INSTITUTE FOR GAMBLING REGULATION

NEWSLETTER

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WHAT'S UP IN THE INSTITUTE

ANOTHER MEETING OF SECTIONS TOOK PLACE

On 28 January 2020, another **meeting of IFGR** sections took place in Holešovice Prague Startup Centre. In its beginning, its director, Mgr. Jan Řehola, summarized the Institute's activities in 2019, analysed the expected development of the sector in 2020 and set the Institute's priorities for the coming year. In the end, he also assessed the financial management of the association and discussed the amount of membership fees in the next period.

Another item on the agenda was a discussion on the approach to the Analysis of Gambling Regulation currently being carried out by the Ministry of Finance. At the end of the general part, the issue of the Register of Excluded Persons was discussed, especially with regards to verification in the REP, the procedure during its non-functioning or non-functioning of the population register. At the end of the meeting, there were specialized meetings of representatives of the online section, namely Manufacturers section, Online and Technical and Live Game. We sent you complete meeting minutes as well as presentation at the beginning of February.

WHAT ELSE

On 29 January 2020, the IFGR Director attended a **meeting with Director Šabo** and his colleagues **on the first stage of ARHA**.

At the end of January, the MoF issued information on **the impacts of the abolition of Section 59 of the GA**, which restricted the operation of guaranteed live game tournaments. More about this in the section Events in the Czech Republic.

As part of the first stage of the ongoing ARHA project, we sent the MoF our **statement on their often unfortunately asked questions** on 18 February 2020. You can read what the questions were and which new one IFGR he proposed here.

On 25 February 2020, the MoF published **new communication parameters** for a still functioning **testing environment**, the so-called playground, to send data packages based on the Reporting Decree. You can find their form here.

WHAT'S NEXT

Sending the final statement of the IFGR on the first stage of ARHA - Responsible Gambling.

On 12 March 2020, the Court of Justice of the European Union will meet for a preliminary issue from the Supreme Administrative Court regarding an action of company BONWER WIN a.s. against the Ministry of Finance. The action concerns a generally binding ordinance issued by the statutory city of Děčín, especially the **issue of the applicability of European law in administrative proceedings on revocation of a licence due to a breach of the ordinance of the municipality**. You can find updates here.

Another **meeting with Customs representatives** is scheduled for 16 March 2020. The subject of discussion will be the issue of technical equipment failures or the transfer of CA's powers in the field of online operation. Please do not hesitate to **send us your suggestions, which should be discussed at the meeting**.

ANOTHER MEETING OF SECTIONS TOOK PLACE

At the end of last year, the first stage of ARHA focused on responsible gaming was launched. **What has happened so far in this first stage**:

- **Approval of active involvement** of IFGR in ARHA by members.
- Meetings with MoF representatives on the form of further involvement of the IFGR members.
- **Statement of the IFGR on the nature of the questions asked.**
- **Offer of cooperation to the MoF** in the preparation of further requests for cooperation and involvement of the IFGR in the final assessment of the received documents.
- **Sending documents** by operators and manufacturers
- **Submitting the final IFGR statement on the first stage of ARHA**, including the MoF's questionnaire on the assessment of individual responsible gambling measures.

In its statement, IFGR not only took the responses of its members into account, but also presented numerous expert studies and literature on the effectiveness of individual measures, collectively referred to as responsible gambling. The main conclusion of our statement is therefore the need to carry out a thorough assessment of the proposed measures before the legislation is adopted and to simplify the processes of responsible gambling as much as possible.

EVENTS IN THE CZECH REPUBLIC

Impact of The Abolition of Section 59 of The GA (Guaranteed Tournaments) on The Operational Practice

With effect from 1 January 2020, the **condition of a tournament taking place with a pre-determined minimum prize amount as set out in Section 59 of the Gambling Act** ceased to apply. On this fact, the Ministry of Finance, Division 73, published official **information, which you can read here**. We have also sent you a special email on the content of the statement, so we will only summarize its conclusions here:

- If an operator **still approves in the game plan** that a guaranteed tournament cannot be started before the 50% guarantee is collected from players, then they must continue to operate the tournaments in this way. In such a case, **we recommend you submit the application for a change to the game plan as soon as possible** based on removing this condition and modifying the rules of this type of tournament.
- The **rules of the guaranteed tournaments must be described** in the game plane. If they do not appear there, the Ministry of Finance and the Customs Administration will consider them unauthorized.

Extensive Customs Checks

Between 11 and 13 February 2020, a check campaign under the code name "BUJON" took place. This was carried out by the Customs Administration in a total of 10 regions and related to compliance with obligations under the Gambling Act. "A hundred customs officers in 27 patrols checked 27 gambling establishments. During the event, **a total of 209 technical devices that did not meet the conditions set out in the licence and cash of almost CZK 1.5 million were seized**," explains Milan Poulíček, General Director of the Customs Administration. Customs officers checked most of the establishments in the South Moravian Region, where they secured 64 technical devices in nine establishments. A total of 40 slot machines were seized in Prague and 22 were found in one establishment. Administrative proceedings are currently underway at local customs offices. "This successful campaign is also clear evidence that shifting supervisory powers to the customs authorities and strengthening their powers was the right move. Customs officers have proven their abilities in fighting illegal gambling in gambling establishments. They are very active in this fight and carry out dozens of raids each month. The times when we were Europe's casino

are definitely gone," said Finance Minister Alena Schillerová. Let us add that since January last year, customs officers have carried out 1,498 checks, found 251 illegal gambling establishments, seized 960 gambling devices and cash in the amount of more than 885,600 crowns.

Bill Amending Acts Related to Further Computerisation of Procedure of Public Authorities

On 18 February 2020, the Government submitted to the Chamber of Deputies a bill, sometimes called the "digital constitution", which seeks to modernize the legal framework regulating data sharing available to the public sector, both within the public sector and externally. The aim of this modernization is to limit the information obligation of both natural and legal persons to the public sector in the spirit of the motto "**data circulate, not persons." Authorities should not, among other things, require persons to provide data that they can retrieve in their registers themselves.** For example, natural persons should be exempt from the need to present their identity cards if the authorities are able to obtain information on their right or fulfilment of their obligations in the relevant register. We will undoubtedly bring you information on the impacts of the act on gambling operators after its approval.

Illegal Gambling Continues to Thrive in South Bohemia

Interesting news was published by server idnes.cz. Despite various bans or restrictions, the **number of illegal gambling establishments in the South Bohemian Region is not decreasing but increasing**. The worst situation is in České Budějovice. "In 2019, customs officers carried out a total of six checks in the area of gambling, with a positive result, directly in the city. They seized a total of 33 gambling devices. For comparison: in 2018, there were two checks with positive results and 16 gambling devices seized," says South Bohemian customs spokesman Emanuel Breicha. **Písek, Blatná, Milevsko and Strakonice also have a high number of seized gambling devices**. On the other hand, the numbers decreased in the latter city. Two years ago, they even confiscated 24 devices, and only four last year.

EVENTS IN EU

EU - Self-Restricting Measures - Two Studies, Two Results

Recently, 2 studies have been conducted independently of each other on the **consequences of setting self-restricting measures** - one by company Paf (available here), the other by company Kindred Group (available here).

The Paf study conducted by Stockholm scientists found that a **one-time call to set the deposit limit had no effect on the frequency of gambling participation or net loss**. In contrast, the Kindred study found that those who **really set voluntary limits actually lost less money the next year**. Moreover, the most significant drop in losses occurred in the group of problem players. "For self-regulatory measures to be effective, they must focus on protecting those most vulnerable," the authors of the Kindred report said. Both studies are interesting in that they used real player data, while the earlier ones were based on laboratory experiments. The Kindred study notes that up to 90% of popular websites offer their players self-regulation. The study itself was conducted on a sample of 50,000 gambling participants from 7 countries, of which 90% were men with an average age of 33 years. In contrast, the Paf study looked at 4,000 randomly selected slot machines players and were monitoring their behaviour for 3 months. It is also interesting that only 1.3% of Kindred's customers voluntarily set up self-restricting measures, while in the case of Paf, they accounted for between 4,5% and 6,5% of customers.

NEWS FROM ABROAD

Germany

In newsletters, we regularly inform you about the inability of individual German regional governments to agree on a uniform form of gambling regulation. However, there has been a breakthrough in recent weeks when the **drafted new gambling agreement was provisionally approved**. However, the approval itself represents only a certain intermediate step towards the acceptance of the agreement, which is expected to come into effect on 1 July 2021. The German media agree that the new regulation aims to shift gambling regulation into the 21st century. The news will cover at least the issues of **consumer protection, state tax payments, uniform gambling supervision or consumer protection in a digital environment**.

Another interesting news from our western neighbour is that the German fixed-odds betting market **grew by 21%** in 2019. According to local media, the statistics are all the more surprising because no European or World Football Championship took place last year, which generally increases the number of bets. Last year, operators paid € 500 million into the national fund. “Sports betting in Germany has reached unprecedented popularity and has become a kind of mainstream entertainment,” said German regulator president Mathias Dahms.

Spain

The newly appointed Minister for Consumer Protection, Alberto Garzón, has officially announced that Spain **will adopt the strictest set of rules to restrict advertising in the EU**. According to the Minister, more than 100 rules will be introduced, which will result in the **cancellation of up to 80% of gambling advertising**, while significantly reducing the remaining 20%. Garzón acknowledged that many companies would lose a lot of money as a result of the decree, but he identified the measures as necessary and based on relevant studies, data and international experience. The main goal is to reduce the impact of advertising on minors, addicts and other vulnerable groups. And what specific measures will be introduced? Advertisements will not feature celebrities, gambling will not be presented as a solution to financial problems, bonuses will not be promoted, and most television and radio ads will be limited to 1 to 5 am. We will prepare a special article on this issue for you on our website, because we consider it crucial to follow this regulatory trend.

Ukraine

Ukrainian officials planned to complete the legislative process on gambling regulation by the end of last year. Although this objective was not met, work on the new act continues. Currently, the first reading of the act took place. Local media warns that if approved in its current form, it would pose **two major problems for operators - too high entry costs and too high taxation**. The current bill foresees a licence fee of € 21 million for sports betting, € 10-20 million for land-based casinos and € 10 million for online casinos. The final amount of the tax rate has not yet been decided. This is because the gambling tax must be regulated by a separate regulation, and at present, four proposals compete for its form, none of which have passed the first reading. The gambling act itself provides for a licence for 40,000 slot machines.