INSTITUTE
FOR GAMBLING
REGULATION

Minutes Of the IFGR Members Meeting of 19 October 2021

Place: **PragueStartupCentre**, Prague Market, Bubenské nábřeží 306/13, hall 24.

Date: 19 October 2021, 13:00 to 16:30

Annex to the minutes: Presentation

Programme:
1. More information about the Responsible Gambling project
2. Presentation of the results of the opinion poll
3. ARHA – conclusions and other priorities of the IFGR activity
4. Comparison of regulation abroad
5. Information on current IFGR activities

Point 1 – More Information About the Responsible Gambling Project

IFGR presented the fundamental project Responsible Gambling and its current development. We proceed from the statistics that gambling is fun for the vast majority of the population. There is a need to raise public awareness that a maximum of 3% of the population are really at risk. The aim of the project is to focus on this small group of players and offer them effective help and, at the same time, act preventively through education on how to play responsibly. Members themselves know best how their players function, how they behave, and so know best how to prevent the high-risk behaviour. Therefore, self-regulation can be the best tool to make the existing regulation more effective.

In this project, IFGR aims to achieve a unified approach of all gambling operators and, at the same time, interconnect them with other levels, such as ministries and other relevant authorities and the network of addictologists. This is a unique project in this respect as it brings together competing entities in the Institute. The main goal is to set a unified level of protection and social responsibility for the entire gambling market.

The **main pillars of the project** were presented and specified in the presentation one by one:

- Obligations of responsible conduct of operators and responsible advertising
- System of timely detection of high-risk gambling
- Education, research and training
- Network of experts and training centre

Currently, the Institute is working on **building a system for the timely detection together with the NIMH** (National Institute of Mental Health), which uses data from operators collected on the basis of the Reporting Decree. Based on their analysis, the key characteristics of players behaviour will be determined. The Institute will be thankful for data from as many members as possible, as our goal is to employ the built system in the entire gambling market.

IFGR brings together a **network of experts** who will create a comprehensive network of assistance not only in the field of prevention and treatment of addiction, but also in the field of legal and financial assistance.

A training centre will be established within the Institute, including professional instructors from the ranks of addictologists, psychologists and preventionists. This should include trainings of operators' staff, both in identifying high-risk players and, in particular, in proper communication, approach and assistance offer.

Awareness plays one of the key roles within the Responsible Gambling project. The public needs to be **educated and informed**, especially about the fact that gambling operators behave responsibly, have trained staff and have the tools to help high-risk players. One of the forms of raising public awareness are various forms of **campaigns**, whether through the website www.zodpovednehrani.cz, promotion by individual operators or within the Week of Responsible Gambling, which will take place for the first time in the week of 22-28 November 2021.

The Institute presented the organization of the entire project, the implementation team and the timeline. In conclusion, the IFGR director drew attention to the conclusions of the opinion poll and the overview of regulation abroad, which underline the importance of self-regulation and education. IFGR also successfully presented the project to the Ministry of Finance, which supports the whole initiative. If self-regulation proves to work and the widest possible segment of the gambling sector is protected, it can replace future blanket state measures. The IFGR director also pointed out that this is a voluntary project, but broad involvement is key - it is not only a project that aims at the online gambling, but we would like the land-based operators to be involved as well.

Discussion:

Question from the plenary (Association of casinos): What should be the purpose of the project, or rather we see no obvious benefit to our business…? Is it primarily a matter of improving the image of gambling with the public?

Yes, but not only that. It is necessary to realize that the state administration does, in principle, from the political point of view what the public acknowledges; this has taken the form of blanket bans (advertising, land-based operations, generally binding decrees and zero tolerances) so far. We need to convince deputies, the government, ministries and municipalities that this initiative is not just about signing a code, but that something is really happening, and that the way is own tools to identify and provide effective assistance, not blanket measures. It is necessary to focus regulation on high-risk players, and not to limit the vast majority of players who have no problems with gambling.

Question (Association of casinos): It seems to us that the measures are now more than sufficient - everything has tightened up, and it is working. Why would anything else need to be done?

IFGR director: The truth is that the regulation in our country is very strict, but as will be presented further in the ARHA conclusions, plans for restrictions go even further. Likewise, when compared to foreign countries, it is clear that after the COVID 19 pandemic, there were very significant restrictions in various countries. What we would like to do is to take an active approach to future regulation ourselves and set the degree of regulation and appropriate tools ideally ourselves as well.

Question (69Games): What data exactly do you intend to use?

IFGR director: The data that are already collected by operators according to the valid regulations, the player history as well as the questionnaire sent to players are used; on the basis of these data, the patterns of behaviour, for example, when individual players begin to lose control of their playing, are examined in cooperation with the NIMH.



Question: In order to be able to correctly identify players, it is necessary to carry out an analysis for all operators, i.e., when a player will play in one gambling establishment during the day and in another at night, how would this be interconnected?

IFGR director: Yes, a unified procedure is ideal, i.e., to unify the tools with the widest possible range of entities involved and to provide a uniform level of protection to players, regardless of which operator they play with. However, the project can of course be used in only a part of the market.

Question (Gelp): In view of the above, it is not possible for the data to be anonymized. In order to identify risks, I still need to know how much money a particular player lost with the competitor, but that is illegal; this will not please our shareholders and will lead to a reduction in profits. Likewise, generally binding decrees are illegal. It is discriminatory. Why is advertising for various types of loans and credits not banned? There is the problem of indebtedness of the population after all…

IFGR director: Yes, we basically agree. But the effect of the measure should not be to reduce operators' profits. On the contrary, the aim is to enable this whole business to be sustainable in the long run. The identification of 1-2% of high-risk players will not ruin this business but will certainly increase its credibility. And business sustainability equals keeping customers. Anyone who sets limits with you can play for a lifetime. After all, this is in the interests of operators, and not for their clients to end up in the Register of Excluded Persons. As for the issue of data management, it is a very sensitive issue, of course, we closely monitor all GDPR contexts and limitations. We can assure all that when interconnecting operators within the identification, no personal data is shared, everything is pseudonymized. Operators do not "see" each other's game data, the IFGR does not either.

Question (EZU): Do you have any concept of the form of the warning for players? Will it go through the central authority?

IFGR director: It can have various forms, e.g., a traffic light, a time alert, or just a "nudge" that a player is already at risk. The point is that players themselves should have the first opportunity to evaluate their behaviour, the goal is not to exclude them immediately. The purpose of the project is not to tell a player that they will no longer play, but exactly the opposite – it is about sustainability. And as a result, this is far less detrimental to the whole business than exclusions and bans.

Question: I have a feeling that if I bother players with warnings, they will go over to a competitor.

IFGR director: That is why the unified approach of all is ideal.

Question (Association of casinos): Let us not engage in something that can turn against us. Because someone could sue us for losing this much money because we did not warn them properly.

IFGR director: Thank you for the question - this is a very important thing. People may later claim that they were, for example, under the influence, etc. We are monitoring this and will further evaluate it.

Question (SPELOS): What guarantees do we have/you have that the measures that we set ourselves will not be taken hold of by the state and used for further tightening? And what exactly is the goal of the project, what do we want to reach? In my opinion, the Ministry is well aware of the fact that they have de facto already ruined the land-based operation, the new limits are currently working, and most of the measures presented here are only for the online one.

IFGR director: We strive to interconnect and unify tools for the entire market, to interconnect land-

based and online operations. Responsible gambling should not be designed only for the online one. When it comes to guarantees, it is hard to promise anything - but nowhere in the world has it happened that when self-regulation worked, the state intervened and tightened things up. This would be very difficult to defend and very uneconomic.

The aim of these tools is not to ban individual players from a game participation, but to warn them of the risk and show them that there are tools to slow the risk down, where to turn for advice and help. The result will not be that people would stop playing but that the tools could help the high-risk players.

Point 2 – Opinion Poll

The Institute commissioned an opinion poll to find out what the general population views on operating gambling games and gambling are, in particular, whether they perceive it as a problem. The intention was to show that even from the point of view of the inhabitants in individual municipalities, this is a much smaller problem than how it is commonly presented.

Mr. Tomáš Kravka from MindBridge Consluting a.s., which prepared the entire poll, presented the main goals of the project. The aim was to find out **how much citizens perceive the seriousness, influence and negative impacts of gambling**, how they perceive the need to regulate gambling, what regulatory measures they would introduce and the applications which they know about, as well as an estimate of the share of addicted gamblers. A representative sample of approximately 1,000 respondents over the age of 18 was examined.

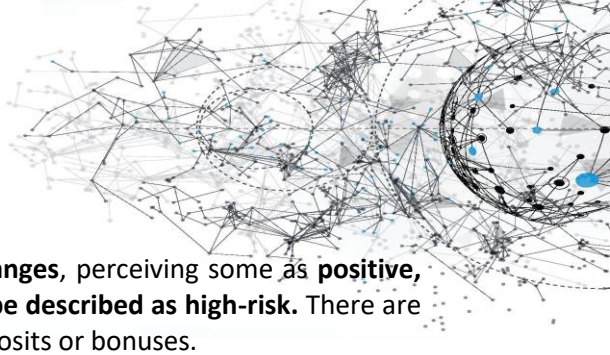
The poll showed that the main problems that citizens perceive as the most pressing from their point of view are traditionally transport, parking, housing, noise or, for example, green vegetation. Gambling, on the other hand, is mentioned as a problem by only 0.5% of respondents, and gambling is in 34th place on the scale of the main problems in municipalities. In comparison, it is somewhat contradictory that 42% nationwide consider gambling regulation to be urgent. On the one hand, this situation is due to the fact that **roughly half of the adult population of the Czech Republic does not know how gambling is regulated in the country or they believe that it is not regulated sufficiently or at all.** Another important factor is the fact that the population's perception of the degree of gambling addiction is significantly higher than the reality.

Therefore, the poll shows that there is a high potential for educating the public about the fact that gambling is not as big a societal problem as it is presented by politicians and the media, and that there are fewer problem gamblers than people think. It is also clear from the poll that the vast majority of the public thinks that operators should do something about problem gambling themselves, but is not able to name a single activity that would lead to this.

The detailed results of the entire poll can be found in the annex to these minutes as part of the presentations.

Point 3 – ARHA – Conclusions and Other Priorities

The Institute presented the results of the long-term Analysis of Gambling Regulation conducted by the Ministry of Finance. It was a lengthy process, the result of which is about 700 pages that are concerned with the evaluation of individual areas of gambling regulation. Overall, it can be said that the **Ministry stated that the regulation is working** and is sufficient in the current situation. Nevertheless, there are areas where some partial as well as substantial changes are proposed prospectively. After a detailed



analysis in the presentation, the IFGR evaluated the **planned changes**, perceiving some as **positive, some as potentially risky and, last but not least, those that can be described as high-risk.** There are also some areas that remain to be solved, such as the issue of deposits or bonuses.

IFGR evaluated especially the following as **high-risk conclusions resulting from the ARHA project:**

- Further regulation of the operation of live game, consisting in the number and professional qualification of croupiers (introduction of the condition of one table - one croupier, professional examinations)
- Stricter conditions for the external appearance of gaming premises and advertising in the vicinity of the gaming premises
- Banned area around protected buildings, including reintroduction of term “neighbourhood”
- Unresolved issue of deposit

IFGR regards especially the following as **potentially risk areas**:

- Self-restricting measures - unification of the form and setting
- Information obligations - visibility and legibility
- Issuance of follow-up licences - the need to change the GA
- Revision of the conditions of the basic licence

IFGR then evaluated certain outputs from the ARHA project as **positive**:

- Failure to expand the Register of Excluded Persons; abandoning the player authentication at each login
- Maintaining the current opening hours of casinos and cancelling the temporary account in technical game
- New types of gambling games, self-service terminals and changes of conditions for CashOut

A more detailed presentation of the individual potential changes in the area of gambling regulation can be found in the attached presentation.

The Institute presented further steps in working with the results of ARHA. The overview of all ARHA conclusions will be presented to members next week to vote on priorities. The IFGR will continue to communicate hard with the Ministry of Finance and other relevant state administration bodies, especially with regard to the intention to amend the GA and to discuss other topics according to the needs of the members of the Institute.

Point 4 – Comparison of Regulation Abroad

With the onset of the COVID 19 pandemic, there has been a relatively large expansion of strict gambling regulation in the EU. The Institute conducted the analysis of selected foreign regulations focusing on where and in which area various types of measures were tightened up.

Regulation is in principle concentrated on the following main areas:

- Limitations of deposits, bets and losses
- Regulation and often a total ban on gambling advertising
- Own regulation of the market based on the agreement of operators

It should be emphasized that certain limitations were set as temporary, but over time were maintained as the norm. Individual restrictions were presented, including deposit limits in Belgium of CZK 5,000 per week, betting limits in Germany of CZK 25 per spin for technical game or blanket bans on advertising in Italy, Latvia, Finland, France and Spain. Specific numbers and other set measures can be found in the attached presentation.

INSTITUTE
FOR GAMBLING
REGULATION



Point 5 – Information on Current IFGR Activities

The Institute presented the main current areas of activity that it is currently focusing on. These are, for example, the issue of the **minimum tax and the forgiveness of interest**.

A new area in which the IFGR wants to be active is the **reporting of illegal gambling in the Internet environment.** The support for the fight against illegal gambling in the Czech Republic is a common goal of all interested parties operating on the Czech market. It is, of course, also a priority of the activities of our Institute. However, our partner associations are actively involved in it in the land-based environment. The initiative to report illegal gambling in the Internet environment emerged from members of the Association of Fixed-Odds Betting Operators and GTO Solutions s.r.o.

Therefore, the Institute will become a central point of communication for reporting illegal operation and advertising for the Internet gambling games to the relevant state administration bodies (Customs Offices, the Council for Radio and Television Broadcasting and regional trade licencing offices), and these members will provide the Institute with evidence of the illegality of such activities. The Institute will keep records of submitted complaints, will keep an eye on the 30-day period available to the state authorities for investigations, and will take other related steps if necessary.

In order to provide the information on illegal operation, the **e-mail address** nelegal@iprh.cz was set up, which will also be stated on the website www.iprh.cz, for use by the general public. Part of this activity is the effort to **organize a workshop with the Ministry of Finance and the Customs Administration of the Czech Republic**, where we would share information about our experiences in this area and discuss ways to streamline the fight against illegal operation and advertising in the online environment.

Primarily our partner associations are active in the fight against illegal operation in land-based environments. However, we are of course fully open to setting a similar cooperation in the land-based environment, if the members and partner associations are interested.

In conclusion, the IFGR also informed about legislative news. These are, in particular, **changes in the implementing decrees** on the technical requirements of game systems and gambling games (the so-called Technical Decree) and a completely new decree on outcome documents. In the comment procedure, the Institute especially objected to the factual non-existence of transitional provisions, as previously issued outcome documents may continue to be valid but may no longer be updated/ amended. For members, this would mean the issuance of completely new expert assessments, certificates, and especially registration marks for technical equipment in the new year.

Another thing that was objected to was the **amendment to the Electronic Communications Act,** which introduces a new **opt-in** regime as part of the legislative regulation of **cookies**. With effect from 1 January 2022, the client's explicit consent to all types of cookies (with exceptions - e.g., technical cookies are excluded from this regime) within all the provided online services will always be required. The IFGR recommends that its members analyse their web products and define the legal titles for the use of all cookies.