NEWSletter



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PANIC BUTTON IS ALREADY AVAILABLE TO PLAYERS. FIRST FEEDBACK FROM MINISTRY OF FINANCE.

It is not so long since the means of preventing participation in gambling, as it is officially called by the Gambling Act, but known to us as the panic button, is no longer accessible to gamblers. Operators, who are obliged to provide technical security to make the panic button available to players, have opted for various solutions. However, according to initial information from the Ministry of Finance (MoF), the right ones. Although exceptions will of course be found this time as well.



The MoF approached IFGR with a joint meeting over the first assessment of the operation of the panic button, as it had done its own research on the solutions chosen and wanted to communicate its findings through IFGR to the sector before the Customs controls began. They checked both websites and applications as well as land-based establishments. The first weeks of the holiday season, they said, were a time of advocacy. Thus, it can be expected that the first wave of inspections by Customs will come soon. Similarly, the MoF will look at the found unsatisfactory solutions in the framework of the re-licensing administrative procedure that awaits all operators. Therefore, it has also issued Information on Panic Button Assessment for Authorised Persons (more on this in the next newsletter article).

The MoF focused on basically three levels. **The panic button solution itself** and the mediated application, where the mediation of the application for registration in the REP by simply referring to the MoF website was deemed to be in explicit violation of the law. Mobile applications are fine. They consider the ideal solution for desktop websites to be a "floating" mode when scrolling the page. Submission of an application for permanent entry in the Register of Excluded Persons (as per section 16bb(5) of the Act) can also, in the words of the MoF, be within the panic button as a signpost. As far as **the panic button designation is** concerned, it is essential that it is clearly marked so that it is clear to everyone that it is a means of exclusion. However, the law does not require a uniform designation. However, it is not acceptable to opt for a solution using only iconography, e.g. crossed out game symbols, road signs, etc. In the **area of player education**, **players** must be advised of all the consequences of registration as set out in section 17 of the Act, and this applies even to an operator who operates only one channel. Thus, the operator of an internet game must inform the player that he will be prevented from entering the gaming premises as a result of the registration.

The MoF has taken a very **strong stand against any operator interaction with the use of the panic button**. It considers a self-service kiosk using a player card or other means of access to the account (e.g. including a password if this is the standard solution for logging into the account with the operator or entering the login name, date of birth and pin) to be a satisfactory solution in gaming premises

MoF also shared the **first statistics on how players use the panic button.** They are currently registering around 5,000 requests for permanent enrollment in REP, averaging more than 1,000 per week. In the case of temporary exclusion for 48 hours, they then register around 10,000 enrolments. IFGR then informed the MoF about the large delays in processing enrolment requests on their side, which the MoF is aware of and is working to speed up the enrolment process.

The questions we received from you were also discussed at the meeting with the MoF. One of them was the panic button solution using the so called **longpress**, which is acceptable. As for **the time left of the 48 hours**,

MoF will not communicate it centrally, but if the operator has such a countdown timer, it is fine. Regarding the **display of the panic button in the case of full screen**, MF has clarified that if the controls are visible and therefore it is not 100% full screen, then the panic button must also be visible. MoF agreed with IFGR's reasoning and allowed the withdrawal of the REP application, but only up to the point of enrolment.

At the end of the meeting, the Ministry of Finance offered to **organize a workshop** at the end of the holidays, including practical demonstrations of individual solutions. Of course, we will inform you immediately about the possible date.

HOW THE PANIC BUTTON SHOULD BE CERTIFIED

As of 1 July, all operators must offer players the option to opt out of gambling via a panic button. Certification was not required for operators operating in accordance with the transitional provisions to run the panic button in "live" operation. They will only have to undergo this when they change their base licence. To this end, the MoF has issued information on what requirements it will specifically require authorised persons to test for certification. And what are these? First of all, the MF wants to see in the professional assessment the display of the placement of the panic button on a website, in an app or on a device in a gaming room or casino, including a description and assessment of the form of the device. Then the process of using the panic button from the player's perspective in graphical form, i.e. the steps from pressing it to the actual confirmation that the player is enrolled. Finally, the MoF requests that the manner and form of instruction on the consequences of enrolment in the REP be provided at the same time as an offer to apply for permanent enrolment in the REP.

MUNICIPALITIES ARE AUTHORISED TO CONCLUDE COOPERATION AGREEMENTS

As part of our cooperation with the Ministry of the Interior (MoI), we have raised the issue of the legality of concluding cooperation agreements between municipalities and gambling operators. These agreements are often the basis for debate when preparing the regulation of gambling in the territory of a municipality. As these agreements are concluded under private law and often bind municipalities for a number of years, they have in some cases been the subject of public debate, in particular whether municipalities are entitled to conclude such agreements. As it is the MoI that assesses the legality of the municipalities' actions, we approached them to ask about the municipalities' authority to do so. In its reply, the MoI states that from the perspective of state regulation and supervision **by the Ministry, no law prohibits municipalities from concluding such contracts**. According to the MoI, the only thing that is essential is that the resolution approving such a contract be adopted by the municipal authority competent to do so under the Municipal Act and in accordance with the procedure provided for in the Municipal Act. As expected, the MoI responds with the reservation that it is not competent to assess the legality of the content of the contracts from the point of view of private law.

PROPOSAL TO REPEAL PART OF THE TAX PACKAGE



In early July, a group of 19 senators led by Senator Michael Canova (Mayors for the Liberec Region) filed a motion with the Constitutional Court to repeal five parts of the law commonly known as the tax package.

Of the 65 changes to the tax package, the senators are challenging five selected ones before the Constitutional Court, which, in their opinion, do not pursue the goal of consolidating public budgets. Thus, they are not in line with the intended purpose of the consolidation package, and at the same time they violate the rules of the legislative process in a fundamental way, they are obvious legislative additions.

One of the areas that the senators are challenging is the modified budgetary determination of the gambling tax. The senators consider it a violation of the constitutional order that the municipalities have been completely deprived of the share of the revenues from the gambling tax collected from the so-called online internet gambling (30%), which was previously distributed among all municipalities and which is now retained entirely by the state.

However, the effects of Internet gambling, such as petty crime in municipalities, municipal police intervention, non-payment of municipal rent and fees, social exclusion and the provision of special social services, affect all municipalities to varying degrees, even though many do not allow gambling on their territory.

According to the senators, the state cannot be allowed to completely abolish this share of gambling tax revenues for municipalities without any compensation, because municipalities have to pay for the effects of internet gambling at the expense of their own resources. This violates the constitutionally guaranteed right of municipalities to self-government and protection of their assets.

The Constitutional Court confirmed the acceptance of the proposal, assigned it the number Pl. ÚS 22/24 and appointed Jan Svatoň as the judge rapporteur.

At the last cabinet meeting before heading into the summer recess, ministers approved a proposal for the government to intervene in the Constitutional Court proceedings. This is standard government procedure. If only to take into account the fact that this is a provision of the consolidation package.

RESPONSIBLE GAMBLING PROJECT HAS A NEW MANAGER



The Responsible Gaming Project will soon celebrate its fourth birthday. Educating the public on how to keep gaming at bay, co-running the Helpline with the portal Naberte kurz, organising the annual Responsible Gaming Week, connecting addiction centres and collaborating with experts - this is just a short list of the activities the project has been engaged in for a long time.

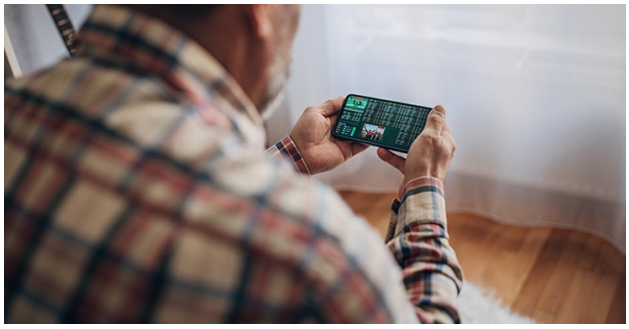
With their further expansion, Patrik Weigl is now in char-

ge of closer coordination in his role as the new Responsible Play Manager. With his experience in the world of digital technology, he will also help to further advance the development of our unique IRIS risky gaming detection tool.

"I decided to join the project because of its uniqueness. Responsible Gaming is a unique self-regulatory initiative, even from a global perspective, which has a significant impact and even more potential for the future. One of my main goals is to develop and launch IRIS, or an early detection tool for risky behaviour, in collaboration with operators and leading Czech scientific institutions, based on a predictive mathematical model and artificial intelligence to help protect the lives and health of players. Given my experience in leading data-driven digital projects, I believe I will be an asset to Responsible Gaming," says Patrik Weigl.

STUDY ON THE DEPENDENCE OF ONLINE GAMBLING OPERATORS ON HIGH SPENDING CUSTOMERS

In the last few years, online gambling has become a major industry. The growth is certainly pleasing, but there is growing concern about the potential regulatory threats that may affect them. This is because they believe that they are heavily dependent on a small segment of their customers who gamble big and at higher risk. This is confirmed by a new study by David Forrest and Ian McHale of the University of Liverpool, published on 24 June in the Journal of Gambling Studies.



The study also suggests that limiting deposits and spending, as several European countries have done, would be painful for the UK gambling industry. It will be up to operators to prove that their biggest customers can afford their gambling habits.

"All such measures would pose an existential threat to regulated operators if a large portion of their revenues were constrained by hard caps or if high-spending players migrated to the unregulated sector," the authors wrote.

"Using a large dataset from 7 UK operators, recording individual transactions of approximately 140,000 people observed over a year, we were able to provide more accurate estimates of the degree of income concentration compared to previous studies. We show a high reliance on a relatively small number of customers, although product by product there is variation in how small the pool of potential account holders is," the authors state.

The so-called Pareto principle suggests that in many industries, 20 percent of customers generate 80 percent of revenue. **However, this study found that the top 10 per cent of UK online gamblers provided 79 per cent of revenue and the top 5 per cent just over two-thirds.**

The average sports bettor spends £135 a year. The average online casino player, £296. And players who did both spent £602.

To get into the top 20, gamblers had to spend £1,390 a year. Sports bettors lost an average of 8.7 per cent on their bets, while online casino players lost 4.2 per cent. These averages suggest that the biggest online gamblers lost several thousand pounds a year, the academics said.

The fact that operators rely heavily on high-spending gamblers is important, if only because previous research has suggested that high spending is strongly correlated with gambling harm, the professors wrote.

In Finland, Veikkaus and Paf have introduced betting limits and countries including Germany, Belgium and Spain have deposit limits, while the Netherlands will soon introduce mandatory accessibility checks with deposits above a certain level.

Many previous studies have used self-reported surveys, but this one, according to the researchers, collected annual data from 140,000 accounts at seven different operators, representing nearly 86 percent of online betting and 38 percent of all online gambling.

AMOUNT OF DATA AS A LURE FOR HACKERS



Every day we hear about various virus threats or cyber attacks, whether on individuals, private companies or even government organisations. However, few people realise that the combination of money and data held by gambling operators makes them a very attractive target from the perspective of a potential cyber attack. It is therefore not surprising that in the last 12 months, the gaming industry has seen a series of cyber-attacks that have not escaped even the world's most famous casinos.

Last year, Las Vegas giants Caesars Entertainment and MGM Resorts faced major cyber ransomware attacks that significantly impacted their operations. And in Canada, a cyberattack on Gateway Casinos and Entertainment last April crippled nearly half of the company. When their 31 casinos had to be closed for over a week.

Operators have to collect a lot of gaming data, as well as personal data, about players who play online and those who visit a land-based gaming room or casino. In everyday life, there are few similar equivalents where people provide so much information about themselves.

Publicly available revenue information gives hackers a clearer picture of the potential profit from a cyber attack. They can calculate a company's daily GGR and better estimate the threshold for potential ransom that operators would be willing to sacrifice.

The weakest link in security is not systems, but people. The human factor is the most common security hole. Using a variety of phishing methods or other means, attackers can obtain the login details of vulnerable employees and gain access to the system. A company may have 100 people, it may have 10 people, or it may only have five people responsible for security, but there are other employees who are part of the business and maybe they are not as adept in the IT world. However, even they need to understand that once they click on something they shouldn't click on, it can have an impact on the entire organization.

Companies have generally increased security in the area of network breaches. All efforts now need to be focused on social engineering in the area of cybersecurity. This term refers to various non-technical forms of attack by which cyber criminals can manipulate users into ignoring security or other (corporate) procedures and handing over sensitive information to the attacker or allowing him access. Experts are confident that they will succeed. It just takes a lot of effort.

KAZAKH LAW BANS NEARLY 4 MILLION PEOPLE FROM PLAYING

Neither state employees nor military personnel will gamble in Kazakhstan. On 8 July, Kazakh President Kassym-Jomart Tokayev signed a law banning the aforementioned groups from gambling. The new rules also prohibit participation in gambling by those on the debt register. According to government estimates, the new law is expected to exclude nearly 4 million people from gambling in Kazakhstan.

LEADING GAMBLING OPERATORS SOUND THE ALARM



CEOs of major gambling operators, including bet365, Flutter Entertainment Plc, Entain, evoke, Kindred Group plc and Betsson Group, are sounding the alarm about the impact of strict regulations on the European gambling industry. In the European Gaming and Betting Association's (EGBA) 2024 Sustainability Report, these leaders warn that tighter regulation is inadvertently driving players to play on the black market.

According to the report, operators have significantly stepped up their efforts to introduce and promote safer gaming in 2023. The report reveals that 65% of European customers - a record 21 million of them - used a secure gaming tool last year, with more than half doing so voluntarily, up 14% on the previous year. In addition, operators sent out a record 67.6 million messages to their customers promoting safer play, a 49% annual increase. More than 23 million of these messages were personalised based on actual customer gaming behaviour.

CEOs agree that they are increasingly competing in a black market where player safety is at best a secondary concern, at worst completely ignored. Regulatory frameworks in European countries are exacerbating the problem, they say.

The Netherlands, Italy, Spain and Sweden have tightened how and where licensees can advertise their offers. Betting limits have been tightened in the UK. And in Germany, they are changing the core gambling products from the ground up.

Illegal gambling is on the rise everywhere. Why is that? Because the strict restrictions in these countries prevent players from finding attractive and competitive offers that steer them towards safer, locally regulated operators.

Unlicensed operators can attract players with high bonuses and offers that legal operators cannot afford to match. While local jurisdictions are equipped with enforcement resources and the ability to block illegal sites, repression alone is not effective in combating the black market. In contrast, competitive, regulated markets with attractive offerings and a realistic level of promotion of their offerings are the ideal solution.