities. This adds an additional layer of protection both for operators’ own businesses and also the licensed framework and its operational integrity capacity and associated reputation. The German regime refers to the establishment of an early warning system and the US state of New Jersey and the Netherlands legislation require operators to be a member of a monitoring system.⁶³

Figure 14: Integrity and Onshore Channelling Impact on Market Protection



Note: Consumer onshore channelling (2019 data) - Very high +95%, High +90%, Medium high +85%, Medium Low +75%, Low -75%.

These approaches are in line with the European Commission funded Betmonitalert report which strongly recommends that public authorities should oblige all licensed operators to be “part of a betting monitoring system”.⁶⁴ That report and the Netherlands remote gambling law specifically refer to the International Betting Integrity Association (IBIA) as a best practice example. The Review of Australia’s Sports Integrity Arrangements similarly promotes that operators “participate in a ‘detect and disrupt’ real-time monitoring and analysis of suspicious wagering activity”, anticipating a model similar to IBIA’s system.⁶⁵



There is clear value from operators being part of an international integrity monitoring system

The effectiveness of such systems are however negated if there is no ability to punish the criminal activity identified by betting market monitoring and information exchange. Whilst sports can, and do, sanction those participants they have jurisdiction over and may impose penalties up to lifetime bans, the involvement of law enforcement authorities is a particularly effective means of addressing wider criminality. This was used to positive effect in the Pakistan international cricket spot-fixing case, which resulted in custodial sentences in 2011.⁶⁶ More recently, a transnational organized crime group manipulating tennis matches was dismantled in 2019.⁶⁷ The necessary law must however be available to address such criminality.

At a jurisdictional level (country, province, territory or state), many forms of legislation include direct or indirect provisions that can sanction match-fixing that is focused on corrupting betting. The legislation may be a specific gambling law, sports protection law or laws pertaining to more general criminal issues such as bribery and fraud, or a combination of those laws. Gambling laws may focus on a general cheating offence, whereas sports laws are likely to be more specific in relating to the unfair manipulation of an event. The latter may include offences related betting activity, but also address non-betting related match-fixing.

The International Olympic Committee (IOC) and the United Nations Office on Drugs and Crime (UNODC) published a study in 2017 on the criminal law provisions for the prosecution of competition manipulation.⁶⁸ It involved an analysis of 52 national jurisdictions which incriminate match-fixing and provides best practice models. However, the issue of betting integrity is a global transnational issue and any mechanism that seeks to address it must correspondingly involve national and international cooperation and information exchange. This premise is widely accepted, but not yet as widely adopted and put into practice.



National betting integrity provisions and international cooperation are vital

The conundrum has been how that void in both policy and practical application can be bridged and through what procedural apparatus. The Council of Europe (CoE) has been at the forefront of this discussion in search of a solution. Its Convention on the Manipulation of Sports Competitions entered into force in September 2019 and promotes a wide range of integrity measures for jurisdictions and other stakeholders, such as sports and betting operators, to adopt.⁶⁹ The CoE has also established a network of national integrity platforms to exchange information and engage in transnational cooperation.⁷⁰ Whilst the convention has attained widespread support across Europe, it is designed to be a global integrity apparatus: Australia, for example, has explicitly stated its support for the convention and that it will ratify it.⁷¹

Such policy focus and commitment to integrity practices are not however universally adopted. Whilst some jurisdictions have elements of these core integrity practices, others lack any detailed national or international integrity enforcement and engagement strategy. For example, in late 2020 the Colombian National Committee for the Prevention of Manipulation of Sports Competitions began lobbying for the introduction of legislation

to criminalise the manipulation of sport, as well as the creation of a protocol for the exchange of information between public authorities, sports and betting operators to address integrity concerns.⁷² And whilst the political activity in Canada to remove the federal prohibition on single sports bets and the market opening in Ontario are welcome, it would be prudent to progress those in tandem with effective national integrity measures.

Integrity issues and a lack of national policy on the matter are also evident in India, where betting is widespread despite the general prohibition and which has suffered from match-fixing issues, most notably in cricket. Attempts to prosecute alleged corruption through existing laws have proved largely unsuccessful.⁷³ The Law Commission of India's 2018 report on sports betting supported the earlier Supreme Court appointed Committee on Reforms in Cricket report (2015) in recommending that "Match-fixing and sports fraud should be specifically made criminal offences with severe punishments."⁷⁴



The goal should be for robust market and consumer protection through modern legislative practices

The Indian government presented a Prevention on Sports Fraud Bill in 2013, but the draft law was shelved in 2017.⁷⁵ A Private Members' Bill designed to address sports fraud was subsequently presented in 2018 but has not made any progress.⁷⁶ As a result, the sanctioning of corruption continues to fall primarily on Indian sports, albeit they lack the investigatory powers of law enforcement authorities and often the necessary financial resources. In a country with largescale unregulated betting and a history of match-fixing, there remains no clear and effective legal recourse to prosecute such activity.⁷⁷ Nor is there any licensing or engagement with regulated betting operators to monitor and identify betting corruption.

The goal should be to provide robust market protection through modern legislative practices and oversight of consumer activity from high onshore online channelling. Even where betting is prohibited, provided via a monopoly entity or otherwise restricted, clear and effective national betting integrity provisions and international cooperation are necessary.

Advertising

The ability to advertise products and services to consumers is important for any business sector. For sports betting, especially online, it is a core part of licensed operators' ability to negate the corresponding services offered by their offshore counterparts. Indeed, the opportunity to advertise is the primary means of channelling consumers to licensed operators and one of the principal advantages those operators have in a competitive global marketplace.

Nevertheless, licensed betting operators are also mindful that the scope of that product promotion must be balanced against important player protection and wider social concerns around gambling products. Permitting advertising and achieving that market equilibrium has challenged many policymakers. Like other key aspects of gambling regulation, the ability of operators to advertise, and the extent of that advertising, is often under constant examination.

However, without the ability to sufficiently promote betting products, the market will prove an unattractive one for operators who are invariably already at a commercial disadvantage with offshore operators due to taxation obligations and, in some cases, product restrictions. The interests of interrelated sectors such sports, which may receive sizeable revenues from onshore operators for sponsorship and advertising opportunities, should also be considered.

Legislators must therefore carefully balance market viability and social protection or the regulatory framework may prove unworkable, with consumers migrating to offshore channels lacking regulatory oversight. The ability to advertise the products offered by licensed onshore operators, and across a wide range of channels (broadcast, print, online), is therefore common amongst jurisdictions that regulate betting, albeit often set within clearly defined parameters.

For example, policies ensuring that advertising is not aimed at minors or encourages excessive gambling are commonplace. Prohibitions on advertising targeted at players that have self-excluded is also widespread: Sweden and Nevada include such provisions in their gambling laws.⁷⁸ Denmark's Gambling Act additionally stipulates that well-known personalities should not be employed to promote gambling or to suggest that it has contributed to their success.⁷⁹



Advertising allows onshore operators to channel consumers away from offshore services

Portugal similarly requires that adverts do not suggest that gambling is a means to success or financial gain and also prohibits advertising near schools.⁸⁰ The obligation for operators to promote responsible gambling is common, as in Mexico and France; the latter also requires specific warning messages about excessive gambling.⁸¹ In Poland, such messages must warn of the potential consequences of engaging with unlicensed offshore betting operators.⁸²

In addition to gambling laws, advertising and sponsorship rules may also be evident in guidelines governing specific advertising channels such as broadcast and print media. The latter is the case in Great Britain, which supplements its gambling legislation provisions with further detailed guidance set out in the UK Advertising Codes issued by the Committees of Advertising Practice (CAP) and administered by the Advertising Standards Authority (ASA).⁸³

France sets additional direction through its audio-visual authority, the Conseil supérieur de l'audiovisuel, in Poland through Związek Stowarzyszeń, a self-regulating advertising body, and in Sweden via the Consumer Agency.⁸⁴ Gambling industry associations have introduced self-imposed national operator advertising and sponsorship guidance as well, as via the members of BOS in Sweden and the BGC in Great Britain, and the EGBA's EU-wide guidance.⁸⁵



The ability to advertise betting is common, albeit within clearly defined parameters

Advertising in the US states of Nevada and New Jersey is subject to less detailed guidance and regulatory parameters compared to many European jurisdictions. Regulations are similarly less extensive in Mexico, Kenya and Colombia. The regulatory framework directing betting and wider gambling advertising and sponsorship can therefore vary between jurisdictions. However, the overriding approach is to permit a level of product promotion in regulated markets within established boundaries and often focusing on certain key criteria.

The advertising of betting through broadcast media has been a particular focus of attention, and a limitation on the availability of such advertising has been introduced in some jurisdictions. Germany, for example, has determined that the advertising of betting is not permitted immediately before or during live sports broadcasts and must not involve athletes.⁸⁶ Poland and Portugal similarly set out specific times when betting may be advertised through broadcast channels, something which the Netherlands remote gambling law will

impose when operational towards the end of 2021.⁸⁷ Kenya’s draft gambling law also includes a restriction.⁸⁸

This issue is one of the core aspects of the gambling industry-set advertising guidelines established in Great Britain. The self-imposed ban on advertising on television before the watershed time of 9.00pm was extended in August 2019. That prohibits any pre-9pm adverts beginning five minutes before any live sport events up until five minutes after it finishes, with the exception of horse and greyhound racing which have a long-held link with betting.⁸⁹

The ‘whistle to whistle’ ban seeks to address concerns about the amount of betting advertising linked to televised sporting events and observed by under-18s. In doing so, operators stated that “the gambling industry is acutely aware of the requirements of social responsibility, not least in relation to the protection of children.”⁹⁰ A year after the industry ban was introduced a study revealed that the amount of TV gambling adverts seen by 4 to 17-year-olds had fallen by 97%.⁹¹ In February 2021, the guidelines were extended in an attempt to prevent football clubs from using their official social media accounts to promote gambling offers.⁹²



Promoting betting through broadcast media has been a key focus of advertising policies

One of the issues of concern is the use of ‘white labels’ where a gambling operator, which is not licensed in Great Britain, is still able to sponsor British sport and advertise its product through a third party which is licensed. These arrangements allow offshore betting operators to use British sporting events, and the global broadcasts related to those, as a vehicle to reach out to consumers outside of Britain, most notably in Asia. Questions have been raised about the player protection protocols, market integrity and general probity of such operators, which may be conducting their main gambling business from a poorly regulated jurisdiction.⁹³

The British government has announced a review of its gambling law, including advertising and sponsorship, and the white label approach, which is expected to be considered during 2021.⁹⁴ That notes that advertising and sponsorship represents a significant revenue stream for broadcasters and advertisers, including sports.⁹⁵ The government is seeking to examine the “evidence on the positive and negative outcomes of this relationship to make sure we can strike an appropriate balance”.⁹⁶ Responsible licensed betting operators recognise that a balance needs to be struck between the availability of advertising and social protection. Those operators welcome practical advertising guidelines and sponsorship parameters.



Prohibiting advertising benefits offshore operators and may make any regulatory framework ineffective

Some jurisdictions have however moved to ban gambling advertising, either entirely or in large part. The advertising ban in Italy covers all media channels and came into effect from January 2019, although the prohibition on sports sponsorship did not come into force until July of that year.⁹⁷ LOGiCO, representing Italian operators, stated that: “Whilst fully sharing the concerns of the institutions with regard to problem gambling, LOGiCO does not believe that this ban can produce positive effects in terms of player protection or reduce – and certainly not eliminate – the risks derived from an uncontrolled practice of the games themselves.”⁹⁸

In November 2020, Spain introduced measures that severely restrict (80% less) gambling advertising with TV and radio only permitted between 1am and 5am, land-based and print widely prohibited, and the sponsorship of sport banned from September 2021 (expected to cost football clubs alone €80m per annum in lost revenue).⁹⁹ Gambling trade association Jdigital has warned that: “This will mean, as has happened in

other countries where similar measures were adopted, the foreseeable increase in the activity of unlicensed operators, which will have dire consequences in terms of the protection of vulnerable groups.”¹⁰⁰

Poland prohibited the advertising of gambling through its Gambling Act 2009 but amended this from the start of 2017.¹⁰¹ This permits a limited amount of betting advertising within defined parameters, namely: on TV or radio between 10pm and 6am (except for ads that are broadcasted during sports events sponsored by operators), and in newspapers and magazines, but not on their covers. Despite the high tax rate, the lifting of this general advertising ban saw the country’s online onshore betting channelling rate rise from 36% in 2016 to 84% in 2019.

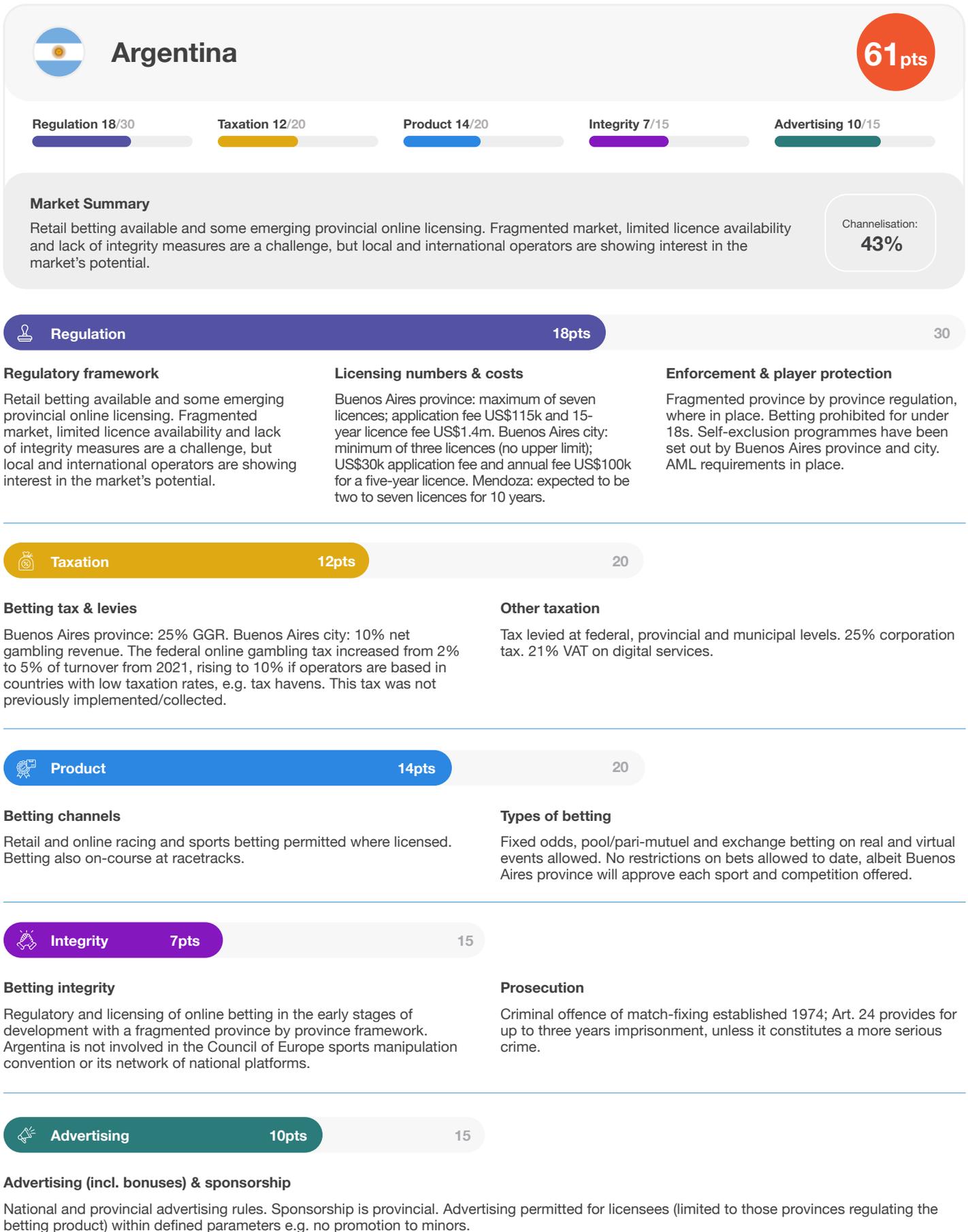


Permitting advertising is important if market viability is to be sustained long-term

The danger for those jurisdictions that severely limit or even ban the advertising of licensed betting products and services is that the reverse may happen to their onshore channelling rate, as offshore operators fill the advertising void. That is likely to be particularly evident through modern alternative platforms such as online advertising, and which may prove more difficult to monitor, regulate and curtail than more traditional broadcast and print formats.

While various frameworks are employed, the general approach is to permit advertising within certain parameters as a means of channelling consumers to licensed onshore operators and to ensuring the viability of the market. The success of this is, in part, also linked to other aspects such as taxation and the permitted product offering. Nevertheless, responsible advertising is a core component if market viability is to be sustained long-term. Prohibiting advertising will ultimately benefit offshore operators and may render any regulatory framework ineffective.

Jurisdiction market assessment matrix





Australia

69pts

Regulation 22/30

Taxation 10/20

Product 12/20

Integrity 13/15

Advertising 12/15

Market Summary

Fragmented framework between states and federal government with a restriction on online in-play betting. Reasonable GGR tax, but sports fees significantly increase the fiscal burden resulting in low operator numbers and high offshore channelling.

Channelisation:
76%



Regulation

22pts

30 pts

Regulatory framework

The Interactive Gambling Act 2001 provides a federal prohibition of most forms of online gambling (excludes betting). Land-based and online racing and sports betting is licensed and regulated at state and territory level. Various state legislation and regulatory authorities in place leading to some policy variation. The Northern Territory is the main licensee.

Licensing numbers & costs

No limitation on online sports betting licences with 30+ currently issued mainly by the Northern Territory and operating nationally. Northern Territory: AUS\$24k application and annual licence cost. There is an effective retail betting monopoly in place through Tabcorp which has 10+ year state licensing.

Enforcement & player protection

Whilst betting is regulated at state level, a national self-exclusion register has been introduced. AML is set federally. Australian consumers betting with offshore operators remains an issue.



Taxation

10pts

20

Betting tax & levies

Point of consumption betting tax ranging from 8-15% GGR is imposed across most states, except the Northern Territory. Sports are permitted to impose additional product fees reportedly averaging 2.5% of turnover or 20-30% of GGR and which significantly increases the fiscal burden on Australian operators.

Other taxation

30% corporation tax. 10% VAT/Goods and Services Tax (GST).



Product

12pts

20

Betting channels

Retail (monopoly) and online racing and sports betting licensed. Betting also on-course at racetracks.

Types of betting

Fixed odds, pool/pari-mutuel and exchange betting on real and virtual events allowed. Online in-play sports betting prohibited; permitted for retail and telephone betting, and online for racing. Approved sports lists in operation.



Integrity

13pts

15

Betting integrity

Operators are required to report suspicious betting to the authorities and sports (integrity agreements must be in place for betting to be permitted). Australia has committed to ratifying the Council of Europe sports manipulation convention and is a member of its network of national platforms; Sports Integrity Australia established to coordinate its integrity policy.

Prosecution

Varies, but many states have criminalised engaging in conduct that corrupts the betting outcome of an event with imprisonment for up to 10 years.



Advertising

12pts

15

Advertising (incl. bonuses) & sponsorship

The Australian Communications and Media Authority (ACMA) provides industry codes of practice which restrict radio and TV advertising, notably around live sporting events. Some sports and regulators have moved to prohibit betting sponsorship of sport.



Canada

47 pts

Regulation 18/30

Taxation 5/20

Product 12/20

Integrity 5/15

Advertising 7/15

Market Summary

Repeal of the federal single sports bet prohibition and Ontario signalling that online licences will be available for private operators is positive. However, integrity challenges and provincial monopolies remain, with consumer offshore channelling likely to continue.

Channelisation:
31%



Regulation

18pts

30

Regulatory framework

The 13 provinces and territories legislate and control land-based and online gambling. Horse race and sports betting is available, albeit through monopoly operators. In 2019, Ontario announced plans to open up the sector to private companies (reiterated in late 2020). The federal government also agreed to remove the prohibition on single sports bets in 2021.

Licensing numbers & costs

Monopoly operator in each province and territory. Ontario has committed to moving to the licensing of private online gambling operators during 2021, albeit there are no regulatory or fiscal details at the time of writing. The Canadian Pari-Mutuel Agency licenses pool betting at 30+ racetracks and 140+ betting theatres and is funded by a 0.8% turnover levy.

Enforcement & player protection

The minimum age for gambling is 18 or 19 years old depending on the province. Responsible gambling and exclusion policies are set out. AML is in place.



Taxation

5pts

20

Betting tax & levies

Each province receives and distributes the profits from their monopoly gambling operators. Provinces are required to pay federal goods and services tax on gambling activities. Federal levy of 0.8% on pari-mutuel race bets and some province racing levies. Professional gambling winnings are deemed taxable.

Other taxation

Federal corporation tax is generally 9-15% (up to 38% without reductions), with various additional province tax rates. 5% VAT/goods and service tax (GST).



Product

12pts

20

Betting channels

Monopoly retail and online racing and sports betting depending on the province. Ontario has committed to opening its online market to private operators.

Types of betting

Criminal Code prohibiting single sports bets (except racing) is set to be repealed. Limited options in some provinces e.g. Ontario mainly allows North American sports and European soccer. A max. of 99 events are shown online but must be placed in retail premises with bets of C\$2-C\$100. British Columbia allows online betting with a wider array of sports and bets.



Integrity

5pts

15

Betting integrity

Canada has not signed or ratified the Council of Europe sports manipulation convention and is not a member of its network of national platforms. In late 2019 the Canadian Centre for Ethics in Sport called on the government to sign the CoE convention and to examine the issue of match manipulation in Canada.

Prosecution

No match-fixing law; Criminal Code (Art. 209) includes an offence of cheating at betting with up to two years imprisonment, and fraud (Art. 380) up to 14 years.



Advertising

7pts

15

Advertising (incl. bonuses) & sponsorship

Gambling advertising and marketing are subject to provincial regulations e.g. Ontario Gaming Control Act (Art. 31) which precludes adverts aimed at minors and other restrictions. Additional responsible gambling marketing standards are also in place. e.g. OLG and British Columbia. However, the advertising of online gambling is prohibited in Canada's federal Criminal Code (sec. 201-6).



Colombia

76pts

Regulation 24/30

Taxation 16/20

Product 18/20

Integrity 7/15

Advertising 11/15

Market Summary

An emerging online market with a moderate GGR tax and wide product offering means that Colombia is likely to attract more international operator interest. Would benefit from continuing to strengthen its framework, notably on betting integrity.

Channelisation:
79%



Regulation

24pts

30

Regulatory framework

Colombia was the first country in Latin America to regulate online gambling, issuing its first licence in 2017. Land-based and online regulated nationally by Coljuegos (some regional licensing). Land-based pool betting has been under an exclusive contract. Online operators can provide terminals for sports betting in gambling and non-gambling locations.

Licensing numbers & costs

Operators required to pay to 1% of both their net gaming revenues and an annual fixed cost (currently COP828,116 or approx. US\$230 or €190). There were 17 online sports betting licensees in 2020. Licences are awarded for three to five years. The monopoly on land-based sports pool betting was ended in November 2019 and has not been retendered.

Enforcement & player protection

Operators must allow players to self-exclude and provide a list to the regulator, albeit there is no centralised system in place. Deposit limits must be offered, but no betting or time limits required. Addiction warnings must be displayed. AML in place.



Taxation

16pts

20

Betting tax & levies

Online betting tax at 15% GGR (but at least 83% return to players). Pool sports betting is 17% of turnover. Regionally licensed land-based betting is 12-17% turnover. Gambling winnings are subject to income tax.

Other taxation

Corporation tax 31% in 2020, 30% in 2021. Online gambling is exempt from VAT (19%).



Product

18pts

20

Betting channels

Land-based and online sports betting licensed. Race betting land-based only.

Types of betting

Permits pool, fixed-odds and exchange betting on sports and fixed-odds and exchange betting on non-sports events, including virtual sports and eSports which is not classified as a sport. Bets on horse racing are excluded from online betting. Pool betting on sports is land-based and has been provided via an exclusive contract (now ended but not retendered).



Integrity

7pts

15

Betting integrity

Colombia is not involved in the Council of Europe sports manipulation convention or its network of national platforms. The National Committee for the Prevention of Manipulation of Sports Competitions, which involves sports and betting operators, has called for integrity legislation to be introduced.

Prosecution

No criminal offence of match-fixing but may be deemed a crime of private corruption (Criminal Code Art. 250A) with imprisonment of up to eight years.



Advertising

11pts

15

Advertising (incl. bonuses) & sponsorship

Gambling operators can advertise their services, subject to the general rules of advertising. Advertising must not target minors or be broadcasted during children's programming. Gambling ads must not give the impression that the chance of winning is greater than it is. Advertising must also include addiction warnings. Sponsorship of sport is permitted.



Denmark

86pts

Regulation 27/30

Taxation 13/20

Product 19/20

Integrity 14/15

Advertising 13/15

Market Summary

A robust but balanced regulatory framework has established one of the more successful markets in Europe. However, the move away from moderate GGR tax is a negative and, as the government has conceded, is likely to see onshore channelisation fall.

Channelisation:

89%



Regulation

27pts

30

Regulatory framework

The Gambling Act entered force in 2012 replacing the previous monopoly approach; market overseen by the Danish Gambling Authority. Land-based and online racing and sports betting licensed and regulated, with fixed odds betting on horse, dog and pigeon racing permitted since 2018 (replacing land-based and online horse race pool betting monopoly).

Licensing numbers & costs

Unlimited number of licences for land-based and online sports betting (a single licence covers both) valid for up to five years. 20+ betting licences currently awarded. Land-based betting is dominated by former monopoly Danske Spil. General betting licences were subject to an application fee of DKK285,800 in 2020. The annual fee is dependent on GGR but ranged from DKK57,200 to DKK5,143,500.

Enforcement & player protection

No under-18 betting. Player verification protocols. Register of Voluntary Excluded Players (ROFUS) in place; operators must check whether a player has self-excluded. Player deposit limits must be available for customers. AML requirements in place.



Taxation

13pts

20

Betting tax & levies

28% of GGR paid monthly (increased from 20% beginning 2021). 8% fixed odds turnover levy placed on Danish horse racing bets since 2018.

Other taxation

22% corporation tax. 25% value added tax (VAT).



Product

19pts

20

Betting channels

Land-based and online racing and sports betting licensed. Betting also on-course at racetracks.

Types of betting

Fixed odds, pool/pari-mutuel and exchange betting on real and virtual events allowed. Online virtual betting cannot be offered by private operators as it falls under the monopoly of Danske Spil. Betting cannot be offered on under-18 sports competitions, but no other restrictions or approved sports lists.



Integrity

14pts

15

Betting integrity

Licensed betting operators are required to report suspicious betting to the authorities. Denmark has signed but not ratified the Council of Europe sports manipulation convention and is a member of its network of national platforms. The national platform is overseen by Anti-Doping Denmark and includes governmental authorities, operators and sports.

Prosecution

Match-fixing is specifically criminalised in section 10(b) of the Promoting Integrity in Sport Act 2015 and includes a fine or imprisonment for up to two years.



Advertising

13pts

15

Advertising (incl. bonuses) & sponsorship

Detailed advertising rules set out by the authorities. Must not target minors or give the impression that the chance of winning is greater than it is. Bonus marketing rules in place; must include clear terms and conditions. Gambling sponsorship of sport is permitted; the new Marketing Act precludes consumers being simultaneously exposed to gambling and consumer loan products which has caused issues.



France

72pts

Regulation 22/30

Taxation 8/20

Product 15/20

Integrity 14/15

Advertising 13/15

Market Summary

Robust regulatory framework and strong on betting integrity. But high tax burden, restriction on betting product offering and additional product limitation of a land-based monopoly. Unattractive market with a low number of licensed online betting operators.

Channelisation:

92%

Regulation

22pts

30

Regulatory framework

Sports betting has been allowed in France since 1985 but had been subject to monopoly provision. Land-based betting remains a monopoly, but the Online Gambling Law 2010 opened online racing and sports betting to be licensed and regulated by the ANJ (which replaced ARJEL from June 2020).

Licensing numbers & costs

Unlimited online racing and sports betting licences, but only 14 sports betting licences are in operation with seven of those also offering betting on racing. ANJ issues licences for renewable five-year periods; there are no licensing fees. Land-based betting is subject to a monopoly granted to Française des Jeux (FDJ), privatised in 2019. Horse racing is subject to a monopoly granted to Pari Mutuel Urbain (PMU), which also offers online sports betting.

Enforcement & player protection

Betting prohibited for under 18s. A self-exclusion programme is in place which operators must check. A player can also request to be excluded from a specific website. Operators must provide players with options for wagers and deposit limits. AML is in place.

Taxation

8pts

20

Betting tax & levies

From 2020 online operators are taxed 37.7% GGR for racing and 55.2% GGR for sports betting. There is a 44.5% GGR for retail betting. Operators must also pay a fee to the organiser of a French sports event for the right to offer bets and a horse racing levy.

Other taxation

26.5-27.5% corporation tax in 2021 (set to fall to 25% in 2022). 20% value added tax (VAT).

Product

15pts

20

Betting channels

Land-based (monopolies for racing and sports betting) and online racing and sports betting licensed.

Types of betting

Fixed odds and pool betting permitted; exchange betting is prohibited. The ANJ determines a list of sporting events and the periods within those events on which bets can be offered in cooperation with sports. No betting permitted on virtual events. Land-based and racing pool betting monopoly.

Integrity

14pts

15

Betting integrity

Operators are required to report suspicious betting to the authorities. France has signed but not ratified the Council of Europe sports manipulation convention and is a member of its network of national platforms. A national platform has been in operation since 2016 working with national and international partners.

Prosecution

The law of 2012 (Criminal Code Art. 445) created a betting fraud offence, criminalising match-fixing with imprisonment for up to five years and €500k fine.

Advertising

13pts

15

Advertising (incl. bonuses) & sponsorship

Advertising rules are set out in Decree No. 2010-624. Gambling adverts (publication and audio-visual) must not be aimed at minors. Marketing materials cannot be sent to self-excluded players and a message warning against excessive gambling must appear in the advertisement. Sponsorship of sport is permitted.



Germany

76pts

Regulation 25/30

Taxation 11/20

Product 14/20

Integrity 13/15

Advertising 13/15

Market Summary

Long-awaited regulation of one of the largest markets in Europe immediately attracting licensees. However, the turnover-based tax and in-play betting product restrictions may cause consumer channelling issues hindering regulatory oversight and fiscal returns.

Channelisation:
92%

Regulation

25pts

30

Regulatory framework

Land-based and online racing and sports betting licensed and regulated. The 20-operator licence limit set in 2012 has been abolished with an 18-month interim Treaty regime from the start of 2020, with a new Interstate Treaty set to follow from July 2021. Saxony-Anhalt will then take over from Hesse as the central licensing authority for the 16 states.

Licensing numbers & costs

An unlimited number of online betting licences have been available since the start of 2020 with already 25+ awarded under the short transitional Treaty arrangement. From mid-2021, annual licensing will cost 2%-0.6% of operator turnover. An extensive land-based market already exists, and some state land-based licence number limitations may continue.

Enforcement & player protection

Betting prohibited for under 18s. Operators must protect minors and vulnerable persons and monitor for addiction. This includes a central self-exclusion list (lasting a minimum of three months) and players setting deposit limits which may not exceed €1k per month (exceptions may be made). AML is in place.

Taxation

11pts

20

Betting tax & levies

Betting is taxed at 5% of turnover.

Other taxation

Federal (15%) and municipal trade taxes amount to a total of around 30-33%. 19% value added tax (VAT).

Product

14pts

20

Betting channels

Land-based and online racing and sports betting licensed.

Types of betting

Fixed odds in-play betting is only allowed on the final result, next goal or similar. A list of permitted bets will be published, and bets deemed susceptible to manipulation banned. Horse race betting is licensed (Horse Race Betting and Lotteries Act) but pool betting restricted to racing associations and tracks. Non-sports bets, betting exchanges and spread betting are prohibited. Virtual bets are not regulated.

Integrity

13pts

15

Betting integrity

Operators must be part of an integrity monitoring system and report suspicious betting to the authorities. Germany has signed but not ratified the Council of Europe sports manipulation convention and is a member of its network of national platforms.

Prosecution

The Criminal Code (Art. 265) specifically covers sports manipulation with imprisonment for up to five years.

Advertising

13pts

15

Advertising (incl. bonuses) & sponsorship

Advertising may not be excessive or misleading nor target minors or vulnerable persons. TV advertising for betting on sports event is not permitted immediately before or during the live broadcast and must not involve active athletes. Sponsorship and advertising in sports venues is permitted in the form of brand advertising on jerseys, boards and similar media.



Great Britain

91pts

Regulation 27/30



Taxation 17/20



Product 20/20



Integrity 14/15



Advertising 13/15



Market Summary

Robust regulation, moderate operator costs and taxation. Represents one of the earliest pieces of online gambling legislation and remains one of the best examples of regulation globally. Forecast to retain high operator numbers and channelling rate.

Channelisation:

99%

Regulation

27pts

30

Regulatory framework

Land-based and online racing and sports betting is licensed and regulated in Great Britain (Northern Ireland has its own law) through the Gambling Act 2005, which established the Gambling Commission. Local authorities license the premises of the long-established land-based betting market.

Licensing numbers & costs

Unlimited land-based and online licences. 100+ online betting licences in operation with over 8,000 land-based betting premises (also licensed by local authorities). Licensing costs vary across betting products depending on GGR: online betting licence (no limitation on length) application fee is approx. £3k-£25.7k with an annual fee of approx. £3k-£500k.

Enforcement & player protection

Betting prohibited for under 18s. Licence conditions and codes of practice included detailed responsible gambling provisions to protect minors and vulnerable persons. This includes player self-exclusion (all online operators must participate in the gambling industry developed GAMSTOP scheme). AML is in place.

Taxation

17pts

20

Betting tax & levies

Point of consumption tax. Online and land-based fixed odds and pool betting is 15% GGR. Sports spread betting is 10% GGR and financial spread betting 3% GGR. Exchange betting is 15% GGR on commission. 10% GGR levy on British horse race bets.

Other taxation

19% corporation tax in 2021. Gambling is exempt from value added tax (VAT).

Product

20pts

Betting channels

Land-based and online racing and sports betting licensed.

Types of betting

Fixed-odds, exchange, pool and spread betting permitted. The regulator has the power to impose restrictions on bet types and betting events, but no restrictions have been deemed necessary.

Integrity

14pts

15

Betting integrity

Licensed operators are required to report suspicious betting to the regulator and sports. Detailed integrity policy guidance provided to operators. Britain has signed but not ratified the Council of Europe sports manipulation convention and is a member of its network of national platforms. The national platform includes the authorities, operators and sports.

Prosecution

Gambling Act offence of cheating (s.42) with up to two years' imprisonment, plus bribery and fraud laws.

Advertising

13pts

15

Advertising (incl. bonuses) & sponsorship

Licensees must comply with regulator and Advertising Standards Authority codes covering advertising and bonus promotion and aimed at protecting minors and other vulnerable people. The gambling industry also established its own responsible advertising code prohibiting TV betting adverts during sporting events. Sponsorship of sport is permitted, but gambling logos are not allowed on children's sports shirts.



India

9pts

Regulation 3/30

Taxation 2/20

Product 2/20

Integrity 1/15

Advertising 1/15

Market Summary

Whilst betting is widespread across India it is mainly prohibited and therefore unlicensed and unregulated. Player protection and market oversight is therefore absent, as are fiscal returns. The unregulated market and related criminality will continue to flourish.

Channelisation:
0%

3pts



Regulation

30

Regulatory framework

Betting is prohibited across most of India under the Public Gaming Act 1867. However, the Constitution empowers states to regulate and tax betting. Land-based betting on racing is permitted in 11 states (active in six). Karnataka (since rescinded) and West Bengal permitted online horse race betting in 2020. Sikkim (Online Gaming Act 2009) licenses betting via land-based intranet, but only within the state.

Licensing numbers & costs

In the small state of Sikkim (population of less than 1 million), a provisional licence for offering land-based sports betting costs 100k rupees. That enables the licensee to set up the infrastructure and comply with other licensing requirements. A regular licence is then issued for a period of five years and costs 10 million rupees.

Enforcement & player protection

Betting is mainly prohibited and therefore unlicensed and unregulated; as such, there are no specific player protection or gambling responsibility measures. Sikkim imposes some measures such as prohibiting under 18s. The Prevention of Money Laundering Act, 2002 (PMLA) prohibits money laundering activities.

2pts



Taxation

20

Betting tax & levies

In Sikkim, operators are required to pay a levy of 10% of gross gaming yield or five crore rupees, whichever is higher. Indian income tax laws state that any winnings from any lottery or other game that exceeds INR10k is subject to a withholding tax of 30%.

Other taxation

Corporation tax is 30% for domestic and 40% for foreign companies. Good and Services Tax (GST) 28%.

2pts



Product

20

Betting channels

Very limited access to licensed land-based and online racing and sports betting.

Types of betting

Licensed land-based, and to a lesser extent online horse race betting, is available in some states. In Meghalaya, betting on the sport of teer (a form of archery) is licensed. In Nagaland, betting on virtual sports and team selection sports can be offered. Only teSikkim allows betting on real sporting events.

1pts



Integrity

15

Betting integrity

India is not involved in the Council of Europe sports manipulation convention or its network of national platforms. Despite widespread unregulated betting, match-fixing in Indian sport and various Supreme Court reports recommending regulation to protect sporting integrity, no legislation has been passed.

Prosecution

No specific match-fixing law (a Bill was shelved in 2017) and attempts to use existing criminal law have proved unsuccessful. Some sports sanctions imposed.

1pts



Advertising

15

Advertising (incl. bonuses) & sponsorship

Under the Advertising Standards Council of India (ASCI) Code, adverts for products that are banned under law are prohibited. The Cable Television Network Rules 1994 state that the advertisement of gambling is prohibited, but the advertisement of games of skills, such as horse racing, is not. In Sikkim, licensees can advertise under certain provisions such as not targeting under 18s; bonuses are also allowed.



Italy

77 pts

Regulation 27/30



Taxation 14/20



Product 17/20



Integrity 14/15



Advertising 5/15



Market Summary

Well-established market which, through a balanced framework offering wide consumer choice, has steadily reduced the number of consumers betting offshore. Overly stringent advertising restrictions may reverse that positive onshore channelling trend.

Channelisation:

94%

Regulation

27pts

30

Regulatory framework

Land-based and online racing and sports betting is licensed and regulated by the ADM. Italian betting is regulated via different laws but was established by the Decree of 2006 for fixed odds sports betting.

Licensing numbers & costs

Land-based and online betting licences are awarded through a tender process. The number of licences along with the licence length, fees and other details are decided with each tender. The last tender in 2019 saw 70 online licences awarded (120 were available) at a cost of €200k each and are valid until the end of 2022. A new tender for land-based licences is expected in 2021, having been delayed since 2016.

Enforcement & player protection

Betting prohibited for under 18s. Operators must allow players to self-exclude; the ADM created the RUA self-exclusion register in 2018. Players are required to establish betting limits and must also be allowed to set deposit limits. AML is in place.

Taxation

14pts

20

Betting tax & levies

Land-based sports betting 20% GGR and online sports betting 24% GGR (plus 0.5% turnover tax until 2022). Virtual betting 22% GGR. Land-based racing 43% GGR and online racing 47% GGR. Customer winnings are taxable and deducted at source by operators.

Other taxation

24% corporation tax. Betting is not subject to VAT.

Product

17pts

20

Betting channels

Land-based and online racing and sports betting licensed.

Types of betting

Fixed odds, pool and exchange betting are licensed. Betting on virtual events is also permitted. There is an official list of sports events on which bets may be offered; operators may request permission to offer events not covered by the list. Betting on sports events exclusively played by minors is prohibited.

Integrity

14pts

15

Betting integrity

Licensed betting operators are required to report suspicious betting to the authorities. Italy established a unit to monitoring suspicious retail and online betting in 2011. It has signed and ratified the Council of Europe sports manipulation convention and is a member of its network of national platforms.

Prosecution

Legislation that criminalizes the manipulation of sport came into force in 1989 and includes imprisonment for up to two years (law 401/1989 - Art. 1.3).

Advertising

5pts

15

Advertising (incl. bonuses) & sponsorship

The advertising of all gambling services (except the national lotteries) by TV or radio broadcasts, press and other publications has been prohibited since July 2018. Sponsorship of sport has also been banned. Shop signage and land-based and betting website information on odds and bonuses is permitted.



Kenya

71pts

Regulation 20/30

Taxation 15/20

Product 18/20

Integrity 7/15

Advertising 11/15

Market Summary

Ability to offer a wide betting catalogue and attractive GGR tax are hampered by other tax burdens, expensive licensing, lack of responsible gambling and integrity measures. Market stability issues also present challenges for international operator investment.

Channelisation:
93%

Regulation

20pts

30

Regulatory framework

Land-based racing and sports betting regulated under the Betting, Lotteries and Gaming Act 1966. Online is regulated by the Betting, Gaming and Lotteries (Online Gaming) Regulations 2019. A new law (Gaming Bill 2019) covering all gambling awaiting approval in 2021.

Licensing numbers & costs

Unlimited licences for land-based or online betting (80+ awarded). Various application and renewal fees are imposed ranging from Ksh.10k-700k. County governments also license land-based. Draft Gaming Bill online licensing costs Ksh.100m (€750k) and land-based Ksh.30m (€230k), lasting three years with renewal fees of Ksh.30m and Ksh.5m.

Enforcement & player protection

Betting prohibited for under 18s. Current licensing requires operators to mitigate excessive play and underage participation. However, like the Gaming Act 1966 and Regulations 2019, the Gaming Bill 2019 is short on detailed player protection measures such as self-exclusion. There are AML requirements.

Taxation

15pts

20

Betting tax & levies

Betting is taxed at 15% GGR (currently and in the Gaming Bill Art. 37). There is also a 20% Withholding Tax (WHT) imposed on players' winnings and a 1.5% digital services tax on gross income impacting online operators from 2021.

Other taxation

30% corporation tax for resident companies, including subsidiaries of foreign parent companies (otherwise 37.5%). Gambling is exempt from VAT.

Product

18pts

20

Betting channels

Land-based and online racing and sports betting licensed. Betting is also allowed at the one racetrack.

Types of betting

Fixed odds and pool betting are licensed. The current licence application process requires operators to advise the regulator of the proposed sports events and types of bets to be offered, but no restrictions are listed and none are set out in the Gaming Bill. The Bill sets a minimum online bet of Ksh.50 (Art. 60).

Integrity

7pts

15

Betting integrity

Kenya is not involved in the Council of Europe sports manipulation convention or its network of national platforms. There are no integrity requirements listed in legislation or by the regulator, albeit its policy does involve ensuring that gambling is conducted in a fair and open manner and that it is not a source of crime.

Prosecution

There is no match-fixing law, but the Gaming Bill includes an offence of cheating at betting (Art. 154) with imprisonment for up to two years.

Advertising

11pts

15

Advertising (incl. bonuses) & sponsorship

The Gaming Bill (Art.158) requires that ads indicate the addictive nature of gambling and dedicate 10% of space to responsible gambling. TV and radio adverts are not permitted between 6am and 10pm, unless during live sport. The Bill imposes a 35% tax on TV and radio adverts. The Advertising Standards Body also includes provisions to protect minors and vulnerable persons. Sponsorship of sport is allowed.



Malta

88pts

Regulation 25/30



Taxation 19/20



Product 20/20



Integrity 12/15



Advertising 12/15



Market Summary

Primarily an international operating hub. Wide betting product range permitted, and integrity measures recently strengthened. Attractive tax, including potential for significant reduction in corporation tax. Will continue to attract operators.

Channelisation:

n/a



Regulation

25pts

30

Regulatory framework

Land-based and online racing and sports betting is licensed and regulated by the MGA. Malta updated its laws with the Gaming Act 2018, with the legislation supported by various Regulations and Directives. It is primarily an international online operating hub.

Licensing numbers & costs

Unlimited online betting licences may be awarded (100+ in operation) for ten-year durations with an annual licence fee of €25k. Variable compliance contributions are also levied depending on operator revenue: Type 1 €25k- €375k, Type 2 €25k- €600k, Type 3 €25k- €500k, Type 4 €5k- €500k.

Enforcement & player protection

Operators are required to adhere to player protection and responsibility gambling measures. The Player Protection Directive includes self-exclusion for a defined period or permanently. Players must also be allowed to set deposit and betting limits. Responsible gambling messaging on websites. AML is in place.



Taxation

19pts

20

Betting tax & levies

There is a 5% GGR on online and land-based betting on players based in Malta. Player winnings are tax exempt as long as not professional income. No betting tax on international customer bets.

Other taxation

35% corporation tax but significant reductions are available (6/7ths in the case of trading income making it 5%). 18% value added tax (VAT)



Product

20pts

Betting channels

Land-based and online racing and sports betting is licensed.

Types of betting

Fixed odds, pool and exchange betting are permitted. Spread betting is also permitted but is regulated by the Malta Financial Services Authority. There are no restrictions on bet types allowed to be offered.



Integrity

12pts

15

Betting integrity

Operators are required to report suspicious betting to the authorities with an online reporting platform launched in November 2020. The MGA Sports Integrity Unit has produced a guidance paper covering suspicious betting monitoring and reporting. Malta has not signed or ratified the Council of Europe convention, but the Sports Governance and Integrity Act 2021 establishes a national platform.

Prosecution

The Corruption in Sport Act 2018 makes manipulation of sport an offence with three years' imprisonment.



Advertising

12pts

15

Advertising (incl. bonuses) & sponsorship

Gaming Commercial Communications Regulations and the Commercial Communications Committee Guidelines include provisions protecting minors and vulnerable persons. Commercial communications must not be sent to self-excluded players. Sponsorship and advertising of TV programmes for minors is banned. Bonuses must not be misleading.



Mexico

70pts

Regulation 22/30

Taxation 12/20

Product 18/20

Integrity 7/15

Advertising 11/15

Market Summary

Unlimited licences, wide betting product offering and ability to advertise betting services is attractive. However, this is set against a dated law primarily focused on land-based gambling with a relatively high tax burden and lack of market integrity measures.

Channelisation:
90%



Regulation

22pts

30

Regulatory framework

Gambling is governed by the Federal Gaming and Raffles Law 1947, with the regulatory framework overseen by SEGOB. Additional regulations and decrees have established the current framework, which permits betting. A new federal law was submitted in 2014, but it is unlikely to be approved during the current administration (ending 2024).

Licensing numbers & costs

No restrictions on the number of land-based or online racing and sports betting licences, but local authorities can impose zoning prohibitions. Betting licences are valid for up to 25 years and can be extended for additional 15-year periods. No application cost. The annual licence fee is 1% of turnover on sports betting and 2% of turnover on racing. State-owned charity Pronosticos Deportivos also offers betting.

Enforcement & player protection

Betting is prohibited for under-18s. Problem gambling bodies are listed by the regulator and it also provides a dedicated phone line. There is no central self-exclusion programme nor any requirements for player betting or deposit limits. AML is in place.



Taxation

12pts

20

Betting tax & levies

A 30% GGR tax is imposed for racing and sports betting. Players' winnings are treated as taxable income both federally (1%) and by states (generally 4-6%). States may also impose local taxes on operators, albeit federal laws allow licensees to deduct local taxes up to a total of 20% from the federal 30% tax.

Other taxation

30% corporation tax and 16% VAT. A 16% digital services tax (SAT) was also imposed in mid-2020.



Product

18pts

20

Betting channels

Land-based and online racing and sports betting is licensed.

Types of betting

Permitted bet types are not specifically addressed in the legislation. However, in practice, operators offer pool and fixed-odds betting, including in-play. Betting on virtual events is also offered. Art. 2 of the 1947 law set out the activities on which bets may take place and which is very broad, primarily covering board games (e.g. chess), racing and all kinds sports.



Integrity

7pts

15

Betting integrity

Mexico has not signed or ratified the Council of Europe sports manipulation convention nor is it involved in the CoE network of national platforms. No specific integrity measures evident; however, the 2004 Regulation (Art. 29) does require licensees to report potential criminal activity to the authorities.

Prosecution

In addition to the gambling law's offences, it may be possible to use general corruption and bribery laws.



Advertising

11pts

15

Advertising (incl. bonuses) & sponsorship

Advertising of gambling is mainly regulated by the 1947 law and 2004 Regulation (Art. 9) but may also be controlled by local authorities. Advertising can be carried out in any form but must meet certain conditions. In particular, that it includes messages promoting responsible gambling and precludes minors. Sponsorship of sport is also permitted.



Netherlands

77 pts

Regulation 22/30

Taxation 13/20

Product 15/20

Integrity 14/15

Advertising 13/15

Market Summary

Unlimited online licences and strong regulatory focus on player protection likely to attract a sizeable number of operators. However, continuing land-based monopoly added to a high online GGR tax and product restrictions likely to impact channelling.

Channelisation:

3%



Regulation

22pts

30

Regulatory framework

Online race and sports betting licensing process under the Online Gaming Act 2019 is expected to open in the first half of 2021, with the KSA issuing licensing to be operational in the second half of 2021. Land-based betting will remain a monopoly offer through Nederlandse Loterij for sports betting and ZEbetting & Gaming Nederland BV for racing.

Licensing numbers & costs

Unlimited online betting licences may be awarded for five-year durations and costing €48k. Land-based betting will remain under monopoly provision. The KSA will impose a levy of 1.75% GGR on operators to cover regulatory costs and gambling addiction.

Enforcement & player protection

Betting is prohibited for under-18s. Licensees required prevent underage and excessive gambling; operator must contribute to an Addiction Prevention Fund. Players must be allowed to set deposit/betting limits and self-exclude; licensees must check the Central Exclusion Register (CRUKS). AML in place.



Taxation

13pts

20

Betting tax & levies

29% GGR (although it will be 30.1% GGR for the first six months of the new licensing process under the Online Gaming Act 2019). A 10% GGR levy will be paid on bets on racing taking place in the Netherlands.

Other taxation

25% corporation tax. Gambling is VAT exempt.



Product

15pts

20

Betting channels

Land-based (monopoly) and online racing and sports betting.

Types of betting

Fixed odds, pool and exchange betting are licensed. Spread betting and betting on non-sports events are prohibited. Betting is not permitted on youth and amateur sports events, or negative events such as a yellow card in football or a double fault in tennis. Sports must be informed of betting on their events, and a list of permissible events will be determined.



Integrity

14pts

15

Betting integrity

Operators must conduct a risk analysis of the events they offer for betting, be part of an international monitoring system and report suspicious betting. The Netherlands has signed (but not ratified) the Council of Europe sports manipulation convention and is a member of its network of national platforms.

Prosecution

Covered by fraud law (Criminal Code Art. 326) with imprisonment for up to four years.



Advertising

13pts

15

Advertising (incl. bonuses) & sponsorship

Advertising must not be aimed at minors or suggest financial gain. Bonuses are allowed but must not promote excessive gambling. No advertising on TV between 6am and 9pm (except neutral mentions of media sponsorship) and none promoting in-play betting during sports events. Sponsorship of sport is permitted but conflicts of interest must be addressed.



Nevada (USA)

85pts

Regulation 25/30

Taxation 19/20

Product 18/20

Integrity 12/15

Advertising 11/15

Market Summary

Long-established and successful regulation. Initial licensing cost is potentially sizeable but mitigated by an extremely attractive GGR tax and wide product offering. Requirement to show ID at land-based premises before beginning online betting is outdated.

Channelisation:

89%



Regulation

25pts

30

Regulatory framework

Nevada was exempt from the previous PASPA sports betting ban and has a long-established industry. Land-based and online betting is covered by the Nevada Gaming Control Act with licensing and regulation conducted by the NGC/NGCB. All betting must take within the borders of Nevada.

Licensing numbers & costs

Casinos and operators of mobile gaming may apply for a betting licence. The annual sports pool licence fee is \$500, but operators must first obtain a non-restricted gaming licence (application fee is \$1k, but investigative fees vary and can cost over \$1m). There are around 200 locations with a non-restrictive sports pool licence. The NGC may limit a licence period (usually two years) after which the applicant must reapply, but gaming licences do not otherwise expire.

Enforcement & player protection

Betting is prohibited for under-21s. Licensees must display problem gambling messaging and train staff to recognise addiction behaviour. No central self-exclusion program, but many operators have company programs. Players must be allowed to set limits on credit and direct marketing. AML in place.



Taxation

19pts

20

Betting tax & levies

Betting is taxed at 3.5%-6.75% GGR. Bets are also subject to 0.25% federal tax on turnover (handle); a bipartisan bill in 2020 proposes repealing this. No state tax on player winnings but treated as income (loses deductible) under federal income tax. Nevada regulations do not mandate the use of official league data or provide an integrity fee to sports leagues.

Other taxation

There is no corporate income tax in Nevada, but the federal rate is 21%.



Product

18pts

20

Betting channels

Land-based and online (via mobile app.) racing and sports betting is licensed.

Types of betting

Fixed odds and pool betting permitted (Regs. 22, 26 & 30). Virtual is permitted. Betting is not permitted on amateur sports (college events are permitted) or political elections. Sports in the state can request that no betting take place on their home events, which will be considered (none in place). Wagering app accounts established remotely are not active until the player's ID is shown at licensed land-based premises.



Integrity

12pts

15

Betting integrity

Operators must report suspicious betting (using the Suspicious Wagering Report Form). No betting permitted with participants involved in sport. The USA/Nevada has not signed or ratified the Council of Europe sports manipulation convention and is not a member of its network of national platforms.

Prosecution

Federal offence of Bribery in Sporting Contests (U.S. Code § 224) with imprisonment for up to five years. Nevada (NRS Ch. 465) fraud and cheating offences.



Advertising

11pts

15

Advertising (incl. bonuses) & sponsorship

General advertising rules contained in the NGC Act (Reg. 5) e.g. must be conducted with decency, honesty and not be false or misleading. This covers print, radio, websites and TV broadcast media. Marketing of promotions permitted within certain parameters e.g. not target self-excluded persons.



New Jersey (USA)

82pts

Regulation 25/30

Taxation 17/20

Product 16/20

Integrity 13/15

Advertising 11/15

Market Summary

Instrumental in repealing PASPA and progressive stance on regulation. Good GGR tax base and strong on integrity. Rejection of the sports data mandate and integrity fee. Linking online licences to land-based premises may restrict market potential.

Channelisation:

82%

Regulation

25pts

30

Regulatory framework

New Jersey was instrumental in repealing PASPA in mid-2018, allowing all US states to licence sports betting. Land-based and online betting is regulated by the NJ DGE in line with the Sports Wager Law 2018. The NJ Racing Commission issues initial sports betting licenses to racetracks, with renewals via the DGE.

Licensing numbers & costs

Online licences are attached to land-based licences offering betting (casinos and racetracks). Each licensee may provide up to three sports betting websites (skins). Land-based or online sports betting licence applications cost \$100k. Annual renewals cost at least \$100k. There are seven casinos and three racetracks offering land-based betting, with around 20 online betting sites. The NJRC licenses racing pool (pari-mutuel) betting on and off-track (fees vary).

Enforcement & player protection

Betting is prohibited for under-21s (expect pari-mutuel under 18). The DGE maintains a central self-exclusion list covering land-based and online activities. Self-exclusion periods range from a minimum of one year to lifetime. Players can set deposit, spending and time limits. AML in place.

Taxation

17pts

20

Betting tax & levies

Point of consumption regime. Land-based sports betting tax 9.75% GGR with online 14.25% GGR. Bets subject to 0.25% federal tax on turnover (handle); a bipartisan bill in 2020 proposes repealing this. No state tax on player winnings but treated as income (loses deductible) under federal tax. No official league data mandate or integrity fee to sports leagues.

Other taxation

9% corporation tax in New Jersey, with a federal rate of 21%.

Product

16pts

20

Betting channels

Land-based and online racing and sports betting is licensed.

Types of betting

Fixed odds, exchange and pool betting permitted. Virtual betting can be offered. The DGE provides a list of approved bet types and sporting events. Betting is prohibited on any collegiate sport or athletic event in New Jersey or on any New Jersey college team game playing anywhere else. An exception is made for some events e.g. March Madness, and international events where persons under 18 make up a minority.

Integrity

13pts

15

Betting integrity

Operators are required to report suspicious betting to the authorities and are also required to engage with an integrity monitoring provider (13:69N-1.6). The USA/New Jersey has not signed or ratified the Council of Europe sports manipulation convention and is not a member of its network of national platforms.

Prosecution

Federal offence of Bribery in Sporting Contests (U.S. Code § 224) with imprisonment for up to five years. Various state level offences of cheating.

Advertising

11pts

15

Advertising (incl. bonuses) & sponsorship

General advertising rules contained in the NJ Admin. Code (13:69C-14.2) that gambling advertising be based upon fact, and not be false, deceptive or misleading. A sports pool operator must ensure that problem gambling messaging is included on all print, online or broadcast advertisements (13:69N-1.8).



Poland

72pts

Regulation 24/30

Taxation 5/20

Product 18/20

Integrity 13/15

Advertising 12/15

Market Summary

Unlimited licensing for land-based and online betting and no restrictions on the types of bets offered. However, burdensome high turnover tax and sports betting right have contributed to relatively low licence numbers and impacted consumer channelling.

Channelisation:
84%

Regulation

24pts

30

Regulatory framework

The principal legislation is the Gambling Act 2009, with licensing and regulation conducted by the Ministry of Finance. The law permits racing and sport betting (Art. 2) by private entities, whilst the state-owned Totalizator Sportowy offers online casino exclusively, as well as other forms of gambling.

Licensing numbers & costs

There is no licence limitation with around 20 land-based and online licences in operation. Licences are awarded for six years and may be extended for another six. The licence fee is set by a base point (average monthly wage). The land-based fee is 2,000% of the base amount (PLN102,814.80 in 2020) plus 50% of the base amount per each betting point. For an online betting permit, the minimum fee is equal to 9,000% of the base amount (PLN462,666.60 or €100k). Other fees and guarantees are also levied.

Enforcement & player protection

Betting prohibited for under 18s. There is no central self-exclusion programme, but operators must display warning messages and links to problem gambling websites. The law does not specify or enforce player betting, time or deposit limits. AML is in place.

Taxation

5pts

20

Betting tax & levies

Betting is taxed at 12% of turnover. However, for licences awarded solely to offer betting on racing the tax is 2.5% of turnover. Licensees must also have the consent of Polish sports to use the results of their events, thereby imposing sports betting right fees. Player winnings above PLN2,280 are taxed at 10%.

Other taxation

Corporation tax is 19%. Gambling is exempt from VAT.

Product

18pts

20

Betting channels

Land-based and online racing and sports betting licensed.

Types of betting

Fixed odds and pool betting are permitted. Pool betting is restricted to sports competitions, whereas fixed odds betting is permitted on sporting and non-sporting events, as well as virtual events. There is no restriction or list of permitted events or bet types.

Integrity

13pts

15

Betting integrity

Poland has signed but not yet ratified the Council of Europe sports manipulation convention and is a member of its network of national platforms. An informal operational group of key stakeholders monitors for suspicious betting and exchanges data.

Prosecution

Sports Act 2010 (Chapter 10) includes criminal provisions to protect Polish sport from unfair manipulation with imprisonment for up to 10 years.

Advertising

12pts

15

Advertising (incl. bonuses) & sponsorship

An amendment in 2017 allows a limited amount of betting advertising. Ads are permitted in newspapers and magazines, but not on their covers. It must not link betting to personal success or encourage higher stakes. Advertising is not permitted on TV or radio between 6am and 10pm, except for ads that are broadcasted during sporting events sponsored by operators. Sponsorship of sport is permitted.



Portugal

68pts

Regulation 22/30



Taxation 7/20



Product 14/20



Integrity 13/15



Advertising 12/15



Market Summary

The high turnover tax burden makes Portugal an unattractive market with a low number of licensed online operators and a land-based monopoly. Unlikely to attract many new operators and sizeable player channelisation offshore expected to continue.

Channelisation:
66%

Regulation

22pts

30

Regulatory framework

Online racing and sports betting licensed and regulated by the SRIJ, with the first licences issued in 2016 following the approval of the 2015 Decree. Land-based pool and fixed odds horse racing and sports betting continues to be provided through a monopoly operator (Santa Casa).

Licensing numbers & costs

Unlimited licences for online racing and sports betting costing €12k for issue and renewal. Licences last three years and can be extended for another three years. There are additional system certification costs and guarantees. Only 10 online fixed odds betting licences have been awarded. Monopoly land-based betting is offered through 4,500 points of sale.

Enforcement & player protection

Betting prohibited for under 18s. Online operators must provide a player self-exclusion mechanism and players can self-exclude from all licensed operators. Deposit and bet limits must also be available. AML requirements are in place.

Taxation

7pts

20

Betting tax & levies

Fixed odds racing and sports betting taxed at 8% of turnover. Betting exchange commission taxed at 35% GGR. Pool betting racing tax 25% GGR. Santa Casa games are subject to stamp duty of 4.5% on the amount of the bet and 20% on winnings above €5k.

Other taxation

Online operators are not subject to corporation tax (21%) or value added tax (23%).

Product

14pts

20

Betting channels

Land-based (monopoly) and online racing and sports betting licensed.

Types of betting

Fixed odds only for sports betting. Fixed odds and pool betting for racing. Exchange sports betting allowed. The SRIJ has issued a list of sports events and bet types on which fixed-odds betting may be offered. Betting on virtual events is not regulated.

Integrity

13pts

15

Betting integrity

Licensed betting operators are required to report suspicious betting to the authorities. Portugal has signed and ratified the Council of Europe sports manipulation convention and is a member of its network of national platforms.

Prosecution

The government adopted a law in 2007 establishing a criminal liability regime for acts against fair play in sport with imprisonment for up to five years.

Advertising

12pts

15

Advertising (incl. bonuses) & sponsorship

Gambling advertisements have been permitted since 2015. The SRIJ is responsible for the supervision of advertisements and has provided a Best Practice Manual. Adverts should not be directed at minors or encourage excessive gambling. There is a ban on TV and radio advertising between 7am and 10.30pm or within 30 minutes of TV programmes for minors. Sponsorship of sport is permitted.



Spain

79pts

Regulation 26/30

Taxation 16/20

Product 19/20

Integrity 13/15

Advertising 5/15

Market Summary

A relatively positive regulatory and fiscal framework attracting a sizeable number of operators with a growing onshore channelisation trend. This may however be undermined by overly stringent advertising restrictions leading to reduced market oversight and taxable revenues.

Channelisation:

76%

Regulation

26pts

30

Regulatory framework

National online gambling operator licensing under Spain's Gambling Act 2011 began in 2012 and is regulated by the DGOJ. This includes a general betting licence and product licences e.g. fixed odd sports. Spain's 17 autonomous regions regulate land-based and also online betting within their areas.

Licensing numbers & costs

Federal licences are issued through public tenders. No restrictions on licence numbers so far, with 40+ fixed odds online sports betting and 10+ racing betting licences awarded, along with exchange and pool licences. General online licensing last 10 years with singular product licences 1-5 years, costing €10k for a betting licence plus technical standards testing (€38k), guarantees and a minor annual turnover fee. Regional land-based and online licensing costs vary.

Enforcement & player protection

Betting prohibited for under 18s. Self-exclusion programmes are organised at national and regional levels. National online deposit and betting limits are set (e.g. max €3k monthly) along with operator protocols to detect problem gambling. AML required.

Taxation

16pts

20

Betting tax & levies

National online fixed odds, exchange and pool betting on sports and racing is taxed at 20% GGR. Regional licensed land-based and online betting varies from 10-20% GGR. Gambling winnings are treated as taxable income, but losses can be deducted.

Other taxation

25% corporation tax and economic activities tax (municipality dependent). Gambling is VAT exempt.

Product

19pts

20

Betting channels

Land-based and online racing and sports betting licensed.

Types of betting

Fixed odds, pool and exchange betting on real events allowed (virtual has not been regulated). Online in-play betting is permitted. No betting on under-18 sporting events. Regional gambling authorities may establish permitted bet types for their licensees.

Integrity

13pts

15

Betting integrity

Licensed operators are required to report suspicious betting to the authorities. Spain has signed (but not ratified) the Council of Europe sports manipulation convention and is a member of its network of national platforms. The national platform includes governmental authorities, operators and sports.

Prosecution

The Criminal Code includes corruption offences for collusion in relation to professional sports competitions with imprisonment for up to four years.

Advertising 5pts

15

Advertising (incl. bonuses) & sponsorship

Revised rules in 2020 mean that advertising on TV and radio will only be permitted between 1am and 5am. Land-based and print advertisements will be prohibited, unless it is a gambling publication or event. There are also limitations on bonuses and promotional activity. Gambling sponsorship of sports teams will be banned from September 2021.



Sweden

83pts

Regulation 25/30

Taxation 16/20

Product 17/20

Integrity 13/15

Advertising 12/15

Market Summary

Positive market on recent initial opening with a good regulatory and fiscal balance attracting a significant number of operators. However, a lack of clear operational guidance resulting in fines being imposed and new product restrictions are negatives.

Channelisation:

91%

Regulation

25pts

30

Regulatory framework

Land-based and online racing and sports betting is licensed and regulated by the SGA. The Gambling Act 2018 provided for the licensing and regulation of online betting from the start of 2019. Land-based betting remains dominated by the previous racing and sports betting monopolies ATG and Svenska Spel.

Licensing numbers & costs

Unlimited land-based and online racing and sports betting licences, with 45+ online licences awarded. The cost of a betting licence is SEK400k and can be issued for up to five years. The annual fee is based on turnover and ranges from SEK30k to SEK500k.

Enforcement & player protection

Betting prohibited for under 18s. Players must be allowed to self-exclude and licensees must check the national self-exclusion register. Players must specify deposit and betting limits. ISPs must display a warning message on unlicensed operator websites. Licensees banned from offering credit. AML in place.

Taxation

16pts

20

Betting tax & levies

Betting is taxed at 18% GGR. No tax on player winnings unless from an unlicensed operator where a tax of 30% of winnings applies. Proposals for a horse racing levy and special copyright type protection for sports have been rejected.

Other taxation

20.6% corporation tax in 2021. Gambling is exempt from VAT.

Product

17pts

20

Betting channels

Land-based and online racing and sports betting. Land-based is dominated by the two ex-monopolies.

Types of betting

Fixed odds, pool and exchange betting are licensed. Betting on virtual events is permitted. From the start of 2020, the SGA has prohibited betting on Swedish sports involving rule violations e.g. yellow cards, limits betting to the top four football division teams, bans betting on most friendly football matches and the individual performance of any under 18 player.

Integrity

13pts

15

Betting integrity

Operators are required to report suspicious betting to the authorities. Sweden has signed (but not ratified) the Council of Europe sports manipulation convention and is a member of its network of national platforms. Its national platform involves governmental authorities, sports bodies and betting operators.

Prosecution

A specific criminal provision covering the manipulation of sport was introduced in the Gambling Act with imprisonment for up to two years.

Advertising

12pts

15

Advertising (incl. bonuses) & sponsorship

Advertising is permitted by licensees but must not target minors or players that have closed their account or self-excluded. The industry has adopted its own self-regulation Marketing Guidelines. Bonuses can only be offered to new customers. Sponsorship of sport is allowed but must not be included on products for minors e.g. children's football club shirts.

Chapter 3:

The availability of betting and the cost of match-fixing

Methodology

This section considers: a) the current and proposed availability and access to betting products based on integrity concerns across various jurisdictions; and b) the cost of match-fixing to the betting industry. The following data and analysis are a summary of a wider evaluation and which utilises the most extensive and detailed collection of global regulated operator data that has ever been assembled on sports betting markets and integrity. That data has been provided by IBIA operators representing \$137bn (€115bn) of global betting turnover per annum.



Those operators represent c.30% of all (retail and online) regulated sports betting activity and c.40% of all regulated online sports betting globally. Excluding state-owned operators, this increases to c.39% of all (retail and online) regulated commercial betting activity and nearly half (c.47%) of all regulated commercial online betting activity. The split between sports and betting markets is a level of data that has never been obtained before, even on a smaller scale.

Added to that market information is alert data from those operators' 85+ betting brands which feed into the largest customer account-based monitoring and alert system in operation in the world. There is good reason to justify the assertion that the data generated by that system is the most robust and reliable regulated market alert data available worldwide. It can therefore be viewed as an important and potentially accurate barometer of the prevalence of match-fixing in sport and related fraudulent betting activity across the global regulated betting sector.

The analysis in this section utilises full year betting operator market data from 2019 aligned with H2's own global betting market data. The alert data analysis has been conducted using an average over the four-year period 2017-2020, unless otherwise stated. Multi-year alert data has been employed to account for any potential volatility in the case numbers in any given year, which may have otherwise been deemed to have distorted the comparison of market and alert data; 2019 operator data has been used instead of 2020 due to the distorting impact of the pandemic and the availability of betting products and associated consumer activity.

The determination of primary and secondary markets is driven by consumer wagering and interest. These differ by sport, but in general a primary market involves betting on a major aspect of a sports event (e.g.,

match winner, goals scored), whereas a secondary market is more niche, or a derivative of a primary market (e.g., player cards, double faults etc).

All revenue generated from operators who are licensed in any jurisdiction is classified as ‘regulated’ revenues – i.e., the report does not distinguish between locally licensed (onshore white market) and licensed elsewhere (offshore grey market). References to ‘unregulated’ revenues are proceeds generated by operators not licensed in any jurisdiction (black market).

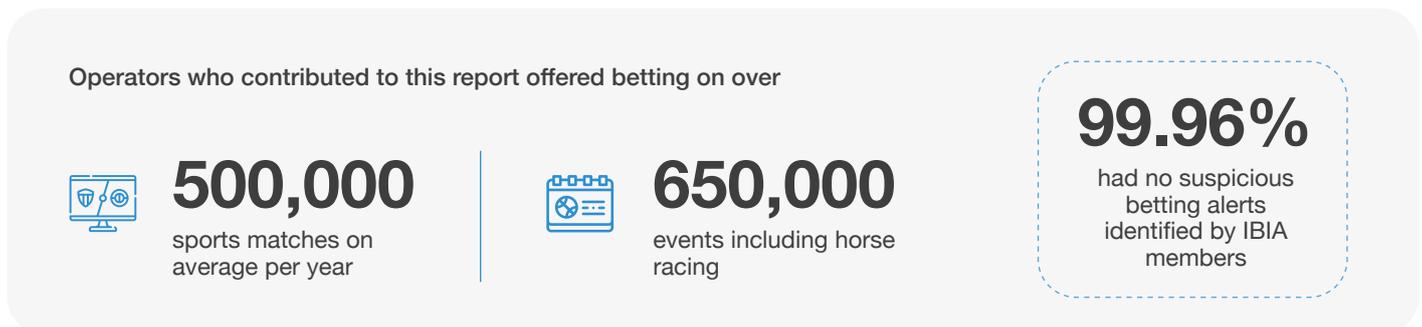
Alert data is as reported by IBIA members and represents suspicious betting activity identified on a market. This is an indication that there may be match-fixing taking place, but that can only be proven through subsequent investigative action by sports bodies and/or regulatory and law enforcement authorities. This alert data is only available to IBIA and its members.

Key Findings

The following paragraphs set out some of the high-level results of the analysis of the betting turnover and alert data, with particular reference to the three main sports bet on globally, namely: football (soccer), tennis and basketball. That analysis has considered current and proposed restrictions to betting activity based on integrity concerns across various jurisdictions, and these have been the starting point for the analysis of the alert and betting data.

Proportion of Matches Affected

One of the most striking observations emanating from the analysis was the sheer number of matches on which betting was available in 2019 compared to the number of alerts (average of 247 alerts per year during 2017-2020). In total, operators who contributed to this report offered betting on over 500,000 sports matches, or 650,000 events including horse racing per annum. Of these, 99.96% had no suspicious betting alerts, meaning that there was an alert on 1 in every 2,700 sporting events on which betting was offered.



With regard to football, the main sport wagered on globally, an average of 52 alerts were generated per annum during 2017-2020 from over 150,000 football matches annually on which betting was offered by the operators in this study. This means that 0.03% of matches were flagged for potential integrity issues, or that 99.97% of all football matches on which betting activity took place saw no potential integrity issues on IBIA monitored markets.

IBIA operators have \$24bn (€20bn) of turnover per year on basketball matches. An analysis of alert data since 2017 shows an average of just over 9 alerts per year. The operators that contributed to this study offered betting markets on 50,000 basketball games per year. That suggests that suspicious betting activity was identified on only 0.02% of those matches, or that 99.98% of the basketball matches and related betting

markets had no integrity issues. This equates to one suspicious betting alert for every 5,400 matches, or in monetary values, one potential integrity issue for every \$2.6bn (€2.2bn) of turnover wagered with IBIA members.

Tennis generates the largest number of suspicious betting activity alerts that occur on IBIA members' regulated betting markets, largely due to the number of matches which take place. In 2019, there were roughly 60,000 tennis matches that bookmakers offered betting on, with 138 alerts reported by all betting operators and monitoring bodies to the sport that year. That is equivalent to one suspicious betting alert on every 435 matches on which betting was offered and that there was no suspicious betting identified on 99.8% of the tennis matches offered globally.

There is a clear consumer demand for betting on this sport, with c.\$42bn (€35bn) wagered through regulated channels in 2019. From an integrity perspective, that is the equivalent of one suspicious betting alert for every c.\$300m (c.€254m) wagered through regulated channels. Any policy to restrict or prohibit betting on tennis through those regulated channels would undoubtedly result in an increase in consumers betting with unregulated operators.

Types of Markets Offered (Primary vs Secondary)

There remains a general perception that some secondary betting markets are at greater risk of corruption. However, the data challenges this assertion. In football, for example, 9 out of 10 (91%) of all alerts in the four-year period analysed took place on primary betting markets (e.g., full time result/number of goals) compared to secondary markets (e.g., corners, yellow cards).

The operators in this study had c.\$11bn (€9bn) of turnover on secondary markets in 2019, compared to an average of only 5 suspicious betting alerts on those markets during 2017-2020. That amounts to one suspicious alert on secondary markets for every \$2.2bn (€1.8bn) of turnover on those markets. There is a clear and significant consumer demand for those secondary markets, but a relatively negligible level of risk with IBIA members.



For basketball, 100% of the alerts raised by IBIA members on that sport globally during 2017-2020 were on primary markets (e.g., final result, points margin). Whilst for tennis, concerns about a perceived adverse integrity impact from betting on individual points should be considered with reference to that fact that less than 5% of all IBIA alerts take place on points only betting. In contrast, over half of all alert data takes place on match or set betting.

A more specific examination of card markets in football shows that during 2017-2020 there were 14 alerts on player cards, or an average of around 4 alerts (exact number 3.5 alerts) per year. These alerts per year compare to \$600m (€500m) per annum of betting turnover on these markets for the operators in this study.

The overall global customer demand through the regulated market for such betting is calculated to represent c.\$1.2bn (€1bn) in turnover.

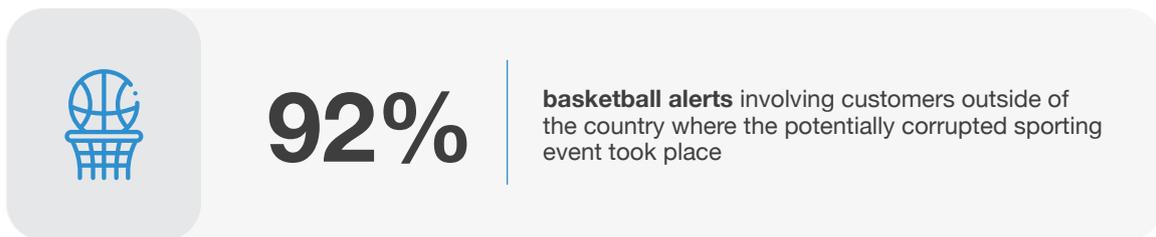
The betting operators that fed into this study offered card betting markets on c.6,000 football matches per year (compared to 150,000 overall), resulting in one betting alert on player/team cards for every 1,700 matches where card betting was available. There was no suspicious betting activity on 99.94% of football matches on which betting on player cards was offered.

The average number of card alerts is skewed by 8 alerts in 2019 (over 50% of the four-year total). All of these alerts took place in the top league of their respective countries, with 6 alerts in one country. Investigations based on these alerts have resulted in a number of arrests. Without the ability for IBIA members to offer and monitor this market, this activity would likely have gone undetected and unpunished with bets placed with non-reporting operators.

In tennis, concerns persist that betting markets on individual errors such as double faults are more prone to corruption. However, the analysis of the extensive level of data analysed for this study reveals that there have been no alerts with IBIA members on such markets during 2017-2020 and that the level of consumer demand places such betting in the 'niche market' category.

Location of Corrupters (Inside v Outside Markets)

Some jurisdictions have sought to prohibit their nationally licensed operators from offering betting on certain markets as a means of protecting the sporting events taking place in that jurisdiction from potential betting corruption. However, the underlying rationale and effectiveness of that approach is highly questionable. For example, 92% of basketball alerts during 2017-2020 were generated by betting operators where the alert was solely, or partly, predicated on suspicious betting by customers placing bets outside of the country and regulatory framework where the potentially corrupted sporting event was taking place. In football, 84% of alerts were similarly generated by customers in a different country to where the match was taking place.



Any restrictions on betting products enforced by regulators in the market where the potentially corrupted sporting event took place would therefore have been completely ineffective for 84% of all football betting integrity issues and 92% on basketball. Furthermore, the regulatory authority would have no data on any of these potential integrity issues if regulated operators were unable to offer the markets and were unable to track any suspicious betting activity. The demand for those banned products invariably results in consumers migrating to offshore operators unhindered by such product restrictions and outside of that market's regulatory oversight. This is counterproductive to the core regulatory and integrity policy aim.

Pre-Match vs In-Play Betting

Whilst the majority of betting turnover is generated through in-play betting for football, basketball and tennis, c.99% of turnover for basketball and football is generated on markets that you can also wager on pre-match, and c.94% of tennis turnover is on markets also available pre-match. As up to 99% of turnover is wagered on markets that are also available pre-match, if there were any manipulation taking place on an event, prohibiting in-play betting would do nothing to prevent the wagering taking place on comparable pre-match markets.

The increase in in-play betting is down to consumer preference and represents a significant and growing form of betting activity, with almost three quarters (74%) of all global football betting turnover now placed on in-play markets (\$107bn or €90bn). However, only 38% of football alerts and potential corrupt activity is solely attributed to that type of betting. Whereas such activity can be attributed (in part or full) to 62% of pre-match betting activity.



In-play betting is not, in itself, a driver of integrity issues and the data shows that potentially corrupt betting activity is, in general, just as likely to have taken place pre-match as in-play on football matches. However, any ban on in-play markets may serve to encourage consumers (and corrupters) to seek out offshore operators to place in-play bets, and where there may be no requirement to report any related suspicious betting activity and to protect sporting events. Fundamentally, market and sporting integrity is best served by encouraging all consumers within a jurisdiction to bet with operators licensed in that jurisdiction, and to require that those operators monitor and report suspicious activity across all of their markets.

Top Leagues vs Others

There is a general misunderstanding regarding the strength of consumer interest in betting on local and lower-level sporting events and its related importance in channelling consumers to onshore licensed operators. In football, for example, the top 5 European domestic leagues (in England, Spain, Germany, Italy and France), combined with the Champions League and Europa League competitions, account for less than 25% of total betting turnover on football globally.

To put this into context, an estimated \$110bn (€93bn) is wagered through all regulated betting operators globally on matches outside of these main leagues. There is significant consumer demand throughout the football pyramid, demonstrating a clear breadth of interest in betting on those competitions. Again, prohibiting those products through regulated channels increases the risk of consumers migrating to offshore operators to access those markets.



In terms of alert data, the analysis of basketball alerts showed that just over half of all alerts were on the highest league in that country. For football and tennis, the higher number of alerts at lower levels (relative to top levels) of those sports reflects the substantially higher number of matches offered for betting at the lower levels of both sports.

Online v Retail Betting

There is a general presumption that fraudulent betting activity only, or primarily, takes place online rather than in retail betting outlets. This may be a result of the focus of alternative odds-based monitoring systems which, by their very nature, are following the market movements of predominately online betting operations. It is however important to recognise that land-based betting makes up a large part of the global betting market representing \$40.5bn (€34bn) in gross win 2019, as opposed to online \$34.5bn (€29bn), and whilst accepted bet sizes may be lower in retail premises, the focus of corrupters on this channel should not be discontinued.

Indeed, 22% of IBIA's football alerts during 2017-2020 were flagged involving suspicious retail betting transactions. The fact that 1 in 5 of all suspicious betting alerts in football involve reports from IBIA members' retail outlets is evidence that this is not an issue that can be considered exclusive to online. As such, any regulatory framework or market monitoring that relies predominantly or solely on online activity could therefore be deemed to be somewhat incomplete in its ability to detect and report potential corruption, if excluding retail betting.

Betting v Non-Betting (Sporting) Corruption

Whilst the focus of the discussion around the extent of match-fixing and associated mitigating measures continues to be predominately on betting, this overlooks a sizeable part of such corruption. A recent large-scale international study by Ghent University has revealed that almost 20% of more than 5,000 sportspeople reported (in)direct match-fixing proposals.¹⁰² However, "Only 10% of the participants who had already been approached for match-fixing indicated that the proposal was made solely for the purpose of making money by betting on the manipulated match".¹⁰³

In almost 70% of cases the reason for the manipulation was sporting related only. The study states that "Despite the clear threat of sporting-related match-fixing, this type of match-fixing is often underestimated

and therefore neglected in prevention initiatives.”¹⁰⁴ There is a clear danger that this sporting manipulation, which continues to go largely unaddressed by sport and policymakers, provides a gateway into subsequent betting related corruption.



20%

of more than 5,000 sportspeople reported (in) direct match-fixing proposals

70%

had been approached to manipulate the event for sporting related reasons only

10%

had been approached for betting purposes

The Integrity of Betting Data

Markets such as in-play betting require specialist data to generate that product. That information is sold to betting operators through data companies who often have related contractual agreements with sports bodies. Maintaining the integrity of that sporting event data is of paramount importance for responsible regulated betting operators and has a direct impact on the integrity of the betting products they subsequently provide to consumers.

In May 2020, and in response to some integrity issues relating to sporting event data collection and distribution e.g., ghost games,¹⁰⁵ where the primary purpose is to defraud betting operators, IBIA determined that an agreed process for data collation would be of benefit to all parties involved in the global data supply chain (sports, data providers and betting operators).

In October 2020, IBIA published a set of global best practice standards governing the collation and sale of sporting event data for betting and opened a process for all parties engaged in that important data process to demonstrate that they meet those standards.¹⁰⁶ At the time of writing, only Stats Perform has sought to meet these minimum data standards.¹⁰⁷

Noting the widely held view that corrupters primarily focus on poorly and unregulated betting markets to conduct their illicit activity, notably endorsed by international law enforcement bodies INTERPOL and Europol,¹⁰⁸ it does raise questions how poorly and unregulated operators are able to generate similar in-play markets as well-regulated operators. The presumption, and concern, is that this may be facilitated by sports permitting the sale of their data to those operators, whilst well-regulated operators may be prohibited from offering those same products.

The sale of sports' data to poorly and unregulated operators e.g., based in Curacao and across Asia, potentially raises the risk of corruption; the sale of sports broadcasts to those operators is of similar concern. It also adds to the competitive advantage of such operators. A situation of that nature concerning data and streaming sales could be considered contrary to any integrity policy.

The Cost of Match-Fixing

The cost of betting related match-fixing is difficult to accurately ascertain; there are some published estimates, although there appear to be no accompanying analysis or explanation to substantiate such figures, especially where they relate to the unregulated market for which no detailed or reliable data exists.¹⁰⁹ To be consistent with the rest of this report, the evaluation of the cost of match-fixing has been based on an analysis of related data supplied by regulated operators, who monitor and report suspicious betting activity via IBIA and, as such, are well-placed to provide a strong data set. The impact of match-fixing on the wider regulated betting sector has also been factored in.

The subsequent assessment has therefore focused solely on the regulated industry (any losses incurred by unregulated and unlicensed operators in theory do not constitute a cost to the regulated sector). That analysis has involved an examination of a detailed set of data unique to IBIA operators and a consideration of the related position within the wider regulated sector. It does not include the amounts seized by regulated betting operators from customer accounts involved in proven corrupted events, as this does not result in a loss for the industry. However, customer transactional data (e.g., bet size, average odds, amounts won) from those proven corrupted events, along with analysis of sporting tribunal and criminal judgments and media reports of confirmed corruption has been assessed.

Consideration has also been given to the amounts seized (and related transactional data) by regulated operators where there has been detailed evidence of suspected corruption reported, but no subsequent conviction. It is important to note that not all corruption will be identified and not all reported concerns will result in a conviction, but that IBIA alerts are based on a strong data set of suspicious betting and potential corruption and cover a sizeable part of the regulated market (approximately half of all online betting activity). There is therefore good reason to determine that they represent a substantial degree of accuracy.



This evidenced-based evaluation of the cost of match-fixing for the regulated sector is therefore based on a set of robust operator market and alert data from a substantial part of the sector. Nevertheless, an extrapolation of this detailed and verifiable market and alert data to the wider sector inevitably requires that a number of implied assumptions must be made; to allow for this and potential variations, the calculation has been provided within a range. The subsequent analysis of the breadth of detailed data provided for this study implies that the global regulated betting industry loses in the range of c.\$19m - \$28m per annum from match-fixing, with a reasonable mid-point being around \$25m per annum.¹¹⁰

Appendix: IBIA Alerts and Endnotes

Global Alert Data by Quarter

Quarter	2017	2018	2019	2020	Total
Q1	27	50	37	61	175
Q2	53	62	51	65	231
Q3	72	72	50	76	270
Q4	114	83	45	68	310
Global Total	266	267	183	270	986

Global Alert Data by Continent (location of sporting event)

Continent	2017	2018	2019	2020	Total
Europe	144	148	87	142	521
Asia	50	48	52	44	194
Africa	28	26	15	22	91
South America	24	23	13	12	72
North America	17	15	13	22	67
Oceania	3	0	0	0	3
No country of origin	0	7	3	28	38
Global Total	266	267	183	270	986

Note: No country origin relates to eSports which have not been allocated a country as it is not always clear where an event has been hosted. Countries have been grouped in line with the official UN geographical continental classifications, except for Cyprus which has been listed under Europe.

Global Alerts Data by Sports

Sports	2017	2018	2019	2020	Total
 Tennis	160	178	101	98	537
 Football/Soccer	45	52	49	61	207
 Table Tennis	15	8	5	44	72
 eSports	2	7	3	28	40
 Basketball	13	7	8	9	37
 Volleyball	11	3	4	5	23
 Badminton	7	2	3	2	14
 Handball	5	1	3	3	12
 Ice Hockey	2	2	4	2	10
 Horse Racing	0	1	1	7	9
 Beach Volleyball	0	4	1	1	6
 Bowls	0	1	0	4	5
 Snooker	5	0	0	0	5
 Darts	0	0	0	3	3
 Boxing	1	1	0	1	3
 Cricket	0	0	0	2	2
 Pool	0	0	1	0	1
Global Total	266	267	183	270	986

Global Alert Data by Country

Country	2017	2018	2019	2020	Total
Russia	9	8	10	35	62
Ukraine	5	10	4	31	50
Turkey	18	13	5	11	47
UK	9	7	10	12	38
Egypt	11	12	6	9	38
Italy	14	17	5	2	38
Spain	13	18	3	3	37
USA	7	3	8	17	35
Tunisia	9	7	4	12	32
France	13	7	3	5	28
Greece	11	7	4	5	27
Czech Republic	7	10	2	7	26
Bulgaria	6	7	5	5	23
Germany	6	6	4	5	21
Uzbekistan	3	6	10	2	21
Romania	6	4	7	3	20
Serbia	7	6	1	5	19
Kazakhstan	2	5	5	5	17
Brazil	1	6	4	5	16
Mexico	5	5	1	3	14
Portugal	3	4	3	2	12
Belarus	0	2	2	7	11
Peru	5	3	1	2	11

Qatar	2	5	4	0	11
Sweden	2	6	3	0	11
Vietnam	0	0	0	10	10
Dominican Republic	3	3	2	2	10
Philippines	8	0	2	0	10
Argentina	4	4	2	0	10
Georgia	1	1	4	3	9
China	3	1	5	0	9
Thailand	3	2	1	2	8
Colombia	4	0	4	0	8
Belgium	4	3	1	0	8
Slovakia	4	1	0	2	7
Estonia	2	3	1	1	7
Croatia	2	3	1	1	7
Netherlands	3	3	0	1	7
Nigeria	3	3	1	0	7
Bolivia	4	3	0	0	7
Tajikistan	0	0	0	6	6
Venezuela	1	0	0	5	6
Macedonia	2	3	0	1	6
Poland	1	2	3	0	6
India	1	2	3	0	6
Morocco	2	2	2	0	6
Israel	1	1	3	0	5
Austria	3	0	2	0	5
Slovenia	2	2	1	0	5

Canada	1	3	1	0	5
Ecuador	1	3	1	0	5
Pakistan	2	3	0	0	5
Laos	0	0	1	3	4
Kosovo	0	0	1	3	4
Armenia	0	0	2	2	4
Ireland	0	1	3	0	4
Bosnia	1	1	2	0	4
Chile	3	1	0	0	4
Cyprus	1	0	1	1	3
Cameroon	0	1	2	0	3
Moldova	2	0	1	0	3
Hungary	1	1	1	0	3
Finland	0	2	1	0	3
Australia	3	0	0	0	3
Albania	2	1	0	0	3
Kuwait	1	2	0	0	3
Indonesia	0	3	0	0	3
Latvia	0	0	0	2	2
Malta	0	0	1	1	2
Lithuania	1	0	0	1	2
Taiwan	0	0	2	0	2
Azerbaijan	1	0	1	0	2
Hong Kong	1	0	1	0	2
El Salvador	1	0	1	0	2
Paraguay	1	0	1	0	2

Oman	0	1	1	0	2
Switzerland	0	1	1	0	2
Norway	1	1	0	0	2
South Africa	1	1	0	0	2
Japan	1	1	0	0	2
Uruguay	0	2	0	0	2
Nepal	0	0	0	1	1
Burundi	0	0	0	1	1
Iran	0	0	1	0	1
Lebanon	0	0	1	0	1
South Korea	1	0	0	0	1
Senegal	1	0	0	0	1
Denmark	1	0	0	0	1
Zimbabwe	1	0	0	0	1
Kyrgyzstan	1	0	0	0	1
Bahrain	0	1	0	0	1
Panama	0	1	0	0	1
UAE	0	1	0	0	1
Montenegro	0	1	0	0	1
Guadeloupe	0	1	0	0	1
No country of origin	0	7	3	28	38
Global Total	266	267	183	270	986

Note: No country origin relates to eSports which have not been allocated a country as it is not always clear where an event has been hosted

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