Final Report from the IFGR Conference Held on 9 October 2019

On 9 October 2019, at the Academy of Sciences of the Czech Republic, there was held the first annual IFGR conference, where we managed to "gather" all representatives of the public authorities and the final panel discussion was attended also by the representatives of the gambling operators as well as gaming systems manufacturer.

The main topic of the conference was **the assessment of the existing gambling regulation form its beginning, 1 January 2017, and the outlook for the regulation in the future**, when, especially the director of the department, Mr. Šabo, promised to open a professional discussion over the alteration of the current gambling regulation.

The conference was also visited by MP Tomáš Martínek from the Pirate Party.

Key Points from Individual Appearances

1. **Ministry of Finance – Ing. Martin Šabo**
    - Launch of REP - at the turn of this year, the technical specification will be published to regulate the requirements for connecting gambling operators to the REP. MoF will launch the testing environment in the first quarter of 2020. The REP will be fully operational from mid-2020. Full connection of operators is planned for early 2021 (depends on the exact timing of publication of the technical specification).
    - The aim of the MoF is to make the Act better and better, meeting the objectives of the state administration, while allowing operators' business in a transparent and stable environment. Therefore, they are preparing the ARHA (Analysis of Gambling Regulation), which should be submitted to the Czech government in 2021.
    - The amendment to the GA should be submitted to the government in a matter of weeks.

    Grade from voting members: B-

2. **Customs Administration – Ing. Marek Štěpán**
    - GDC does not support provocative tactics of control group members. In case of finding out such tactics, it is good to inform the GDC directly.
    - Members of control groups are entitled to require the loan of tokens according to the control rules.
    - Checks on compliance with the obligations under the Reporting Decree will start soon.

    Grade from voting members: C

3. **Ministry of the Interior – Ing. Miroslav Veselý**
    - MoI is only authorized to perform an abstract check of the ordinances but cannot check whether the local conditions correspond to the selected regulation.
    - The regulation through ordinances is unique within the EU, perhaps only Slovakia has a similar way of local regulation.
    - It would be good to simplify the role of municipalities, as small municipalities find it very difficult to fulfil the prerequisites for proper regulation that is based on justification for such regulation.

    Grade from voting members: C

4. **National Monitoring Centre – doc. MUDr. Viktor Mravčík, Ph.D.**

- Data from gambling operation of the last year are not very relevant due to a change in the reporting methodology (BET/WIN).
- Decrease in technical gaming revenue; this is the first year when it makes up less than a half of the market.
- Increase in share of online and live games on the market.

Grade from voting members: B

5. **Financial Analytical Office – Ing. Libor Kazda**
    - Gambling operators are good learners in the field of AML.
    - Identifying and checking a client is essential to prevent money laundering because, when it is done poorly, it is unclear who the person is.
    - Extension of identification methods = it will be possible to use an e-ID. The identification by method of two documents will not be sufficient because it will always be associated with the first payment from a client, whose message for the addressee will contain the identification of that LP, the purpose of identification and a simple electronic signature of the client.

Grade from voting members: C

6. **Financial Administration – Ing. Jan Vytejček**
    - Since 1 April 2019, the Specialized Tax Office has been the exclusive gambling tax administrator.
    - Priority is the additional assessment of illegal operators – CZK 800 million have been assessed additionally so far, and about 250 tax proceedings are under way. They register 420 tax subjects, but only 60 of those are legal.

Grade from voting members: B

Final Discussion Panel

A final discussion panel was held in the last part of the conference and was moderated by the director of the IFGR. The panel speakers included Radek Půček, CEO of company e-gaming, Ing. Martin Todt, compliance manager of TIPSPORT a.s., Petr Mikoška, CEO of SYNOT TIP a.s., doc. Viktor Mravcik, Ph.D., Ing. Martin Šabo and Mgr. Petra Nespěšná, representatives of the Department of Gambling Regulation of the Ministry of Finance.

The main topics of the discussion were the balancing of the set regulation, the impact of the new taxation and the cooperation between the regulator and the gambling market.

Representatives of the operators agreed that the current regulation and set measures are too strict, they are basically blocking the further development of the gambling market as well as the increase in revenue into the state budget from the gambling tax. And many measures do not even have the desired effect of protecting players, which is a common goal for the Ministry of Finance as well as gambling operators. They also said that tax increases will not affect players' consumption at all. By contrast, overdoing it will lead to prohibitive behaviour.

Doc. Mravčík said that, unlike cigarettes, gambling can even be fun, so it is important to strike a balance in the regulatory measures. Director Šabo stated that he sees room for mitigation of some regulatory measures, but everything will become apparent in the end only after ARHA's expert results are known. He also said that it would be good to emphasize the positive contribution of gambling, which, for some people, is especially fun.

Conclusion

The expert dialogue held at the conference between all the interested parties can be considered a very successful basis for further cooperation on the announced ARHA project, which, in the words of Director Sabo, is a prerequisite for possible subsequent changes to the set regulation and, therefore, could lead to more meaningful regulation of our industry**. Therefore, it will be very important to actively engage in this project and try to explain to the MoF, based on expert analyses, the absurdity of some measures of the current regulation of gambling and their consequences**.

Following the comments received, we would choose a different format for the participation of the representatives of public administration for the next conference, **and the form would be discussion panels or interviews with the opportunity to ask questions right on the spot.**