NEWSletter



Spring 2022

INSTITUTE
FOR GAMBLING
REGULATION

The spring issue of our newsletter is here. We have been busy in the Institute in recent months. Our activity has focused mainly on key meetings with general government officials, ministers and deputies - that is, with all the people who, for one reason or another, are key to our sector. We regularly inform you about the course of individual meetings through our information service. In addition to these key meetings, we have started a discussion with the Ministry of Finance about the conclusions of ARHA, which may be reflected in the forthcoming amendment to the Gambling Act.

In addition to the mentioned meetings, there occurred several events and news, which you can read about on the following pages.

Enjoy reading.



FIRST MEETING OF THE MoF AND IFGR DURING REGULAR COOPERATION

On Tuesday, 26 April, just before the members' meeting, a working meeting of the Institute with representatives of Division 73, including the director Ing. Šabo, took place. This followed in the previously agreed closer cooperation between the IFGR and the Ministry of Finance, the initial success of which was the joint workshop on "Fight Against Illegal Gambling". The subject of the meeting were the main issues arising from ARHA which will most likely be reflected in the **amendment to the Gambling Act,** which is expected to take effect **on 1 January 2024**.

During the discussion, the Institute talked about several problematic points, which from the point of view of its members should be changed in the future. The most pressing problem that the vast majority of operators is facing is the **process of issuing subsequent basic licences and especially the current deposit regime -** operators are forced to pay new deposits when switching to the new basic licence. At one point, operators have the deposit made in the double, which represents an extreme financial burden for them, which, moreover, does not objectively provide any higher level of protection for the obligations of the state or players.

The Institute also discussed the topic of **live dealer game** (LDG) and its possible future enabling from the Ministry of Finance. LDG is a gaming product that is legally operated in most jurisdictions governing the operation of online gambling, and its absence only strengthens the position of illegal operators who offer this product.

Other topics were the change of the conditions for verifying participants in land-based gambling through the REP and the cancellation of the obligation for a notary to be present at the draw of selected types of lotteries.

The Ministry itself then presented three points, which they dealt with, among other things. This was the new obligation to set up a user account in the case of live games and bingo operated in land-based, stating the probability of winning the jackpot and the last point was a change of the size of certain information obligations. You can find the complete minutes of the meeting on our website here (in Czech).

However, this was not the last meeting that the IFGR had with the Ministry about the future regulation of gambling. We plan to have more regular meetings and discussions about the key points of the planned amendment.

FIRST MEETING OF IFGR MEMBERS HELD IN 2022

The epidemiological situation has significantly improved and we have, therefore, been able to continue the interrupted tradition and hold the spring meeting of the IFGR sections in person. This took place on 26 April 2022, as usual in the Prague Startup Centre in Holešovice. We were very happy to see you as there were many important topics and news, and at the same time, it was very beneficial for us to know your opinion and to have the opportunity to discuss things with you face-to-face.



At the very beginning of the meeting, the director of the Institute, Mgr. Jan Rehola, Ph.D. welcomed everyone and presented the planned changes in the regulation of gambling, which, according to the plan of the Ministry of Finance, should take effect on 1 January 2024. The whole topic also included breaking news, which we had learned at the meeting with the Ministry of Finance, just a few minutes before the very beginning of the members' meeting.

Another topic was summary information about what we had dealt with in recent months. These were meetings with government officials and deputies, who were, in some respects, key to our sector. As these are people who focus on various topics, we prepared separate materials which, in addition to the presentation of the IFGR, the overview of its members and activities, focused specifically on the topics that the participant of the meeting addressed. The materials aroused interest not only in the participant but also in you. You can see all the materials prepared so far here (in Czech).

There was also room to discuss the recently published NMS Summary Report on Addictions. It compares individual addictions in one place and includes certain recommendations for each of them.

As part of the "Gambling in a Better Light" project, the economic study and its possible three forms of assignment and processing were presented. It should map the economic benefits of our entire industry to the Czech economy.

The presentation also included news from the Responsible Gambling project or statistics and further developments in the fight against illegal gambling. The IFGR is cooperating heavily on this with GTO Solutions s.r.o. and APKURS - GTO Solutions s.r.o. prepares all documents for reporting illegal advertising and APKURS focuses on reporting illegal online casinos.

At the end of the whole meeting, there took place specialized meetings of representatives of the online section as well as the technical and live game section. You can see the complete minutes of the meeting, here.

GAMING ASSOCIATES TO EXPAND SECTIONS FOR AUTHORIZED PERSONS FOR EXPERT ASSESSMENT

Gaming Associates Europe will expand the member section for authorized persons for expert assessment. In the summer of last year, they received a partial authorization from the Ministry of Finance, i.e., only for Internet games; but started their activity only recently, on April 19.

Gaming Associates has been active in the gambling industry since the 1990s and provides services to operators, developers and regulating bodies. More information about the company can be found here.

EXPERT COUNCIL OF THE RESPONSIBLE GAMBLING PROJECT

One of the tasks of the Responsible Gambling project is to bring together all interested parties in order to educate the public about responsible gambling and reduce the impact of high-risk gambling on the players themselves. In addition to the operators themselves and addictology and counselling centres, we wanted to involve experts of various specializations in the project, who would contribute their insight, experience and especially expertise in the strategic management, planning and the actual implementation of the entire project. That is why a new independent consultative and advisory body, called the Expert Council, has been set up.

We are very pleased that all the experts from the fields of addictology, psychology and economics, approached by us, not only expressed their support for the project, but immediately joined it without hesitation. We are currently working with them on the tool for early detection of high-risk gambling and the intervention model.

We firmly believe that the active involvement of the Expert Council will bring the right stimuli to the project and enable us to achieve the set goals as well as effectively develop the prevention and mitigation of the effects of high-risk gambling on players.

The Expert Council of the Responsible Gambling project consists of six ordinary members and the Chairman, doc. MUDr. Viktor Mravčík, Ph.D.

Chairman of the Expert Council



doc. MUDr. Viktor Mravčík, Ph.D.
Director of Research and Education at Podané ruce o.p.s

Until 2021, he was a long-time head of the National Monitoring Centre for Drugs and Addictions (NMC) at the Secretariat of the Government Council for Drug Policy Coordination at the Office of the Government of the Czech Republic. He now works as the scientific advisor to the National Drug Coordinator and as the director of research and education at the company Podané ruce.

Members od the Expert Council



PhDr. Ladislav Csémy
Head of the Research Program at The National Institute of Mental Health

Psychologist whose professional interests include psychological and socio-medical aspects of addictive behaviour, psychiatric epidemiology and health psychology. He has published articles in international and domestic professional journals, co-authored more than ten monographs and participated in many collaborative research studies.



PhDr. Eva Aigelová, Ph.D.
Psychologist, Secretary of The Department of Psychology at Palacký University in Olomouc

Professional Assistant and Secretary of the Department of Psychology at UPOL. She has long been interested in the issue of substance and non-substance addictions.



PhD. Aleš Rod
Director of Research at the Centre for Economic and Market Analysis (Centrum ekonomických a tržních analýz, z. ú.)

Economist, entrepreneur and university professor. At the Centre for Economic and Market Analysis (CETA), he manages research projects and gives advice on strategic plans for the public as well as private sectors in the Czech Republic and abroad. Recently, he has become a member of the National Economic Council of the Government (NERV).



Bc. Marcel Ambrož
Head of the outpatients' department of SANANIM z.ú.

He has been active in the field of gambling since 2015, when the gambling outpatients' department was established. In addition to individual and group therapy, his practice focuses more on the issue of fixed-odds betting on outpatients, especially athletes.



Mgr. Lukáš Carlos Hrubý
Professional Director in Podané Ruce O.P.S

He has been active in the field of gambling since 2015, when the gambling outpatients' department was established. In addition to individual and group therapy, his practice focuses more on the issue of fixed-odds betting on outpatients, especially athletes.



Bc. František Trantina
Addictologist, 1st Faculty of Medicine at Charles University and General University Hospital in Prague

Addictologist, working in the II. internal clinic of GUH in Prague. He is the guarantor of the gambling section in the Czech Association of Addictologists z.s. and he is in charge of the after-treatment group for pathological players in PH Bohnice.

SUMMARY REPORT ON ADDICTIONS

At the beginning of April, **the National Monitoring Centre for Drugs and Addictions (NMC)** submitted to the government the first **Summary Report on Addictions in the Czech Republic**. In the past, we repeatedly proposed to the Office of the Government that a single summary report be issued within the state antidrug policy, which would compare addictions uniformly and that the subsequent attention of legislators be given primarily to those addictions that have greater social impact.

We are pleased to say that this really happened after several years. We need to mention certain statistics on the individual addictions. According to the report, approximately **2 million people smoke daily, 1.5–1.7 million** adults **drink alcohol at high-risk** and **less than 200,000 people** show signs of **problem gambling**.

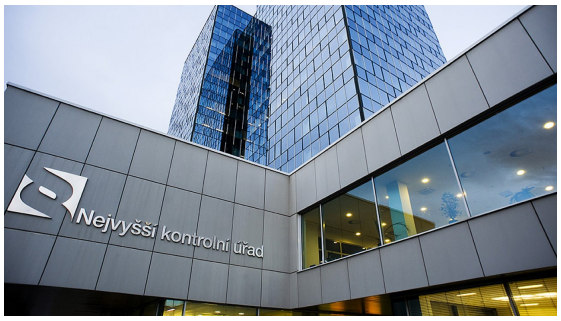
Given the above figures alone, it would be possible to conclude that the NMC perceives gambling as the least burning social problem compared to the other addictions. Unfortunately, however, certain recommendations contained in the report on the individual addictions do not reflect this very well.

For the area of gambling, the NMC proposes to adjust the taxes on gambling games according to their riskiness and the environment in which the games take place or to ban advertising. In our current meetings with key representatives of public administration, we actively discuss the recommendations of the Centre, so that, if need be, there are adopted solutions that are not only for the benefit of the players, but also the entire market.

The entire Summary Report on Addictions in the Czech Republic can be downloaded here (in Czech).

SAO TO LOOK CLOSELY AT SUPERVISION SYSTEM AND COLLECTION OF TAXES FROM GAMBLING

The Supreme Audit Office (SAO) will check whether the acts regulating gambling have met the goals that the state expected them to in 2016. For example, it relates to the increase of revenues and collection of gambling tax, improvement of checking mechanisms, but also restriction of pathological gambling.



The new audit was included by the SAO collegium on the list of planned checks for this year only later in January. The audit will begin in February and new member of the collegium and former ČSSD member Roman Sklenák will be in charge.

Officially, the audit is to verify whether the state funds related to the activities of state administration bodies in the area of gambling are spent economically, efficiently and effectively and whether the goals in the area of gambling tax administration are met effectively.

According to the SAO spokesman Václav Kešner, the Office will focus on whether the acts on gambling and on gambling tax of 2016 met the goals set by the Ministry of Finance. According to him, it was, for example, the increase in revenues and efficiency of collecting the gambling tax, the improvement of checking mechanisms, but also the restriction of the pathological signs of gambling and the like. Part of the changes related to the adopted acts was the establishment of the Gambling Operation Information System. This system is intended to manage all data related to gambling, but also to be a tool through which a substantial part of the audit as well as the supervision of gambling games would function.

"As part of these changes in the field of gambling, we had evaluated certain risks that led us to include the audit in the checking activities plan. These mainly concern the Gambling Operation Information System. The Ministry of Finance cancelled the original public procurement and created the Information System outside the public tender," said the spokesman. He noted that, despite the original plans, the Ministry did not use the European subsidy system to create it and launched it with a delay. They paid about CZK 171 million for the system and this amount may not be final according to the SAO.

The institutions which the SAO will closely look at during this audit are the Ministry of Finance (MoF), the General Finance Directorate (GFR), the General Directorate of Customs (GDC) and the State Treasury Shared Services Centre, s.p. The result of the audit can be expected during December of this year. You can find more information about the ongoing audit on the SAO's Czech website here.

NEW COLLECTION OF LEGISLATION

On 1 January 2022, a new publicly accessible information system of public administration officially called "Collection of Legislation of Territorial Self-Governing Units and Certain Administrative Authorities" was launched. In this information system, the texts of all legal regulations issued by individual territorial self-governing units and certain non-central administrative authorities are published in one place. At the same time, there are published other acts stipulated by law, which arise during the exercise of the powers of territorial self-governing units or in connection with this exercise.

The current legal regulation of the publication of legislation of territorial self-governing units, as well as certain administrative authorities, had shortcomings, especially in terms of their availability. There we also cases where the public was not well-informed about the content of generally binding decrees or regulations. It is, therefore, positive that all important documents are now available in one place and in electronic form.

NEW OBLIGATIONS FOR OPERATORS IN GB: PLAYERS' GAMBLING CHECKS AND MARKETING PROHIBITION FOR HIGH-RISK CUSTOMERS

The British Gambling Commission (GC) has prepared a number of new obligations for operators. They will now have to monitor the behaviour of their clients in order to identify potentially harmful or even problematic gambling in time.

Many operators have been doing so, but voluntarily. Based on their own criteria, they identified problem players, which they then focused on more in accordance with their own internal rules and codes.

However, according to GC CEO Andrew Rhodes, there were also operators who did not do enough in this area. Therefore, starting 12 September, all operators will be obliged to monitor, for example, clients' expenses, their spending patterns, time spent gambling or communication between the operator and the player. However, this is not all.

Follow-up obligations for operators, which will come into force a little later, will mean the end of marketing and new bonuses for high-risk clients.

Operators will also need to record all communication with clients as well as evaluation of in terms of their riskiness. The evidence will then need to be provided to the relevant regulatory authority upon request. In addition, operators will need to ensure that all these rules are complied with by third parties.



Andrew Rhodes expects operators to detect and quickly resolve problem gambling of identified players, using prompt, reasonable and effective measures. Otherwise, the GC will not hesitate to take tough action against operators who fail to do so.

EUROPE IN THE LEAD AGAINST MATCHFIXING

According to the latest statistics, Europe had more than a 50% share of number of warnings about suspicious betting last year. These reports are essential in the fight against matchfixing and ensuring fairness in all sports.

According to the International Betting Integrity Association (IBIA) survey, 236 warnings were made to competent authorities in 49 countries last year. These covered 13 sports, with tennis and football still being the most frequently reported sports.

As for the total number of warnings, this is a 13% decrease compared to 2020. A significant decrease of 54% in the number of warnings made was recorded in North America, decrease of 76% in the USA alone. By contrast, the country with the highest number of warnings made was Russia with 27.

DESPITE THE THREAT OF ADVERTISING BANS, SPENDING ON IT HAS DOUBLED

Following the opening of the Dutch online market, the number of gambling ads has more than doubled according to a DVJ Insights survey. It shows that spending on gambling advertising on television, radio and print media has risen to an average of € 3.5 million per week since 1 October 2021, compared with € 1.5 million before that date.

And that is just the beginning as the biggest "players" such as Unibet, Betsson and the Kindred Group are still waiting for their licences. However, once they obtain them, they would embark on advertising battles.

How does the political representation view this development?

Last month, the parliament voted in favour of the bill calling on the Dutch government to ban non-targeted advertising at "high-risk" gambling.

"*Political patience regarding this issue has proved to be slowly running out*," said Rene Jansen, Chairman of the Dutch regulator Kansspelautoriteit (KSA). The new cabinet will certainly have to take a certain stand to reassure the public.

"*Everyone understands that a certain amount of advertising is needed to get players to switch from illegal to legal operators, but do not go to far, I would say*," Jansen literally said.

In December, the four Dutch parties reached a coalition agreement that leaves long-time PM Mark Rutte in the leadership of the country, but with new colleagues in the cabinet.



Sander Dekker, a long-time member of the government whose position on advertising regulation was prudent, will no longer be at the head of gambling regulation. In his opinion, it was too early to proceed to any advertising restrictions.

The views of the new Minister for Legal Protection, France Weerwind, who is in charge of gambling regulation, are unknown. However, D66 party, of which he is a member, voted against the parliamentary bill on gambling advertising on 16 December. If the bill were adopted in its original form, it would mean that advertising on television and in radio would be effectively banned and marketing will be limited to targeted Internet advertising until 9 p.m.

However, we will have to wait and see which stand the new cabinet will take.

GERMAN FAN GROUP REQUESTS ADVERTISING RESTRICTIONS IN FOOTBALL

The German fan organization Unsere Kurve is demanding restrictions on the connection between football and sports betting. It claims that clubs place "too much emphasis on profit" and do not take sufficient account of the possibility of gambling addiction.

The move follows the ban on gambling advertising in Italy, Spain and the November activity in the Great Britain, which we informed you about in the last issue.

The fan group's call for strict restrictions may have a greater impact in Germany than in some other European countries. This is not even because of the fact that Unsere Kurve represents 21 fan organizations with more than 100,000 members but mainly due to the rules of the German Football League (DFL). These stipulate that commercial investors can never have more than a 49% stake in Bundesliga clubs. Private property was even banned until 1998, and the current "50 plus 1" rule means that fans have majority voting rights in many clubs.

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And what restrictions does Unsere Kurve call for?

It wants clubs and leagues to launch awareness-raising programs on potential gambling addictions, not to sign any new sponsorship agreements, to allow existing agreements to expire, to ban active athletes from appearing in advertising and, last but not least, to donate at least half of their gambling revenues from existing contracts to independent and "*state-recognized preventive measures".*

It requires the government to "immediately regulate" gambling advertising in public places, in the sports media, and to emphasize education and protection.

Operators sponsoring German football clubs include Tipico, sponsoring Bayern Munich and the Bundesliga itself. Another major operator is Entain's Bwin, which sponsors Borussia Dortmund, FC Cologne, St Pauli, Dynamo Dresden and Union Berlin. This month, the German subsidiary 888 Holdings which was named a partner of the Bundesliga club RB Leipzig was added on the list of these companies.

The German Sports Betting Association (DSWV) "*strongly rejects*" calls for the ban on advertising because they would be "*an economic incentive for illegal operators on the black market*".

ADVERTISING RULES STILL GETTING STRICTER IN GREAT BRITAIN

Football stars will be prohibited from promoting gambling. According to the Committee on Advertising Practice (CAP), which is responsible for the GB's Advertising and Marketing Code, the new rules on advertising are intended to reduce their attractiveness to young people. This is a further tightening of advertising in the GB.

However, the ban on promotion will not only apply to top footballers, but also to other personalities who have a large following on social networks, such as actors, celebrities or stars of reality TV shows. In general, the ban will apply to all popular personalities on social networks who "*are highly attractive to children or young people, in particular because they reflect or are associated with youth culture*".

Although the exact interpretation of the new rules has not yet been fully confirmed, it already looks like the new rules could jeopardize the lucrative advertising contracts of former Chelsea manager Jose Mourinho with Paddy Power and former players and current television experts Micah Richards and Roy Kean with Sky Bet.

CAP Director Shahriar Coupal said that the rules should target footballers with many followers under the age of 18 and stars of reality TV shows popular with teens such as Love Island.



The ban on the promotion of gambling by celebrities is not the only restriction that the new rules introduce. The ban will also apply to ads that use any image that people under the age of 18 may like, including video game content or characters.

According to Shahriar Coupala, the days of gambling ads with sports stars, video game images, and similar content are numbered.

According to the latest information, the stricter rules for gambling advertising should enter into force on 1 October 2022.