NEWSletter



Autumn 2022

INSTITUTE FOR GAMBLING REGULATION

Dear members, the next issue of our newsletter is here, and this time, we are focusing on the most interesting autumn news. As we promised in the summer issue, autumn was really busy, and in this one, we are trying to inform you about the most important events that happened in the past months.

Enjoy reading.

SECOND YEAR OF THE WEEK OF RESPONSIBLE GAMBLING TOOK PLACE

At the beginning of November, the 2nd annual national event called Week of Responsible Gambling (TýdenZH) took place and was dedicated to prevention, education and help especially for players and their loved ones.



Thanks to all the activities and the partners involved, we had the opportunity - just like last year - to reach millions of people, that is on television through our advertising spots or on social networks thanks to our partners, sports clubs and influencers such as Matěj Ruppert, Ester Ledecká or David Dvořák.

During the Week, dozens of people used the services offered by our involved partners, which are Společnost Podané ruce, Prevent 99, Portimo, the Vysočina Region Gambling Counselling Centre, the Civic Counselling Centre and the Modrý Kříž. A helpline was available 24/7 throughout TýdenZH for players and their loved ones, who used it a lot.

In addition to the National Gambling Conference, which is covered in a separate article, we organized informational or educational activities every day.

On Tuesday, a press conference was held to mark the 1st anniversary of the project, called "Responsible Gaming Celebrates One Year: Experts Oversee Safe Gambling". You can watch the recording of the press conference here (in Czech).

On Wednesday, we held a webinar on financial literacy, which is an integral part of every responsible player. You can watch the webinar on the topic: "*Do you control your money or does it control you?" How to be financially fit and what to watch out for"*, in Czech as well, that is here.

On Thursday, we screened the film "Moudrost traumatu" at the Pilotů cinema, and at the same time, there was a debate with František Trantina and Michal Chňup, who talked about how to fight addiction and how you, loved ones, can help those people who are fighting this battle.

On Friday, a webinar was held on the topic "*It costs nothing to ask... How does the helpline work and what can you expect after the call?*" Experts Lukáš Carlos Hrubý and Jiří Koreš answered these and other questions. You can watch the recording here.

We are happy that, in terms of numbers, we managed to build on last year's successful first year. This year, we added a number of events that contributed to the education of how to gamble responsibly. Of course, not everything can be positive, which is why, just like last year, we noticed negative comments on social networks. It is a marathon and is not just about the TýdenZH but about the whole year's work during which we try to change the beliefs of the staunch opponents of our initiative.

NATIONAL GAMBLING CONFERENCE HELD AFTER A THREE-YEAR HIATUS| THIS TIME CALLED "VISION 2024"

We opened this year's Week of Responsible Gambling with the National Gambling Conference, called Vision 2024, which took place on Monday, 7th November 2022 in the premises of the Academy of Sciences of the Czech Republic. As part of this conference, we were trying to create a platform for professional discussion about gambling in the Czech Republic and ways of regulating it - as it was in the past, before the pandemic affected us all.



This year's conference reflected all current topics that resonate in professional circles, whether it was an assessment of the current state of regulation and its future development in connection with the upcoming amendment to the Gambling Act, the fight against illegal gambling, the regulation of gambling at the local level or responsible gambling and self-regulation of operators in general. Each of the more than a hundred participants from the ranks of manufacturers, test laboratories, operators and representatives of public administration bodies could find something that would interest them. The opinions of the panellists, who often presented a different point of view on the given topic, definitely contributed to this.

In addition to the topics, the panellists themselves were certainly a big attraction, whether it was national anti-drug coordinator J. Vobořil, director M. Šabo from the Ministry of Finance, economist A. Rod, a member of NERV, M. Štěpán from the Customs Administration, V. Mravčík, L. Csémy or representatives of the Ministry of the Interior, the Association of Towns and Municipalities and Industry.

Here, we would like to thank the panellists and at the same time, all the participants of the conference. We received only positive responses and, therefore, we believe that it was not the last time we met in this way.

Are you interested in what was told at the conference? You can find more detailed information on our website here.

REGULAR MEETING OF MEMBERS WAS HELD IN THE AUTUMN

The regular autumn meeting of members took place at the beginning of October. This again had a particularly tight schedule with news from the upcoming amendment to the Gambling Act. At the beginning, Director Řehola himself spoke and presented in more detail the debates that the IFGR was conducting with the Ministry of Finance over the upcoming amendment to the Act. Fundamental changes include, for example, a completely revised concept of deposits. Other new things included possible changes in the area of user accounts and a new set of addiction restrictions. We also need to mention the planned shift away from targeting gambling games to their availability, which should have a major impact on the fight against online illegal gambling.



Another topic was the Action Plan, which is being prepared under the guidance of the national anti-drug coordinator J. Vobořil. In the field of gambling, it is primarily dedicated to helping high-risk players and tools that allow better control of risks. At the same time, however, it touches on the area of taxes and setting the taxation of games according to their riskiness. And last but not least, the Action Plan also strongly emphasizes the need to strengthen the fight against illegal

gambling, which should also improve the state's income side without the need to increase taxes.

We also mentioned the summer meeting with Google. We are still in contact with it and are looking for a solution to the issue of gambling advertising, both legal and illegal.

A few words were said about our foreign activities, especially about participation in panels within the International Gaming Summits, namely the Prague Gaming Summit and the Central-Eastern European Gaming Summit in Budapest.

Detailed meeting minutes can be found on our website here.

BENDA'S AMENDMENT TO REDUCE THE LOTTERY TAX

At the turn of October and November, it was busy in the Chamber of Deputies. We followed the efforts of MP Mark Benda (SPOLU), who, with the so-called Windfall Tax, tried to return the tax rate for lotteries from the current 35% to 23% by means of an amendment to the Gambling Tax Act.

Surprise set in in some groupings of the government coalition. The key meeting was the K5 coalition meeting on the tax package connected to the Windfall Tax (WFT), where the mentioned proposal of M. Benda was also discussed. The meeting was very fiery, and although it lasted more than 4 hours, the coalition could not agree on the final form of the WFT nor the taxation of gambling. In particular, the ODS advocated for the reduction of the tax on gambling, while STAN and the Piráti were the strongest opponents.



For the stated reasons, MP M. Benda announced in advance that he intends to withdraw his proposal at the next meeting.

We personally participated in the meeting of the Budget Committee, where M. Benda's amendment proposal was also on the agenda. Leading representatives of the Ministry of Finance, namely deputy Stanislav Kouba, also spoke in support of him at the meeting of the Budget Committee. The proposal had media support especially from Mr. Vobořil, however, the Minister of Finance Zbyněk Stanjura, whose political wish was interpreted by Deputy Kouba at the meeting of the Committee, also spoke out in favour of it. He received a very angry reaction from the opposition for this. In the end, the Committee had a disapproving stand on the proposal: no member of the Committee raised their hand for the support of Benda's proposal, and on the other hand, the disapproving stand had 16 deputies present.

Indeed, Benda's amendment was withdrawn during the third reading of the Windfall Tax.

AMENDMENT OF THE AML LAW

IFGR is an external comment place for a number of institutions. It is no different in the case of the Financial Analysis Office and therefore, we were given the opportunity to comment and send comments on the amendment to the AML Act. Its most significant change is the **expansion of the obliged persons according to the AML Act. Operators of online lotteries and bingo will** also be newly **included among the obliged persons.**

Another significant change is the proposal to **change the upper limit of the possible sanction for the offense of natural persons (e.g., employees) for non-fulfilment of obligations under this Act**, that is **from the current CZK 100,000 to CZK 10 million.**

WE WELCOME NEW IFGR MEMBERS

The ranks of the IFGR members were expanded by two new members in the autumn. These are long-standing operators focusing mainly on land-based gambling. The interesting thing is that each of them operates in the opposite side of our republic. As you can guess, this is the company Bonver Win a.s. and King's Entertainment a.s., formerly known as King's casino a.s. We are very happy that such large and established operators see the meaning in our work and joined us in the institute.

RECORD FINE IMPOSED ON PRAGUE

The Office for the Protection of Competition (OPC) imposed a record non-jurisdictional fine of CZK 2,679,000 on Prague. According to the office, Prague made several fundamental mistakes in the generally binding decrees from 1st December 2012 to 20th December 2018, regulating gambling or earlier lotteries and other similar games.



As was the case in other cases with penalties, the main problem is that Prague failed to clearly and objectively select places where it is possible to operate gambling games in the metropolis, thereby favouring certain operators at the expense of others.

"In its regulation of lotteries, betting and gambling games, Prague defined specific address locations for the operation of these games, without these locations being selected on the basis of objective, non-discriminatory and previously known criteria," the office states in its decision.

According to the OPC spokesman Martin Švanda, the fine could reach up to ten million crowns in this case.

Prague filed an appeal against the decision on the fine. The main reasons for filing it were that *"The OPC did not take into account the legitimate goal of the regulation and the long-standing intention of the councils of the capital city of Prague to gradually limit the operation of gambling games on their territory. The councils that approved the decrees in question were always guided by the goal of limiting lotteries and gambling in the territory of the capital city,"* the municipality states in its explanatory report.

The appeal will now be assessed. However, the fine imposed may not be the last. According to Švanda's spokesman, the Antimonopoly Office is now dealing with other decrees regulating gambling in the metropolis, this time from 2018 to 2021.

ADDICTION POLICY ACTION PLAN IS TAKING FINAL OUTLINES

On Monday, 17th October at the Government Office, the national anti-drug coordinator J. Vobořil presented the basic direction of addiction policy in the following years. As representatives of the gambling sector, we were present.

According to J. Vobořil, policy in the area of addiction will focus on the revision of models for the regulation of individual types of legal and illegal addictive substances and gambling, including price and tax regulation, the possibility of regulating the availability of certain substances, regulation of advertising, etc. The aim will also be to limit black market. The degree of riskiness of individual addiction products will be taken into account.

During the validity of the Action Plan, there will be completed a draft of the so-called Addiction Act, the

aim of which is to set up a system of services, and mainly their systemic financing based on the transition from one-year subsidies to another form of financing. The draft envisages the establishment of the Agency for the Prevention and Treatment of Addictions.

In the case of gambling, the aim is to create an environment and tools that better control the risks of gambling with a high risk of developing problem gambling, especially in the case of online gambling.

During the period of validity of the Action Plan, through the optimal setting of the tax system, the topic of financing preventive-curative measures and measures to reduce damages from consumption tax revenue will be started. And what is particularly interesting is that the system of taxing games should be set up according to their riskiness, including by differentiating the amount of the tax rate according to the riskiness of the games.

The advantage of our participation was the opportunity to comment on and also send written comments to the draft Action Plan. Once again, we would like to thank all those who sent us their comments on this draft.

In general, we agreed that the Action Plan fundamentally lacks a specific mention of the **support of self-regulatory mechanisms and projects**, although it was explicitly mentioned during its preparation.

We are against **starting talks about tax issues in the field of gambling. The gambling tax is not a consumption tax**, as is the case with other addictive goods such as tobacco and alcohol. A tax increase has no effect on consumption. The harmfulness of individual games is very difficult to assess objectively, and setting taxes according to this criterion cannot be based on an effort to protect gamblers from the harmfulness. However, this is not reflected in the AP plan in any way.

Also, we **dispute the conclusions of the study**, which the Action Plan refers to in the claim **that the costs of reducing the harm caused by gambling games are CZK 15 billion**. It is an 8-year-old study where 75% of the social costs were attributable to the intangible emotional harm and suffering of players and their loved ones. According to this study, the material costs of gambling were only in the range of CZK 3.5 - 4.7 billion.

CONSENSUS ON ADVERTISING RESTRICTIONS ACROSS THE FRENCH MARKET

After the experience of 2021, when the postponed EURO 2020 was held and the media were dominated by gambling ads with offers for all kinds of bonuses, there was a fear that this situation would repeat itself with the World Cup. Just after the aforementioned European championship, a strong pressure to limit advertising was present in the Netherlands and France. To prevent this from happening, they came up with a solution in France.



A week or so before the first match, the ANJ, the country's gambling regulator, the Advertising Regulatory Authority (ARCOM), and all legal gambling operators signed a series of four charters aimed at reducing advertising pressure and promoting responsible gambling.

ARCOM is responsible for monitoring compliance with the first two charters, which relate to television and radio advertising. They aim to implement ANJ's recent recommendation to reduce the limit of gambling ads per ad window from four to three. When asked if the charters were legally binding, an ANJ spokesman said that "*during the annual review of the operators' promotional strategies, the ANJ will be able to assess and evaluate the measures taken.*"

ANJ President Isabelle Falque-Pierrotin said that "*signing these charters in the spirit of joint regulation is a strong signal from all parties involved to support responsible advertising. The period ahead is crucial as everyone will be able to verify that gambling advertising has changed and the commitments made are being followed.*"

The third of the mentioned charters aims to stop the placement of advertising "in the immediate vicinity of schools" or addiction treatment centres, as well as to limit advertising at public transport stops. Instead, they will *"provide ANJ with space to place poster campaigns*

that warn of the dangers of excessive gambling."

A separate charter agreed by the members of the French Alliance of Digital Industry, who are considered "professionals in the field of advertising (AFNUM) and gambling operators", allows "better check of commercial posts published on social networks, platforms, mobile applications, websites or sites of influencers and ambassadors".

Operators will also *"protect minors from gambling advertising and not put advertising pressure on vulnerable audiences, especially young people and problem gamblers."*

All four charters are part of ANJ's long-term plan to ease advertising pressure. We will certainly find out whether it actually succeeded after the end of the football event in Qatar.

SWEDISH OPERATORS SHARE PROBLEM GAMBLING DATA

Three of Sweden's biggest operators have agreed to exchange key data on problem gambling every six months. The effort is to restore trust in the Swedish gambling industry through transparency. We can have a look at the first results of the agreement between operators Kindred, the Swedish Horse Racing Totalisator Board (ATG) and the state-owned Svenska Spel already at the beginning of next year, when the numbers should be published.

And what data will the operators actually exchange?



The data will cover what percentage of customers were contacted as a result of high-risk behaviour, what percentage cut back their gambling as a result of an intervention, how much these people cut back on average, and what percentage of contacted players decided to stop gambling.

This is not an activity initiated by the Swedish Gambling Authority (SGA). Still, according to the SGA spokesperson, it is good that the issue has been brought up.

Gustaf Hoffstedt, CEO of online business group BOS, assessed this move as an inspiring initiative. At the same time, he expressed the wish that more operators would join. *"This is an important step towards transparency and better future protection for players,"* said Hoffstedt.

The cooperation also has its critics. Among the most vocal is the website Spelforskning.se, which focuses on research and blogs on various aspects of problem gambling. In their opinion, this is data that is already required or likely to be reported in the near future. A big question mark is also how they will identify "high-risk" players. Spelforskning.se wrote that the system, which is currently used at least by the company Kindred, would not stand up to a closer examination, to put it mildly. Despite the criticism, Spelforskning.se acknowledged that things have been put in motion when it comes to the liability of gambling companies and that the current situation is far better than it was before the 2019 regulation was passed.

Patrik Hofbauer, president and CEO of Svenska Spel, sees the joint move as restoring confidence in the Swedish gambling industry. Hofbauer and other operators hope this will encourage *"a more fact-based discussion of gambling and problem gambling".*

Maris Catania, head of responsible gambling and research at Kindred, said in an interview that the project will go beyond improving transparency. *"By being able to identify revenue from problem players, it is also possible to monitor and evaluate whether such interventions and measures contribute to better revenue,"* said Catania.

The collaboration comes after Kindred began disclosing in 2021 the percentage of its revenue it received from players showing signs of problem gambling. This saw a slight increase from 3.3% to 3.78% in the second quarter. "*The aforementioned increase highlights the need to improve our technology efforts and work on more real-time detection and near-real-time interventions*," Catania said.

Interestingly, the introduction of the collaboration follows Kindred's Sustainable Gambling Conference, during which ATG CEO Hans Lord Skarplöth elaborated on a panel on the idea *that "society does not trust us and we deserve it. But I know we are better than we think."* Skarplöth went on to say that "*the main principle of safer gambling is the conscious decision of our customers"*. Another interesting point is that players should set their own limits. "*I think it is completely wrong that the limit is set by the state. Safe gambling starts with the customer. It is important to warn customers about the risk and to be transparent at an early stage. This is part of our responsibility,*" he said.