

Future gambling regulations

**Swedish Inquiry on Gambling
22nd of January 2009**

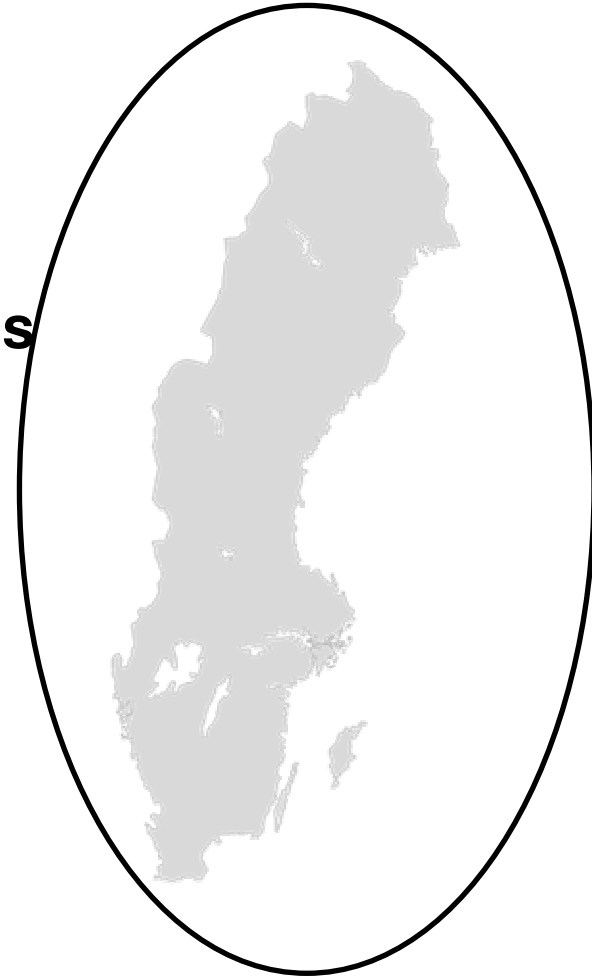


Long-term sustainable regulations

- **propose a tight and modern regulation to strengthen the general protective purposes the current swedish regulation relies upon,**
- **map out to what extent some types of gambling may be considered more prone to cause gambling addiction in order to make possible to operate those games only in the most regulated way, and**
- **assess whether EC-law, technical or other reasons makes it impossible to strengthen the current regulations, and if so propose a partially new system enclosing also other operators than existing**

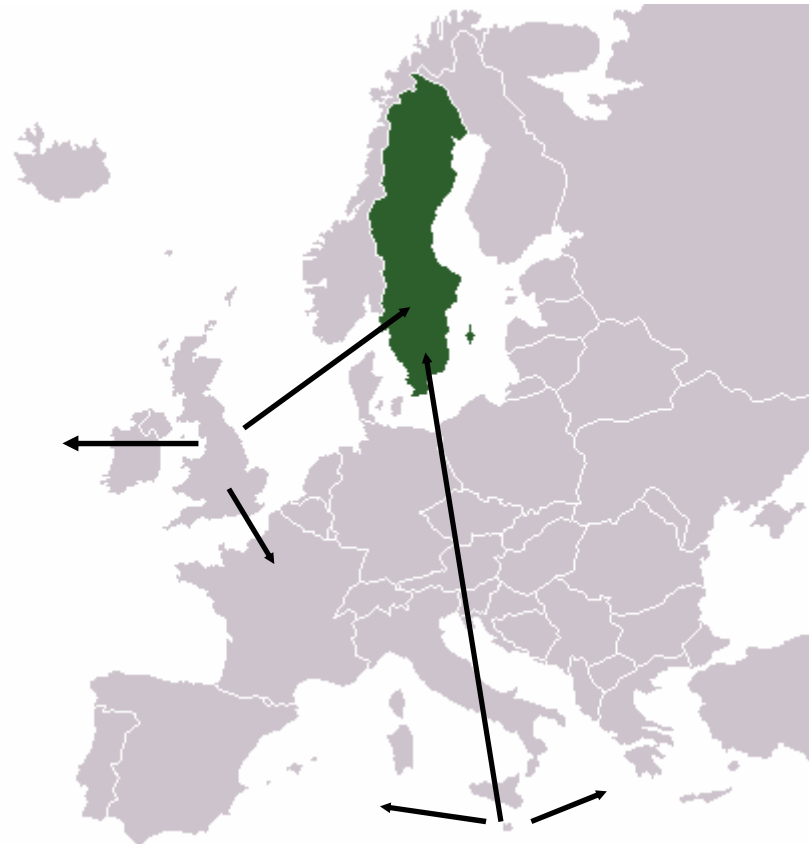
Current regulations

- **Foundations from 1939**
- **Nationally marked off regulations**
- **Private enterprises excluded**
- **Exclusive rights**
- **Public surveillance**
- **Prohibited to facilitate gaming without a Swedish permit**



Problem

- **EC-law**
(including activities by European commission)
- **Technology**
(2 000 gambling websites worldwide)
- **The purposes of the Swedish regulations can not be achieved**



Suggested solution by the Government

Most hazardous types of games strictly controlled

Remaining types of gambling may be operated by others

NGO:s with a purpose to the benefit of the public good and national horse sports ought to keep financing their activities through gaming revenues

The solution requires a national demarkation

Principal issues

- **A partially new system embracing more operators in som types of gambling (regarding analyzis of hazardousness, technical developments and EC-law)**
- **Well in accordance with EC-law**
- **Basics of current regulations should be the prerequisite**
- **Basic gambling act (powers entrusted governmental agency)**
- **Effective surveillance – a new modell for granting licenses and conducting surveillance**
- **Gambling must not increase**

General startingpoint

All conditions in the Directives can be summarized in four questions.

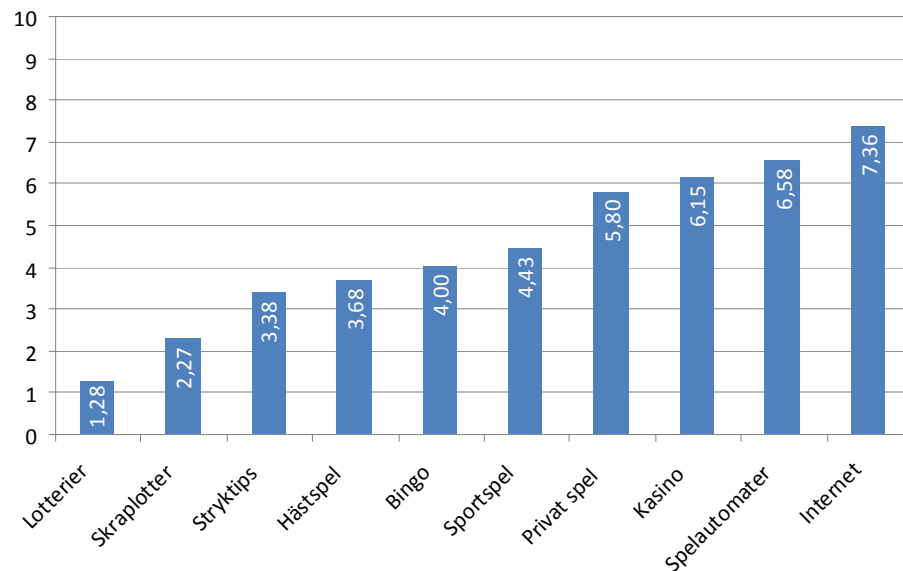
- What are the basics in current regulations that should act as prerequisites?
- What are the conditions set by EC-law?
- What types of gambling are most hazardous?
- What does the technical development indicate and does that or other reasons suggest a new licensing model?

The current regulations

- **Prohibiting legislation**
- **Protective legislation**
 - prevent criminality
 - counteract social and economical harm (gambling addiction)
 - consumer protection
 - channel gambling to operators surveilled by swedish agencies
 - direct revenue
- **Basic principle of permit and surveillance**
- **Government, horse sports and NGO:s**
- **Ban on promoting non-licensed operators**

The most hazardous types of games

Prevalence studies



National helpline

On-line poker	29,90 %
JackVegas/MissVegas	29,40 %
Internet, other games	11,40 %
Gambling on horses	7,60 %
Casino	4,80 %
Gambling on everything	4,20 %
Fixed-odds sports betting	3,30 %
Pool-betting on sports	2,20 %
Bingo	2,10 %
Mini casinos in restaurants	1,70 %
Any kind of gambling machines	0,50 %
Other games	2,80 %
Total	100 %

Conclusions on the most hazardous types og games

- **Prevalence studies, scientific findings and what is known about gambling addictees behavior, all point in the same direction**
- **all types of wagering money bring about a higher risk for developing an addiction**
- **there are no harmless games**
- **slot machines, casino and interactive on-line gaming are the most hazardous types og gambling**
- **Internet as only a way of communication does not increase the hazardousness**

EC-law

- **freedom of provide service and to establish within EU**
- **there are no common regulations on gambling (not harmonized)**
- **ECJ practice allow national regulations on gambling in breach with basic freedoms**
- **MS may chose freely their protective level and method for reaching it**
- **MS national regulations must be systematic and coherent, necessary, proportionate and must not be discriminating**
- **all MS have choosen their own unique solution**
- **national courts f.ex. Sweden, Norway, Finland**

Technical matters

- **Internet and other techniques used for communication**
- **Well functioning systems for monetary transactions**
- **International competition in spite of national regulations**
- **2 000 gambling websites worldwide**
- **Casino, slot machines, bingo (interactive on-line gaming) and betting**
- **Above the 37 billion SEK turnover in gambling operations permitted in Sweden, additional billions of SEK are wagered with operators in such ways that the Swedish protective levels can not be reached**

Basic findings of the Inquiry

- **The Inquiry on Gambling finds that the basic foundations of the current regulation are in accordance with EC-law. They can therefore act as the stand-point for the future gambling regulation. Exclusive rights is in accordance with EC-law**
- **The Inquiry on Gambling finds that the most hazardous types of games permitted today in Sweden are slot-machines, casino and interactive on-line gambling (on-line poker, on-line bingo, scratch-cards etc.)**
- **The Inquiry on Gambling finds that due to new technical opportunities international competition is present on the Internet and that some 2 000 web-sites offers moneywagering, thus unabling Swedish agencies to perform necessary surveillance. Therefore, the Swedish protective purposes can not be provided for.**

Alternatives for future gambling regulations

Three possible future regulatory systems

- **Keep the regulations if today, but add harder restrictions**
- **Open up all sorts of on-line gambling**
- **Open up some types of gambling**

Other countries

- **Italy – national licenses in som types of gambling and blocking of unlicensed on-line operators**
- **France – national licenses in som types of gambling and blocking of unlicensed on-line operators**
- **Germany – total ban on on-line gambling and blocking of on-line operators and transaktions for gambling**
- **Norway – exclusive right and blocking of transaktions**
- **UK – licenses for all sorts f on-line gambling with no national limitations**
- **Malta – licenses for all sorts f on-line gambling with no national limitations**

Two alternative proposals are given

1. Keep current regulations
2. To meet the problem with gambling out of Swedish control, open up betting on sports on Internet and in betting shops

Proposal – Basic Act and centralization

- **Basic Act, governmental statutes and binding regulations set by professional agency**
- **All applications processed by Spelmarknadsinspektionen (National Gaming Board)**

The strengthening measures

- **Everything regulated in statutes**
- **New organization for granting permits and carrying out surveillance (government excluded from granting permits)**
- **NGO:s applications will be assessed considering their total lotteries revenue**
- **Sales representatives must carry an individual licens in order to enable satisfying control**
- **Gambling addiction countermeasures required from all operators**
- **Safeguarding measurements required from all operators**
- **Restraining statutes on marketing**
- **No participation in any kind of money wagering if under 18**
- **Administrative descisions and finds will be effective immediately**
- **A wider definition of slot machines covering also modern computer-based equipment**
- **Poker will still be prohibited**
- **Expert counsil on gambling addiction within Spelmarknadsinspektionen (National Gaming Board)**
- **Specified financing for the development of treatment programs and for research on specific topics of interest to the Swedish society**
- **Blocking of electronic communications and wages related to non-licensed gambling**

A partially new system – a limited opening up to new operators

- **Provided for in the new Lotteries Act**
- **Spelmarknadsinspektionen (National Gaming Board) application processing agency (will produce detailed regulations)**
- **Licenses to operate betting (not on horses) can be granted joint-stock companies (or equivalent) from within the EEA**
- **Licenses will cover on-line operations aswell as sales representatives in Sweden**
- **No limitation to the number of licenses**
- **Requirements regarding suitability, operations, placing of equipment etc.**
- **Similar taxes apply to all kinds of gambling (NGO:s will still be exempt from tax)**
- **Blocking of on-line gambling and of wages related to operations not carrying a Swedish license**

Effect on gambling market

AB Svenska Spel	ATG	NGO:s	New operators
Casino Slot machines Interactive on-line gambling such as poker, bingo and scratch-cards on-line) Lotteries Numbergames	Betting on horses	Lotteries Bingo No interactive on-line games	Betting (not on horses) on-line and thru salesrepresentatives

No betting