# NEWSletter



# June 2024

INSTITUTE
FOR GAMBLING
REGULATION

# ONE FIFTH OF CZECH PLAYERS PLAY WITH ILLEGAL ONLINE OPERATORS




**One in five online gamblers uses the services of illegal operators. This was revealed in an anonymous online survey by the Poker and Sports Betting Players Association. The survey of a representative sample of more than 500 players covered topics such as keeping track of winnings, choosing an operator, or experiences with illegal games.**

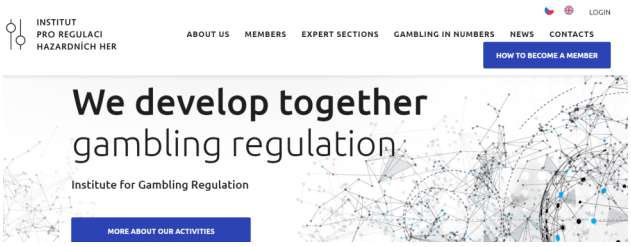
The survey found that 19.1% of users knowingly played with illegal operators. A further 17.6% said that they could not tell if they were playing with an illegal operator. As a result, up to one third of Czech players use or may unknowingly use the offers of illegal operators. Players aged between 18 and 24 are the most likely to gamble illegally, a trend that continues to decline with increasing age.

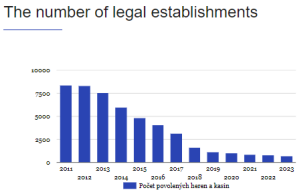
38% of players do not check whether the online game has a Czech licence. In the 45-54 age category, 49% of respondents do not check this fact, while in the 18-24 age category it is only 27%. If players participated in gambling with an operator without a Czech licence, they were mainly motivated to do so by the larger range of games (56.1%), larger bonuses (58.2%) or easier and faster registration (39.8%). More than a third of respondents (37.8%) also reported having seen online advertising for illegal gambling in the last year, but another fifth (21.3%) admitted that they were unable to identify such advertising.

Another alarming outcome of the survey is the players' attitude to keeping track of their game results. According to the results, 89% of players did not keep records. The record of gaming results will affect a significantly larger number of players from this year onwards, due to the reduction of the limit for taxation of winnings from CZK 1 million. CZK to CZK 50 thousand. CZK.

The full results of the survey can be found on the Poker and Sportsbook Players Association website.

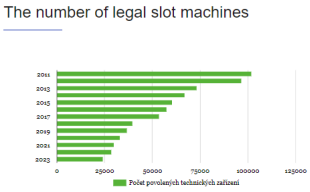
# DID YOU KNOW THAT A LOT OF INTERESTING DATA CAN BE FOUND ON THE INSTITUTE'S WEBSITE?













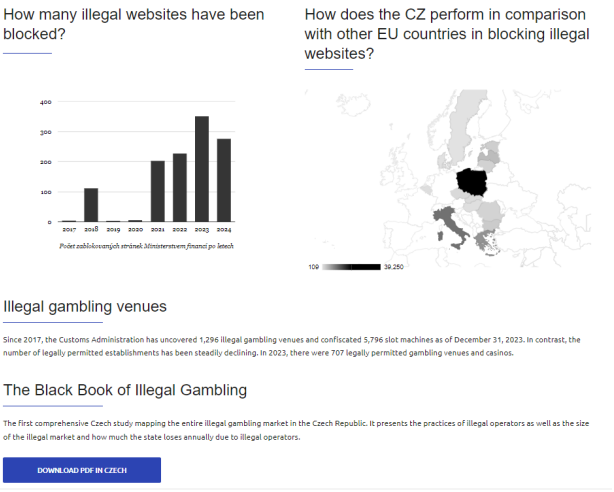
Last year, the Institute's website underwent a gradual redesign. We tried to make as little changes to the look and feel as possible, but we focused even more on the content and adding new pages that clearly provide a lot of essential information about gambling in the Czech Republic.

The Institute is regularly contacted not only by journalists interested in current information about illegal gambling, the number of legal machines and establishments, or how much gambling brings to the state and municipalities in taxes. That is why we have prepared two separate pages dedicated to these data. Of course, they are not only for journalists, but you can also draw on them.

Changes have also been made to all pages that are only accessible to Institute members. The most visited page

is usually the one on operational results. We have therefore focused on this page in particular. We have clarified the table of tax income for each quarter and added individual graphs to the page. You will also find the Gross Gaming Revenue table for each quarter on this page. Of course, you can always download the latest operating results summary, which you can find at the bottom of this page.

In the member sections you will find not only all current legislation, but also English translations of selected legislation, all newsletters and other relevant information. If you do not have access to the sections or if there have been personnel changes in your company, please contact us and we will be happy to set up access for you.




## FOCUSED ON THE RESULTS OF THE NATIONAL SURVEY

Národní monitorovací středisko pro drogy a závislosti

At the end of May, the National Monitoring Centre for Drugs and Addictions (NMC) published the results of the National Survey on Substance Use, which was carried out between April and July last year. This is a population-wide study based on a representative sample of citizens aged 15 years and older and follows similar studies in 2008, 2012, 2016 and 2020.



*"The National Survey on Substance Abuse is a unique study that the National Monitoring Centre for Drugs and Addictions has been conducting at regular intervals for 15 years,"* says National Drug Policy Coordinator Jindřich Voboril, adding: *"The data definitely point to the need for change. But it is good that we have this data and that we can use it in such a way that our actions are not based on impressions and populism, but rather on recording facts. It is only through increased awareness and open debate in the public that the path to improving the health and protection of children and adolescents can be achieved."*

The study questionnaire contained 246 questions and screening scales providing an estimate of the prevalence of problem substance use or gambling. The study methodology and basic results are described in Focused No. 1/2024, published by NMS

The Czech Republic is still a country of smokers, as it has been found that over 22% of adults (i.e. about 2 million people) smoke cigarettes daily or almost daily, and the same proportion of the population has experience with e-cigarettes. Still more than 11 per cent of adults (about 1 million people) drink alcohol daily or almost daily. Not surprisingly, these figures worry National Coordinator Jindřich Voboril.

### And what were the results of gambling?

According to the Lie/bet screening scale used to assess the prevalence of problem gambling in the population (Johnson et al., 1997), a total of 3.0% of persons aged 15 years and older were in the risk category (i.e., scored at least 1 on the scale). Of these, 1.5% of respondents fell into the low risk category and the same percentage fell into the high risk category.

Among players, an estimated 10.8% were at risk of problem gambling according to the same scale, with 5.5% in the high risk category. The highest proportion of players at risk overall and the highest proportion of players at high risk were in the 15-24 age group.

# GAMBLING ADVERTISING IS ALSO A TOPIC AT THE GOVERNMENT OFFICE

The question of further possible regulation of gambling advertising is more than topical. Not only has the Ministry of Labour and Social Affairs' (MLSA) proposal for a complete ban on advertising from 6 a.m. to 10 p.m. for all types of gambling appeared in comments on the forthcoming amendment to the Advertising Regulation Act. However, in mid-June, on the initiative of the National Drug Coordinator J. Voboril, a round table on the future regulation of gambling advertising was held with the participation of all interested parties.



In addition to the members of the teams of the Drug Coordinator and the National Monitoring Centre, representatives of individual ministries, the Customs Administration, addictionologists and representatives of the gambling industry attended. The industry was represented by both online gaming operators, including fixed-odds betting and lotteries, and land-based gaming operators and casinos. At the same time, the market was represented not only by our Institute, but also by the Association of Casino Operators, the Association of Sports Betting Operators and the Association of Poker and Sports Betting Players.

It is a positive development that representatives of the market directly affected have been invited to these crucial debates on future advertising regulation. Moreover, in such large numbers.

## Regulation is not done by comments

In the opinion of J. Voboril and Director Šab from the Ministry of Finance, regulation in any sector should definitely not be done in the form of a comment on an amendment to the law. By this they were referring to the aforementioned comment of the Ministry of Labour and Social Affairs on the technical amendment to the Advertising Regulation Act.

Mr Vobořil described as shocking the recent NMS results that 16% of people under 18 have experience of gambling. This is a new phenomenon in gambling, which in the past was typical for other addictions. According to addictionologists, the impulses to gamble are most often acquired by children and adolescents in families. Which, according to adiktologist M. Ambrož, is a perfectly normal pattern.

However, the industry believes that the increase in young people having experience of gambling is directly linked to primarily illegal online gambling. Which is not only available, but also poses the greatest risks to this group.

One of the other reasons why there is such a high percentage of under 18s with experience of gambling is seen in new modern forms of communication. The attention of the state is therefore turning towards social networks, influencers or youtubers, who are seen as role models for young people.

According to the national coordinator, the starting point for advertising regulation should be the risk semaphore of individual games, which was developed in the post RIA analysis of the Ministry of Finance. Some participants disagree with this view and see this model, based on the ASTERIG analysis, as outdated and obsolete. In the sector's view, in such a case, illegal gambling needs to be categorised even above legal gambling. It is not possible to put illegal gambling in the same category as legal technical games, quick lotteries or live match betting. Director Šabo also has fundamental doubts about the regulation of advertising according to risk.

## Are codes of ethics the solution?

In general, codes are commendable, but they are only meaningful if they are followed by all. Eventually, regulation will come to the point where at least a basic legislative setting that is enforceable by all actors is necessary.

Education is important from the operators' point of view. And not only the education of the public, but especially of politicians and officials. Most MPs, senators and municipal and regional officials do not really know what is required today in order to be able to gamble online, or even to enter a gaming area. How complex the registration process is and how robust the system of controls and reporting is. Compared to other addictions, gambling regulation is incomparable in this respect.

Experts also perceive the link between gambling and sport as a major problem. Firstly, the general promotion of betting among athletes and, of course, the massive promotion of gambling companies at various sporting events. It is noticeable that the reverberations of the end of the hockey World Cup resonated. However, there are still several international sporting events to come before the end of the year, so we can only expect these views to escalate. As is the case abroad.

The Ministry of Finance publicly acknowledged the Responsible Gaming Project and its activities. At the same time, it supported the idea of creating the opposite forms of campaigns with well-known athletes, which will have an educational effect.

### The Customs Administration's view

The main problem with illegal gambling is the very low capacity of the Customs Administration, or the part of it that is responsible for the supervision of illegal gambling. The Customs representative agreed that blanket bans do not work, and it is true that where supply disappears, the black market meets demand. And as a final problem, he said that operators let persons on the Excluded Persons Register play on other people's playing cards.

### What are the other intentions of the Government Office and the National Drug Coordinator?

It is necessary to respond to current trends, and therefore some restrictions must and will come. Unregulated areas of social media, influencers operating on various platforms such as YoutTube, Twitch or Instagram are a priority.

Drug Coordinator Vobořil wants to continue the discussion. His team should prepare a basic framework in the autumn of this year. With the understanding that some points can be implemented quickly, others are in the long term. The general consensus is that illegal gambling is on the rise and something needs to be done about it. In particular, to protect under 18s from it, whose gambling numbers are rising significantly. A blanket ban is not supported by anyone.

## IFRG VISITED THE MINISTRY OF THE INTERIOR

Cities and municipalities most often choose the path of absolute prohibition in the fight against gambling. The trend of issuing ordinances as the easiest solution to regulate gambling in the territory of a municipality is certainly not considered by the Institute as "smart regulation", which we have been advocating for a long time.




The Institute met with representatives of the Ministry of the Interior (MoI), specifically with Director Vesely and his associate Mr. Chodur, who heads the department that assesses the compliance of municipal ordinances regulating gambling with the constitutional order.

The most effective way out of the vicious circle seems to be the way of changing the legislation, i.e. the legal empowerment of municipalities. This is so that municipalities can determine the number of gaming premises in the municipality, not specific addresses, which are very difficult to defend. For example, for whatever reason a particular address was chosen and the adjacent house can no longer be it. Alternatively, municipalities could

designate zones where they do not want gambling operations.

Municipal regulation is only meant to be a complement to national regulation. It is intended to serve to regulate specific conditions imposed by local conditions, location requirements, or limitations on hours of operation. However, this regulation does not automatically mean a blanket ban, as we have seen so much of recently. A blanket ban should only be a last resort where there are serious reasons for doing so. Similarly, it would be advisable for municipal districts to be able to issue general binding ordinances directly, so that they can set their own regulation of gambling in their territory.

In the opinion of the Ministry of the Interior, even a blanket ban should be properly justified. However, the case law regarding the introduction of blanket bans is more than benevolent towards municipalities.

We are very aware of the lack of knowledge of legal regulation on the part of municipalities, which is why the Institute wants to prepare a practical guide on "how to regulate" gambling in a smart way. This would help municipalities with creating an impact analysis (what all they need to take into account when setting regulation), justifying an ordinance or setting defensible criteria. This will not work without input from municipalities, or what concerns them in this area. That is why we are reaching out to the Association of Towns and Municipalities or the Association of Local Governments, which are in daily contact with people in local government. We are very pleased that the Ministry of the Interior, which has a great deal of information on this issue, has also expressed interest in helping us to prepare the handbook.

## FRANCE LAUNCHES NEW CAMPAIGN AGAINST BETTING ADS DURING THE FOOTBALL CHAMPIONSHIP

With the start of the European Football Championship, the French National Gambling Authority (ANJ) has launched a new campaign for safer gambling. The initiative is a response to the ubiquitous sports betting during the last Euros, boosted by the popularity of the French team that lifted the 2018 World Cup.



ANJ President Isabelle Falque-Pierrotin said in a statement, *"Since Euro 2021, gambling operators have recognised their responsibility to combat excessive gambling and have adjusted their practices. This positive momentum must continue during the upcoming Euros and Olympics."*

Immediately after the previous Euro in July 2021, the ANJ told sports betting operators that it was necessary to "drastically reduce the pressure" of advertising and to refrain from "questionable practices". Which include, for example, advertising aimed at young people.




*"During the aforementioned 2021 championship, a line was crossed in terms of advertising pressure and this is likely to lead to a rethink of the regulatory framework for the next ten years,"* the ANJ said at the time.

The new campaign features a very small font at the top that gets larger as the spot progresses, and becomes more legible as it describes the descent into addiction. Loosely translated, the text reads, *"Addiction quickly took over my life. I spent hours analyzing and tracking statistics, then one day I really lost it."*

In the last picture it says in big bold letters: "2 lines at the bottom of the ad will never be enough to describe the spiral of sports betting addiction".

ANJ used Toluna-Harris Interactive to poll the public to create the campaign, and according to the results, more than half of French people intend to follow the Euro (55 percent) and more than a third (35 percent) want to bet. Of those who said they plan to bet, 44 percent are under the age of 35. The survey polled 1,070 people aged 18 and over in mid-May.

ANJ communications director Elsa Torchet-Macé told Vixio GamblingCompliance that the campaign is aimed at young punters. *"That's why it will be available on Snapchat and also on digital radio and streaming platforms."*

# DUTCH REGULATOR SETS DEPOSIT LIMITS OF €300 FOR PLAYERS AGED 18-24

The Dutch regulator, the Kansspelautoriteit (KSA), will introduce new restrictions and has introduced new deposit limits as a "major step" to create a safer market for young people.



The Responsible Gaming Guidelines were published in the Dutch Official Gazette at the beginning of June and, with minor exceptions, came into force immediately. Among the exceptions are the aforementioned deposit limits, which will not come into force until 1 October. The main reasons for this are the necessary adjustments to the systems, and the time required for operators to recruit new staff to oversee the changes.

As of 1 October, for any player between the ages of 18 and 24 who deposits €300 or more, the operator must carry out a financial check to make sure they can afford to wager that amount. The same applies to those over 24 years of age who deposit €700 or more.

If it is determined that the person cannot afford the amount, the operator must prevent further deposits for that calendar month. In exceptional cases, the operator may deviate from the deposit limit of EUR 300. An example of this is a professional poker player who needs to deposit a higher amount for a tournament.

## Stricter "real-time" monitoring.

The revised Responsible Gambling Policy also instructs operators to be stricter in monitoring player behaviour in "real time". Operators, regardless of the environment in which they operate, must intervene within one hour of detecting potentially harmful gambling behaviour. This is, for example, excessive participation. This monitoring must be active 24 hours a day.

Under the new policy, signs of excessive participation include, for example, playing for long hours at night, continuous betting or repeated deposits. The KSA defines playing for more than six hours a day as a sign of potential gambling harm.

## Why has KSA modified the rules?

In September 2023, the KSA published a study on player duty of care compliance by ten operators. As part of this study, the KSA requested information from operators on player monitoring, player data and addiction prevention policies. The regulator found that operators did not always intervene with at-risk players in a timely manner.

The KSA said the research findings, along with recent changes to the rules for gambling ads and the banning of successful athletes and role models in gambling ads, led to the drafting of an amendment to the Responsible Gambling Policy.

This proposal was followed by a consultation round. In total, 33 responses were received from operators, trade bodies and addiction experts. The responses focused mainly on addiction prevention.

## THE GERMAN ONLINE CASINO MARKET IS DISTORTED

**The online casino market in Germany is "distorted". This is largely due to the difficult approval process for new games.**

Online operators and their game suppliers face obstacles in the authorisation procedure, which requires suppliers to have their games tested and approved, and then operators must have the same games individually approved again.



*"If a game is tested once, why test it again?"* Lars Kollind, head of business development at Swintt, stated during his presentation at iGaming Germany in Munich in early June.

After a year of trying to get new games approved, a number of operators got the necessary stamp for just five games. While unlicensed operators offer hundreds of new titles. The black market holds all the cards.

Germany may be the only regulated online gambling market in Europe and possibly the world where tax revenues from online gambling are declining, Kollind said.

German online gambling is crippled from an industry perspective by an interstate treaty that was a political compromise between 16 federal states. This means that online slots and poker can be licensed throughout Germany, but online casino table games such as roulette and blackjack are in the hands and discretion of individual states. Therefore, roulette allowed in one federal state cannot be played in another. Only two states, Schleswig-Holstein and North Rhine-Westphalia, plan to open the market to online casinos. In Bavaria, the state monopoly Lotto Bayern operates.

The regulator may not be fully aware of the impact of regulation, he said, such as the fact that a number of large licensees are considering leaving the German market. If this happens, it will cause a domino effect. And more will follow. This will only end up benefiting the already strong black market.

The gambling industry is not an industry full of crooks, it is a complicated industry that is willing to be regulated, such as the financial industry. However, enforcement against the illegal market is difficult and the German market feels frustrated.

## BRIEFLY THE SITUATION IN ITALY

**In Italy, it is estimated that 20-25% of players are on the black market. Black market gambling turnover is estimated at €25 billion**, of which €18.5 billion is spent on unlicensed websites. The situation may be exacerbated by the newly increased licensing concession of €7 million to be paid by each operator. This is a much higher amount than in other countries, where a licence costs at most a few hundred thousand euros.