# NEWSletter



# April 2023

INSTITUTE FOR GAMBLING REGULATION

Dear members,

I would like to take this opportunity to thank you for your cooperation during the preparation of comments on the amendment to the Gambling Act. Our arguments are only as strong as our members contribute. Without your valuable comments, we could not present such strong arguments. We rely on your experience and expertise, and we believe that it will continue to work in the future.

Mgr. Jan Řehola, Ph.D.



## SPRING MEETING OF MEMBERS

At the beginning of April, a meeting of members of IFGR took place, which had a record attendance. This was due not only to the increasing number of members, but mainly to the main topic of the meeting, which was the amendment to the gambling act.

The meeting of members in the new premises of the OREA Hotel Angelo was opened by the director of IFGR, Jan Řehola, with his introductory speech. After welcoming all those present, he gave the floor to the economist and research director of CETA, Aleš Rada, who presented to all those present in the hall the results of an analysis mapping the economic benefits of the gambling industry to the Czech economy. It includes not only data on economic benefits and employment, but also ten key conclusions. One of them is that the costs associated with gambling are attributed only to the legal market and not at all to illegal gambling.

The economic block was followed by the project manager for Responsible Gaming, Petra Šebo, who informed everyone about the progress of the project and its immediate goals. Before the break and a great refreshment, a few words were devoted to taxes and their possible changes, which were reported in the media.



After the break, the main highlight of the afternoon came. The duo of Václav Ulrich and Petr Kozák took the floor and presented point by point the areas of the amendment to the gambling act that we consider to be essential from our point of view. We believe that this is not just an amendment, but rather a completely new

regulation due to its scope and impact on all areas. Therefore, only the topics that we discussed across the membership base in the past year and to which we had already given some feedback to the Ministry of Finance were selected for the presentation. All other non-cross-sectional topics were concentrated in the membership sections, where there was room for more detailed discussion.

## APRIL FULL OF SECTION MEETINGS AND WORK ON COMMENTS

After the successful meeting of IFGR members, section meetings focused on major and minor comments to the proposed amendment began at full speed. Members had the opportunity to discuss all their concerns and suggestions regarding the proposed provisions of the amendment with their respective section heads and other section members. All meetings were accompanied by constructive debates, and we believe that this model has proven to be effective and we would like to continue with it in the future.

However, it did not end with just the meetings. Operators, manufacturers, testing laboratories, and associated associations, simply all ifgr members, prepared their own comments on individual provisions. We incorporated all received comments into a unified material and sent it to the Ministry on time. More than sixty pages included all significant and recommending comments from multiple members. Working on the comments was a top priority for us at IFGR because the amendment to the Gambling Act will have a significant impact on the operation of gambling in the coming years.

In May, workshops are expected to take place with the participation of IFGR and Ministry representatives to discuss the main comments on the amendment, whether they concern transitional provisions or Live Dealer Game.

## THE LAW AMENDMENT IS BEING DISCUSSED WITH THE MINISTER

At the end of April, a three-hour meeting on the amendment to the gambling law took place with the participation of Minister Stanjura. IPRH, along with a few selected associations (such as the Casino Association, APKURS Association, SPELOS, ČKLP, and the Poker and Betting Players Association), had the unique opportunity to discuss significant changes with the highest leadership of the Ministry of Finance (MF).

After reaching an agreement with all the other partner associations (except ČKLP), IPRH representatives presented five crucial points that are of great concern to the industry in the amendment:



**Longer transitional period**

**Bonuses** - the request for defining prohibited bonuses in the law rather than in a regulation.

**Obligations of operators set by regulation** - advocating for stability and legal certainty.

**Panic button and recording in the Register of Excluded Persons** (RVO) by the operator

**Live Dealer stream** from one table for multiple operators

The proposal for a two-year transitional period to allow sufficient time for implementing all the changes was outright rejected by Minister Stanjura. The main reason is his desire for all the changes to be applied within the mandate of the current government, which ends in the autumn of 2026. However, the discussion concluded with the possibility of further meetings within a narrow working group. IPRH committed to attempting to come up with a proposal on timing and phasing of the changes that would be most acceptable for the sector as a whole.

The discussion also covered bonuses, additional obligations of operators, record-keeping of spins, and the possibility of using virtual tokens and electronic tables in land-based casinos.

Many other topics were discussed, raised by other associations, such as unifying bets in arcades and casinos, the deposit system, extending the record-keeping obligation from 2 to 3 years, and more. The Ministry of Finance demonstrated a tendency to insist on proposed solutions, but in some cases, it indicated a willingness to negotiate and find compromises. If different market segments agree on something, the Ministry is prepared to take such recommendations seriously, as mentioned by Minister Stanjura himself. They have no interest in a war in the Chamber of Deputies or torpedoing the proposed solutions. Therefore, they would be pleased if the market agrees on the solutions.

Time is running out, and Minister Stanjura would like to have the draft law in the Chamber of Deputies before the summer break.

## EXPERT COUNCIL HAS BEEN HELPING WITH EARLY DETECTION OF PROBLEM GAMBLING FOR A YEAR NOW

**It has been a year since the Expert Council of the Responsible Gambling project held its first meeting. Since then, under the leadership of Associate Professor and physician Viktor Mravčík, they have been meeting every month.**

The main reason for establishing the council was to involve a wide range of experts in the field and utilize their extensive knowledge and experience. The sole aim was to detect risky behavior in a timely manner and intervene appropriately to help those at risk.



The Expert Council has set several goals. Currently, they are working together with the project's working team

on developing an early detection tool for risky gambling and an intervention model.

Council members participate in various project activities, providing strategic and methodological input, as well as serving as expert advisors for specific activities where their practical experience is needed. "The main goal of the Responsible Gambling project is to support prevention in the field of gambling, both for those who have gambling problems themselves and for those dealing with such issues in their close circles. In the Expert Council, we aim to work closely on the individual pieces that form the whole puzzle of assistance," says Associate Professor Viktor Mravčík, a physician and the Director of Research and Education at the Helping Hands Society.

Other equally important tasks include the development of a training platform, conducting research on professional articles and studies from the Czech Republic and abroad, and bringing in new insights from the addiction sphere.

The contributions of the Expert Council extend beyond the boundaries of the project. Their knowledge and expertise are also utilized within the framework of the Responsible Gambling Institute itself, particularly in discussions with the Ministry of Finance that touch upon addiction-related topics.

## CBDATA ARE ONCE AGAIN PART OF THE INSTITUTE

After a year, the company cbData has decided to return to IFGR. We are pleased that the Czech manufacturer from Jičín is back on board with IFGR and has expanded the already substantial section of manufacturers.

## EVONA CELEBRATED 30 YEARS

This year, the company Evona celebrates its 30th anniversary since its establishment and can proudly look back on three decades of significant changes, leadership, and innovation. From the beginning of their journey, the team focused on fulfilling their big dreams, which they transformed into goals and actionable strategies. Evona is one of the most prominent Slovak companies in the field of information technology. Currently, it employs over 500 employees and operates in both the Slovak and international markets. Congratulations to Evona on their anniversary, and we wish them continued success in the future!



## IN GERMANY TAX RENEVUE FROM GAMBLING ON ONLINE SLOT MACHINES HAS DECREASED BY ALMOST HALF | THE LEGAL MARKET IS CONCERNED ABOUT AN INCREASE IN ILLEGAL ACTIVITY

German **tax revenues from online slot machines decreased by approximately 43 percent in the first quarter of this year, indicating that German players may be shifting towards illegal operators.**



According to data from the German Ministry of Finance, tax revenues from slot machines in the first quarter of 2023 amounted to 80.1 million EUR. In the same period last year, approximately 140 million EUR was collected. In contrast, the overall tax revenue from gambling during the same period decreased only by 5 percent to 666 million EUR. Tax revenues from sports betting also declined by 3 percent to 111 million EUR.

**Major representatives of online gambling operating in Germany have long complained about the restrictive rules imposed on slot machines, such as the maximum bet limit of 1 EUR. These rules, along with the lengthy process of individual game approvals, put them at a disadvantage compared to competitors in the black market.**

## IN SPAIN, UNIFICATION OF DEPOSITS ACROSS OPERATORS IS BEING PREPARED

The **Spanish gambling industry remains unusually calm ahead of the upcoming royal decree that aims to unify deposit limits for online gaming across all operators. Currently, deposit limits are in place, but they vary for each operator individually.**



The Spanish government has sought feedback from the market regarding the possible amendment to Royal Decree 1614/2011, which currently regulates the mentioned deposit limits. The proposed adjustment to the deposit system would *„introduce an economic limit for the total amount of deposits that each participant can make on all gaming accounts associated with their user registration with any operator."* Under the current system, deposit limits are set by each individual operator.

Spain's Directorate General for the Regulation of Gambling (DGOJ) outlined that the new deposit system would be managed as a single system, requiring operators to integrate their systems. Despite the significant impact on existing systems, unlike other royal decrees, such as those related to safer gambling, it has been met with mild optimism. Currently, there is no accompanying legislation to the royal decree, only a call for public opinion.

*„At this moment, no comments can be made because there is no legislative text available for review. I cannot*

*tell you if it is good or bad. Right now, all the DGOJ wants to do is listen to opinions,"* said Santiago Asensi, a lawyer specializing in gambling.

According to Asensi, the regulator wants to hear the market's opinion. Therefore, industry representatives should seize the opportunity to share their current experiences with deposit limits and propose possible solutions to improve the situation in the future.

## NO OPERATOR LOGOS ON JERSEYS. FOR ACTIVISTS, IT'S JUST THE FIRST STEP.




Football **clubs in the English Premier League have agreed to remove gambling operator logos from the front of their jerseys.** Many activists see this decision as just the *„first step"* and advocate for even greater restrictions.

If this indeed happens, the Premier League would become the first sports competition in the United Kingdom to voluntarily commit to such a change. **It is expected to take effect at the end of the 2025/26 season**.

The collective agreement by the Premier League was announced following extensive discussions involving the league's management, clubs, and the Department for Digital, Culture, Media & Sport (DCMS), as part of an ongoing review of gambling regulation.

Currently, eight out of the 20 Premier League teams have gambling operators as sponsors, and their logos can be found on the front of the jerseys. The second most frequent main sponsor is financial services companies, with five teams wearing jerseys featuring logos of various banking institutions. None of the current sponsors in the Premier League are based in the United Kingdom.

The situation is different in lower leagues, where clubs rely more on sponsorship from gambling operators, many of which are based in the United Kingdom. This likely explains why there will be no changes in those leagues.

Lucy Frazer, the Minister for DCMS, welcomed the news, stating, *„While the vast majority of adults enjoy gambling harmlessly, we cannot ignore the fact that footballers are huge role models for children. Our upcoming Gambling White Paper will improve player protection and do more to safeguard those at risk of addiction,"* she said in a public statement.

However, experienced gambling campaigner Carolyn Harris, a long-standing Member of Parliament who chairs the All-Party Parliamentary Group on Gambling-Related Harm (APPG), stated that this move is simply a *„very welcome first step."* She and industry experts agree that further steps must follow.

Matt Gaskell, Clinical Lead and Consultant Psychologist

for the National Health Service (NHS) Northern Gambling Service, went even further, asking, ***„What evidence is there that logos placed on the front of jerseys are more harmful than those on sleeves or (much larger) advertising boards and TV/online advertising around football?"***

**Other experts agree with this perspective and believe that the ban in its current form will simply lead to the relocation of gambling operator logos to other parts of football jerseys.**

Regarding the legal aspects of ending gambling partnerships, Richard Davies, a specialist in sports-focused commercial contracts at international law firm Charles Russell Speechlys, said, *„Despite sponsorship agreements typically containing protections for clubs to exit deals in the event of regulatory change, a three-year transition period is an important measure for clubs from a commercial perspective."*

Davies explained that when similar rules were introduced in Italy in 2019, a six-month notice period *„caused a number of problems for clubs with existing contractual commitments." „The financial impact of this ban would undoubtedly burden smaller clubs if imposed in lower leagues, where club finances are most uncertain and alternative sponsors are harder to find,"* added Davies.

It is highly likely that restrictions in this form will not be the end of the story. Further restrictions on advertising and sponsorship can be expected, whether from the Premier League's leadership or through the upcoming Gambling White Paper, which is set to introduce comprehensive changes to gambling regulation in the UK.

## THE WINNERS OF THE FINNISH ELECTIONS WANT TO END THE MONOPOLY

The recent parliamentary elections in Finland were won by the opposition conservatives, while the action-oriented and internationally popular Prime Minister Sanna Marin ended up in third place and is likely to move to the opposition. The National Coalition Party (NCP) secured 48 seats, making it the largest party in parliament, but it will need to join forces with other parties to form a government. The most likely candidate for prime minister is NCP leader Petteri Orpo. It seems that not only the country's leadership but also several industries will undergo changes.

The victorious NCP stated that it intends to abandon the monopoly system of Veikkaus, a state-owned gambling company. Instead, they want to implement a licensing system for online gambling. At the same time, they would like to address the issues caused by gambling to certain individuals. *„For example, we would like to move slot machines to separate enclosed spaces, increase gambling control, and clearly separate the recipients from the distribution of gambling proceeds,"* NCP representatives said.



In their election program published in February, they promised to partially reverse the development of the Finnish economy and living standards by removing barriers to market entry, increasing competition among companies, and *„reducing consumer prices by relaxing*

*regulations and unnecessary norms."* This included a commitment to *„reform the gambling regulation system."*

Antti Koivula, a partner and legal advisor at Legal Gaming Attorneys at Law based in Finland, called the election outcome a *„big win for market opening."* However, he also pointed out that the election outcome is not decisive for gambling reform since there is already broad political consensus that a partial licensing system (including online casino games and online betting) is the path Finland will take in the coming years.

As a first step towards possible change, the Ministry of the Interior launched a three-month research project that ran until mid-April. It explored alternatives to the current system, in which Veikkaus holds a monopolistic role. Surprisingly, Veikkaus itself proposed examining the potential of a licensing system. Veikkaus' gross gaming revenue decreased by 2.7 percent to 1.07 billion EUR in 2022, mainly due to its declining share of the online market. By the end of 2022, it was „just over 50 percent." This decline in market share raised concerns not only among the company's management but also among many lawmakers.

In its alternative budget published in December 2022, the NCP estimated that the new licensing system would increase the government's annual revenue by 50 million EUR, although there is no indication of where the party obtained this estimate.

Regardless of the research outcome, experts agree that considering the views of the winning parties in the elections, it is highly likely that Finland will establish a balanced licensing system that will not be overly strict and will allow for business growth. These are also the parties advocating for faster changes.