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## Measures for a safer gambling market

**The Ministry of Finance's proposal for placing further restrictions on the Swedish gambling market has been met by strong and unanimous criticism. All stakeholders in the gambling industry (state and private), as well as sports clubs, the Swedish Gambling Authority, and international and national media have all stated that the proposals are unrealistic and how they play into the hands of the unlicensed market. The Minister for Public Administration then chose to adjust the proposals somewhat, but only to improve conditions for state-controlled companies. Now a new report shows that implementing deposit limits on online casinos alone would mean that almost half of all bets would end up being placed with unlicensed companies. The entire Swedish gambling industry has been beset by uncertainty, with many customers abandoning licensed companies and moving instead to unlicensed companies. If we don't start to cooperate and introduce long-term measures grounded in facts, we risk turning back the clock to what the market looked like prior to re-regulation.**

Recently, the independent research firm Copenhagen Economics published a new report describing how deposit limits would affect online casinos. The report, which is based on turnover data, consumer surveys, interviews, and international research, shows that the channelization for online casinos will fall from an already low 75% to an even lower 52-63% if deposit limits come into force. This means almost half of all bets will be placed with unlicensed companies.

Neither the Ministry of Finance nor any other stakeholder has presented facts to support the underlying assumption that gambling in general – and play on online casinos in particular – have increased during the covid-19 crisis. In its recent report to the Swedish government, the agency responsible for the Swedish gambling market also confirms it hasn't detected increased gambling during the coronavirus pandemic.

The government is aware of the alarmingly low percentage of online casino players who now play within the licensed Swedish system. The government has also seen data from the Swedish Tax Agency that show gambling on horse races – and not online casino gambling – has increased during the coronavirus crisis.

We share the government's view that protection for and of players is of the utmost importance. We agree that this work must continue and that together we can create a sustainable gambling market with strong consumer protections. But the work must be based on facts.

The Ministry of Finance has the opportunity to implement a number of fact-based measures that would improve consumer protections without damaging the important channelization. On the contrary, the channelization would benefit with these measures, which would also strengthen consumer protections.

### **Expand licensing requirements**

Introducing licensing requirements for companies that supply games as well as the companies that provide customers, so-called B2B licenses, would increase the Swedish Gambling Authority's ability to regulate the market and prevent the black market from targeting Swedish gamblers. The measure would promote the channelization and is therefore welcomed by the licensed gambling industry as well as gambling addiction organizations.

### **IQ campaign for the gambling industry**

There is very little awareness about Spelpaus, the central self-removal register, as well as other regulated consumer protection measures. The Swedish Gambling Authority and the Swedish Consumer Agency should be tasked with increasing public awareness about these tools. Systembolaget's IQ campaign could serve as inspiration for a proactive information portal.

### **Gambling companies' data is part of the solution**

The digital gambling industry collects and processes large amounts of data on customers' gambling behaviour. The Ministry of Finance should instruct the Swedish Gambling Authority to request regular reports, with anonymized data, on customers' gambling behaviour in order to increase understanding about gambling habits and identify any systematic problems. The gambling companies have this data and already share it with researchers.

Great strides have been made in machine learning and artificial intelligence. Computers are capable of handling huge amounts of data and identifying the patterns required for increasing understanding and providing the basis for decisions. The gambling industry is also making progress in this area and sees great opportunities for improving our ability to detect and stop harmful phenomena such as problem gambling, match fixing, and money laundering. The Ministry of Finance has a golden opportunity to initiate a strategic collaboration in this area together with authorities, researchers, the gambling industry, and gambling addiction groups.

### **Sharing of data between companies**

The EU's strict data protection laws are generally a good thing. We share the view that each individual should own their own data. Having the opportunity to share personal data between gambling companies as well as between gambling companies and authorities would make it easier to quickly identify and prevent gambling problems or fraudulent activities. Today, every gambling company can make these discoveries on their own but can't share the information in a simple and legal way.

### **Risk ratings for players, not products – and with support from actual data**

Addictive and unhealthy behaviour by individuals is individual and is easy to track in the gambling industry thanks to the large amount of data that is continuously collected from all players. Any future risk classification system must be based on the conditions and actions of the individual.

### **Extend the Swedish Gambling Authority's mandate**

The government must clarify the Swedish Gambling Authority's mandate to ensure the integrity of the licensing system and in so doing strengthen the all-important degree of channelization.

### **Extend the Duty of Care to more industries**

The challenges we have in society are rarely isolated to one individual stakeholder or industry. In order to curb increased indebtedness stemming from gambling, the lending market – and the instant lending market in particular – also need to take responsibility for lowering excessive debts. Today, the gambling industry can access information about a customer's liquidity, but it's hard to determine whether the money is borrowed or earned. A central self-removal register like Spelpaus should be considered for instant loans.

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Pontus Lindwall, CEO, Betsson AB

Henrik Tjärnström, CEO, Kindred Group

Gustaf Hagman, Group CEO, LeoVegas

Therese Hillman, VD, NetEnt AB

Ulrik Bengtsson, Group CEO, William Hill Plc

Lahcene Merzoug, CEO, ComeOn

Alexander Stevendahl, CEO, Videoslots

Tomas Backman, CEO, Hero Gaming

Henric Andersson, CEO, SuprNation

Gustaf Hoffstedt, Secretary General, Swedish Trade Association for Online Gambling (BOS)