NEWSletter



August

INSTITUTE
FOR GAMBLING
REGULATION

2024

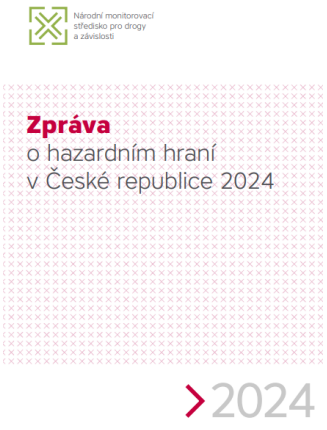
IFGR IS PART OF THE ADVISORY COMMITTEE ON ADDICTION DATA COLLECTION



The National Monitoring Centre for Drugs and Addictions and the competent authorities at the Office of the Government have long perceived the Institute's professional contribution positively. That is why we have been offered to be part of the permanent body of the Government Council for Coordination of Policy in the Field of Addictions to deal with the issues of monitoring the situation in the field of addictions and their consequences. This is the Advisory Committee on Addiction Data Collection, chaired by Dr. Ladislav Csémy of the National Institute of Mental Health. Its members include representatives of ministries (health, education, labour and social affairs, finance, etc.), the General Directorate of Customs, the Association of Regions, the Association of Towns and Municipalities of the Czech Republic, the State Institute of Health and other public institutions dealing with the issue of addiction. The Institute will thus have a permanent member of this Committee and working subgroups in the field of gambling. We will thus have the opportunity to propose the basis for future reports on gambling earlier, to participate in the committee's meetings and to obtain information in this area.

NEW REPORT ON GAMBLING IN THE CZECH REPUBLIC IS OUT. PLAYERS LOST CZK 59 BILLION.

The report, which annually maps what happened on the Czech gambling market in the previous year, was also prepared this year by the National Monitoring Centre for Drugs and Addictions and subsequently approved by the Government of the Czech Republic. Like the previous edition, the current report reflects the regulatory innovations that have abounded since the new year, the economic performance of the sector, and also presents addiction statistics on the number of risky gamblers, underage gambling, counselling centres and addiction assistance in general. We are pleased to have been part of the debate on the conclusions of the report this year and to have been able to contribute to the preparation of the report through the comments received. For the most part, our comments related to regulatory innovations, of which there are many and which were completely ignored in the report. We are glad that some of them have found their place in the final text, and the wider public will see at a glance the radical transformation that gambling in the Czech Republic is undergoing. Following our comments, the report also includes a survey of gamblers mapping their gambling with illegal online operators. This was compiled by colleagues from GTO Solutions, s.r.o. as part of their Poker and Sports Betting Players Association. The report also mentions the Institute's activities in the fight against illegal gambling and in particular the financial support of the Helpline by the Responsible Gaming Project.



The main figure in this report is CZK 59.2 billion. That's how much players lost in 2023, a 10% increase from last year. The number that we will certainly see in the media, because it is more sensational, is CZK 873 billion, which is how much players have put into gambling. CZK 814 billion was then paid out in winnings. The state received a total of CZK 18.6 billion in gambling tax, which

is CZK 1.6 billion more than in the previous year. The largest amount was collected from technical games, namely CZK 11.6 billion, while CZK 7 billion was collected from other games.

The report also maps gambling by children and adolescents. The survey, which is carried out every four years across Europe, was conducted last year. The results show that almost 16% of adolescents in our country have experience of gambling and 2% gamble regularly. The results are based on a survey of students aged 15 to 19. It does not explicitly distinguish between minors and adults 18+, who may make up a substantial proportion of respondents. The results may therefore be heavily biased. This was pointed out by the Institute in its comments on the report and we have been assured that when the survey is next conducted, the groups will already be split between under 18 and over 18.

CUSTOMS PACKAGE BRINGS CHANGES TO ADVERTISING SUPERVISION

At its last meeting in August, the government approved a draft law (called the "Customs Package"), which continues the reform of the customs administration. The law builds on the first part of the reform, which was part of the consolidation package and which brought, for example, the reduction of customs offices. The currently adopted amendment in particular modifies legislation in the area of tax administration.



The customs package builds on the first part of the reform, which was part of the consolidation package, and which will reduce the number of customs offices. With effect from 1 July 2025, the number of customs offices will be reduced from 15 to 6, with headquarters in the five largest cities of the Czech Republic (Prague, Brno, Plzeň, Ostrava and Liberec). Since January this year, a partial reduction of the territorial offices of customs offices has already been taking place, which is a precursor to the optimisation of the number of customs offices as such.

Now the government has approved the second part of the reform, which is a set of amendments to a total of 117 laws and regulates the competences of the customs administration, especially in the form of transferring or taking over selected partial competences in relation to other authorities. In particular, it focuses on legislation in the area of tax administration. In the words of Finance Minister Zbyněk Stanjura, *"this is another significant contribution to the streamlining of the customs administration as such."*

The customs package also includes important organisational and competency changes and enhanced digitisation. *"The package adjusts our competencies so that we can efficiently carry out activities related to our mission and is part of a broader Customs transformation project. It should streamline our activities, reduce the administrative burden on businesses and bring planned savings in the form of the abolition of up to 300 customs officer positions next year,"* said Marek Šimandl, Director General of the Customs Administration of the Czech Republic.

Change in supervision of gambling advertising

One of the 117 laws concerned is the Advertising Regulation Act. As we have previously announced, the Law on Advertising modifies the supervision of the customs administration. With effect from 1 July 2025, the Customs Administration will not only supervise advertising for illegal gambling or advertising on gambling and casino buildings, but will now supervise all advertising, promotion or encouragement of gambling, and sponsorship in this area, with the exception of radio and television broadcasting, where supervision is retained by the Broadcasting Council.

The reason for this change is an effort to unify the supervisory competences and administrative punishment, which were previously fragmented between the customs administration and the regional trade licensing offices.

AN ACTION-PACKED AUTUMN. WHAT CAN YOU LOOK FORWARD TO?

With autumn approaching, we would like to inform you about our upcoming events that we have prepared for you. This autumn will be really busy.

Already on the last day of September you can look forward to the regular **autumn meeting of the Institute members**. As usual, this will provide you with insight into current events or upcoming legislative changes, and you will be updated on our Institute's activities over the past few months. At the end of the meeting, we have asked Director M. Shab from the Department of Finance to speak on current events and answer your questions. You will have a unique opportunity to ask the representatives of the Ministry of Finance directly about your concerns.

Just a few hours before the meeting, we prepared a workshop in cooperation with the Ministry of Finance on the planned amendment to the reporting decree. This is being prepared as a result of changes made by the amendment to the Gambling Act and the current reporting practice. The changes will affect both the large and small model (daily gaming reporting). This will be an expert workshop fully in the hands of the Ministry of Finance.

3. National Gambling Conference



The Institute's tradition of organising conferences continues. Again this year, during Responsible Gambling Week, the National Gambling Conference will focus on the most pressing issues and challenges in gambling. We hope that this year we will also be able to create a platform for the exchange of views and experiences that will contribute to the further development of gambling.

What can you expect?

As in previous years, we will focus on the key themes shaping the world of gambling. Highlights of the programme will include:

1. New developments in the 2024 regulation and their implementation

2. The future of advertising regulation in the Czech Republic

3. Focus on Slovakia

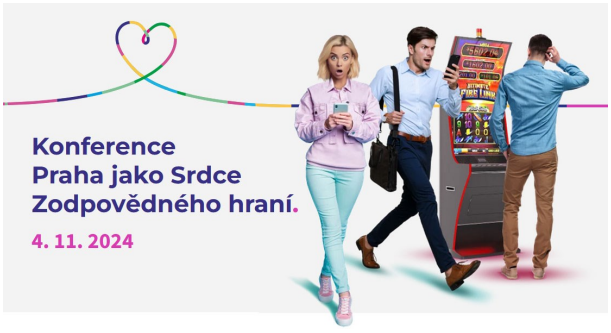
4. AML regulation in practice

Who can you look forward to?

The conference will feature presentations from leading gambling experts, representatives from public administration, the political sphere or companies doing business in our sector. The full list of speakers will be published in the coming weeks, so keep an eye on our website!

When and where?

The conference will take place on 5 November 2024 at the Czech Technical University in Prague, Thákurova 1, 160 00 Prague 6.



Prague as the heart of responsible gambling

Interest in the issue of safer play is growing, not only in the world but also in our country. And there are many topics to be inspired by. That is why the Responsible Play project will host the first ever international conference "Prague as the Heart of Responsible Gambling".

safer gaming will visit Prague, such as Simo Dragicevic, Francesco Rodano, Dan Thwaites, Daniel Brookes and Tanja Sveen. Unfortunately, Mark Griffiths, one of the biggest names in the field of safer gaming, cannot come to Prague. But you won't miss him completely and you can look forward to his online performance. Regulators, such as Martin Bohoš, Director General of the Office for Gambling Regulation in Slovakia, representatives of the Czech Ministry of Finance and representatives of companies involved in the Responsible Gaming project, will all be on the panel.

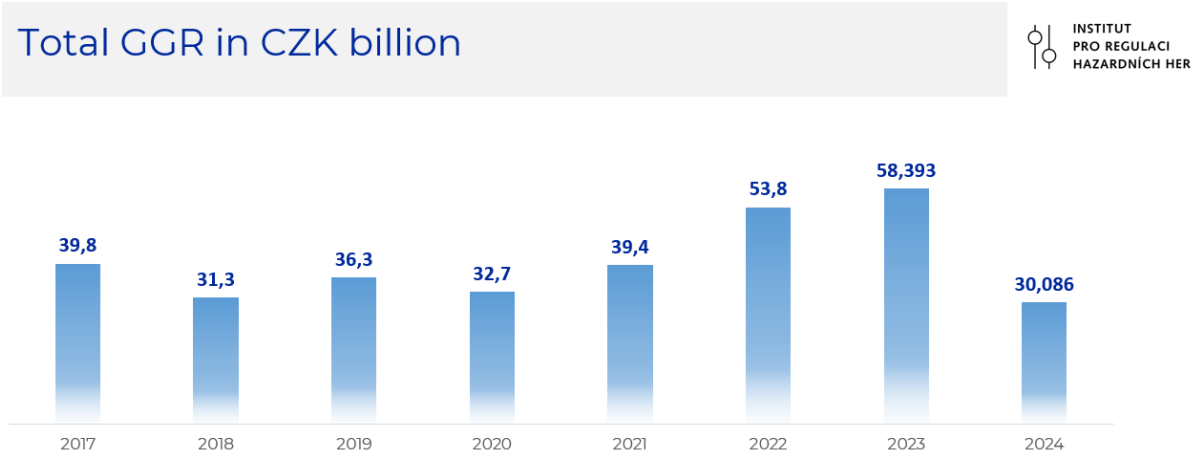
What can you expect?

The event is intended for professionals and representatives of the gambling sector who want to discuss current trends in the field of safer gambling, market regulation and effective protection of players. You can look forward to interesting panel discussions with leading experts from the Czech Republic and abroad.

When and where?

The conference will take place on 4 November 2024 at the ARA Palace, Perlová 5, 110 00 Prague.

GROWTH OF THE GAMBLING MARKET IN THE CZECH REPUBLIC: OPERATING RESULTS FOR Q2 2024



The gaming industry in the Czech Republic continues to grow, as confirmed by the latest results for the second quarter of 2024. Total gross gaming revenue (GGR) reached CZK 15.433 billion, a 9% year-on-year increase. This growth is mainly driven by online gambling.

Growth of the online gambling market

Internet games accounted for CZK 8.85 billion of the total GGR, an increase of 17.8% compared to the same period last year. These figures confirm the continuing trend of digitalisation of entertainment and the availability of online platforms that allow players to access a wide range of games from the comfort of their homes.

Landbased operated gambling saw a slight decline. Their revenues fell by 0.9% to CZK 6.58 billion. Despite all the setbacks, the landbased segment has maintained a relatively stable position and continues to contribute a significant amount to total revenues.

Tax collection grows by 15.4%

The increase in GGR is also related to the increase in gambling collections. The total tax liability for the second quarter of this year amounted to CZK 5.188 billion, which represents a year-on-year increase of 15.4%. The online segment in particular contributed CZK 2.93 billion, an increase of 29.1% compared to last year.

Landbased games brought in tax revenues of CZK 2.25 billion, up 1.4% from the second quarter of last year.

REFORM OF THE FINNISH GAMBLING MARKET

A liberalised online gambling market has long been in the pipeline in Finland. The government's forthcoming 417-page proposal sets out a path towards a competitive market by 2027.

"We tried to strike a balance between business opportunities and responsible gaming," says Jari Vähänen, former Veikkaus CEO turned industry consultant, of the design. The focus on channelization aims to rebalance a market where most gaming now takes place outside the current monopoly. It is an effort to reduce the proportion of consumers who gamble in illegal environments, so that they seek out legal offerings. Veikkaus reported in 2023 that illegal gambling accounted for approximately 54% of the Finnish online gambling market.

ILLEGAL GAMBLING IN AUSTRIA IS ON THE DECLINE



At the beginning of August, the Austrian Ministry of Finance published a report on the activities of the financial police this year. It shows that although illegal gambling still constitutes a key part of the activities of the financial police, the situation is improving. At least according to the amount of fines issued and machines seized.

Austria's financial police said concerns about illegal gambling in bricks-and-mortar establishments may be diminishing, but they have issued a number of fines this year. During the first half of this year, police issued fines of €962,000, down significantly from the €2.75m imposed in the same period in 2023. A total of 51 illegal gaming machines were seized from 70 premises, compared with 274 in 2023.

"The epicentres of illegal gambling are still Upper Austria, Salzburg and Vienna," the ministry said.

SWEDISH REGULATOR WARNS THAT CLOSING LAST CASINO WILL ENCOURAGE ILLEGAL GAMBLING

The Swedish Gambling Authority (SGA) warns that the number of illegal land-based gambling operations may increase following the planned closure of the last remaining brick-and-mortar casino, Svenska Spel, in Stockholm.

Although the regulator has no opinion on whether or not the last legal casino in the country, Casino Cosmopol, should be closed, it agrees with the police authority's suggestion that the closure of the casino may lead to an increase in illegal casino gambling.

The potential closure of the casino is up in the air due to competition from online casinos that were legalized in 2019 and from forced shutdowns during the COVID-19 pandemic. If the prediction comes true, the casino will close on January 1, 2026.

In February this year, Casino Cosmopol closed its casinos in Gothenburg and Malmö, and before that it closed its branch in Sundsvall in 2020, also citing competition from online casinos as the reason.

The government-owned company Svenska Spel has been operating casinos since 2001. *"We share the view*

that it is no longer possible to operate Casino Cosmopol profitably," said Erik Strand, president and CEO of Svenska Spel, in May when the closure plans were first publicly presented. The company has said it will do everything it can to support the 200 employees who work there since the May announcement.

ONE FIFTH OF 15-YEAR-OLD FINNISH BOYS GAMBLE

The Finnish Institute for Health and Welfare (THL) has published the results of a national survey of 15-year-olds. A key finding is that 25% of 15-year-old boys gamble. This is an unprecedentedly high figure. However, THL took a slightly different approach and highlighted the positives in the headline: *"Raising the age limit for slot machines in 2011 caused a sharp decline in young people gambling on machines*."



The age limit of 15 years for slot machines was raised to 18 years in Finland in 2011. The percentage of girls who play slot machines at least once a week was between five and eight per cent between 1995 and 2011, but has since fallen to almost zero. The proportion of boys who play slots at least once a week has fallen from 45 per cent in 2011 to four per cent in 2024.

As of 2019, the survey asks young people about gambling in general. In addition to slot machines, this includes, but is not limited to, games played online and traditional gambling games such as scratchcards and card games. In 2024, 25% of boys and 4% of girls said they had played such gambling games in the last 12 months. The corresponding figures in 2019 were 46% for boys and 21% for girls.