

## Public consultation on the Green Paper on on-line gambling in the Internal Market

You are invited to reply to the on-line questionnaire. The questions listed in the Green Paper are reproduced in the same order hereunder. A pdf version of the [Green Paper](#) is available in all EU languages for guidance to the questions.

There are 51 questions in the consultation document. You may reply to those questions in any one of the EU languages. You may focus your contributions on the areas of most interest to you; you are not obliged to answer all the questions.

Please save this document on your computer. Once you have completed the questionnaire, come back to the on-line questionnaire. You will be able to upload your answers on page 3 of the on-line questionnaire.

The consultation will close on 31/07/2011.

We thank you for your participation.

### Your name / Your organisation:

ADRIAN BAKER - GMB TRADE UNION

### Questions from the Green Paper on on-line Gambling in the Internal Market

1. Regulating on-line gambling in the EU: Recent developments and current challenges from the Internal Market standpoint
  - 1.1. Purpose of the consultation
  - 1.2. On-line gambling in the EU: current situation
- (1) Are you aware of any available data or studies on the EU on-line gambling market that would assist policy-making at EU and national level? If yes, do the data or study include licensed non-EU operators in the EU market?**

U.K impact - Overall, 14 percent of adults had used the Internet to gamble in the past year. This included buying lottery tickets online, betting online, playing casino games, bingo or other slot machines style games and playing the football pools online. This data does not include non-EU operators in the EU market. Statistics available via - Interactive Gambling Report

<http://www.igamingbusiness.com/content/interactive-gambling-report>

- (2) Are you aware of any available data or studies relating to the nature and size of the black market for on-line gambling services? (Unlicensed operators)**

No

- (3) What, if any, is your experience of EU-based on-line gambling operators licensed in one or more Member State and providing and promoting their services in other EU Member States? What are your views on their impact on the corresponding markets and their consumers?**

From a UK perspective, the majority of operators are now based offshore and are therefore not subject to all aspects of the Gambling Act.

- (4) What, if any, is your experience of licensed non-EU on-line gambling operators providing and promoting their services in EU Member States? What are your views on their impact on the EU market and on consumers?**

Most Internet gaming sites available to UK residents are hosted beyond the E.U. These companies use high profile advertising campaigns that are naturally designed to be either of an eye catching, humorous or controversial nature. In the UK Internet gaming advertising is widespread and takes little account of the make-up of the age range of those who can be subject to its impact, which can also include the young and vulnerable. With prolific advertising designed to promote Internet gaming web addresses via Television and radio advertising, sports events, sports shirt sponsorship, static advertising and of course advertising through the internet itself, it can be said that gaming advertising across the UK by non E.U hosted websites has permeated almost all aspects of local and national advertising.

Internet gaming has had a considerable impact on all types of UK traditional land based gaming, its rapid growth has seen a loss of jobs and a stifling of pay awards across all land based gaming providers. Products classified in the UK as hard gaming and previously only made available through land based gaming with on-site membership restrictions combined with a need for personal attendance on site and strict player monitoring are now readily available through the use of any computer. The restrictions previously placed on access to hard gaming at land based sites gave protection to the customer and were specifically designed to stop impulse gaming through a membership waiting/cooling off period and attendance required on site. Given the instant access to Internet gaming available through any computer, a prior registration mechanism allowing for cooling off should be considered for the protection of the consumer.

- (5) If any, which are the legal and/or practical problems that arise, in your view, from the jurisprudence of national courts and the CJEU in the field of online gambling? In particular, are there problems of legal certainty on your national and/or the EU market for such services?**

- (6) Do you consider that existing national and EU secondary law applicable to on-line gambling services adequately regulates those services? In particular, do you consider that coherence / consistency is ensured between, on one hand, the**

**public policy objectives pursued by Member States in this field and, on the other hand, the national measures in force and/or the actual behaviour of public or private operators providing on-line gambling services?**

**Other comments on issues raised in section 1**

2. Key policy issues subject to the present consultation

2.1. Definition and organisation of on-line gambling services

**(7) How does the definition of on-line gambling services in the Green Paper differ from definitions at national level?**

Under UK legislation, As of 1 August, the remote general betting operating licence has been split so that there are now separate operating licences for the provision of facilities for betting on real events and for betting on virtual events. A remote general betting (real events) operating licence authorises the provision of facilities for betting on the outcome of real races, competitions or other events or processes other than a game of chance.

A remote general betting (virtual events) operating licence authorises the provision of facilities for betting on the outcome of virtual races, competitions or other events or processes other than a game of chance. Neither licence authorises the provision of facilities for gaming.

The remote sector is innovative and there have been signs that some remote betting licensees are offering products that appear to be (or have the characteristics of) gaming products.

In determining whether a remote gambling product involves gaming, or whether the outcome on which bets are placed is the outcome of a game of chance the Commission intends to adopt the following two-stage test:

Test 1:

Is the product a virtual version of a known casino game, a derivative of one or designed to resemble one?

If the answer is yes then the Commission considers that the product is gaming and a remote casino operating licence is required.

If the answer to Test 1 is no then Test 2 becomes relevant.

Test 2:

Does the product meet the following criteria?

Is it a virtual game, which is not a sport?

Do the customers participate in or bet on the outcome of the game?

Is there an element of chance involved? Is the outcome determined by anything other than skill? The Act provides that a game which involves both an element of chance and an element of skill is a game of chance.

Is there a prize? A prize can be in the form of money or money's worth.

If the answer to all of these four questions is yes then the Commission considers that the product is gaming or betting on a game of chance and a remote casino operating licence is required.

An operator may require more than one category of operating licence depending on the products they offer. For example some operators' offer betting on real and virtual events  
Gambling Commission – is a product remote betting or remote gaming? 3

as well as casino games and will require a remote casino licence; remote general betting (real events) licence; and remote general betting (virtual events) licence.

**(8) Are gambling services offered by the media considered as games of chance at national level? Is there a distinction drawn between promotional games and gambling?**

Gambling services provided by the media include games other than those of equal chance. Television channels specific to roulette which is considered as hard gaming in the U.K. are widely available direct to all households through the common use of satellite and cable television. Whilst there is a distinction by the Gambling Commission between promotional games and gambling, the vast amount of gambling available through internet and land based gaming overshadows any distinction between the two

**(9) Are cross-border on-line gambling services offered in licensed premises dedicated to gambling (e.g. casinos, gambling halls or a bookmaker's shop) at national level?**

No

- (10) What are the main advantages/difficulties associated with the coexistence in the EU of differing national systems of, and practices for, the licensing of on-line gambling services?**

Traditional gaming companies have seen revenues decline as a result of internet gaming and therefore any national /EU taxation of internet gaming should take account of the provider of the service and prior to implementation of any tax, the number of employees specific to the site host nation should be taken into account with the possibility of a tiered system of taxation considered based on employment figures overall of the operator. If lessons are to be learnt from any EU expansion within countries which do not allow e-gaming the potential for loss of employment across all forms of traditional gaming should be considered

**Other comments on issues raised in section 2.1**

2.2. Related services performed and/or used by on-line gambling services providers

- (11) With focus on the categories mentioned in the Green Paper, how are commercial communications for (on-line) gambling services regulated for at national level? Are there specific problems with such cross-border commercial communications?**

Commercial on-line gaming communications are regulated in the UK by the Gambling commission regulatory White List of approved e-gaming jurisdictions. Those wishing to advertise within the UK will be required to be on the White List of approved jurisdictions, allowing remote gaming operators licensed outside the UK to advertise to consumers in the UK.

A specific issue in respect internet gaming is the considerable number of social network/advertiser sponsored websites with the ability to promote regulated sites legally. With such sites there arises the possibility for individuals/non-regulated operators to direct potential customers to non regulated sites through large on-line communities effectively allowing for non regulated sites to be promoted alongside regulated within a single advert.

- (12) Are there specific national regulations pertaining to payment systems for on-line gambling services? How do you assess them?**

The offence of providing gambling facilities without permission requires that a piece of remote gambling equipment be physically situated within the UK for this law to apply. If there is a piece of equipment for taking payment, registration, demonstrating the result or allowing visualisation of the game then this is considered to be remote gambling equipment for the purposes of the law.

There are no specific national UK regulations in respect of the “payment system” other than equipment for processing payment based within the UK mentioned above. In respect of providers who do not fall under the Gambling Act not who are not U.K based, The quality of equipment and their security standards will be unknown.

**(13) Are players' accounts a necessary requirement for enforcement and player protection reasons?**

All internet gaming transactions requiring deposit prior to play will be tied into the banking system for clearance purposes. It should be a requirement that both the site and the banking operator monitor for both initial and irregular gaming activity through mirror imaging to verify both the authenticity of the individual and the use of the Players accounts. If a banking operator were to recognise transactions made with a non-E.U. accredited provider then systems should be put in place to block any payments with the banking sector to be held accountable and potentially fined in the case of transactions with non authorised sites.

**(14) What are the existing national rules and practices relating to customer verification, their application to on-line gambling services and their consistency with data protection rules? How do you assess them? Are there specific problems associated with customer verification in a cross-border context?**

**Other comments on issues raised in section 2.2**

2.3. Public interest objectives

2.3.1. Consumer protection

- (15) Do you have evidence that the factors listed in the Green Paper are linked to and/or central for the development of problem gambling or excessive use of on-line gambling services? (if possible, please rank them)**

- (16) Do you have evidence that the instruments listed in the Green Paper are central and/or efficient to prevent or limit problem gambling relating to on-line gambling services? (if possible, please rank them)**

- (17) Do you have evidence (e.g. studies, statistical data) on the scale of problem gambling at national or EU level?**

Whilst unaware of detail specific to the UK or other EU state, the following is a synopsis of a recent report from the U.S.A

The rapid increase to gambling opportunities, especially online, has increased the visibility of gambling disorders and making it easier for people who previously had no exposure to gambling opportunities, according to a new report. Author of the report Dr. David Hodgins, a psychologist at the University of Calgary, said that gambling disorders often co-exist with other mental health and substance abuse disorders. Dr. Hodgins, head of the University of Calgary's Addictive Behaviours Laboratory, said that research on the topic of gambling disorders is relatively recent, and that more research is needed to better understand its causes and effective treatments. He added that most of the knowledge of gambling disorders has emerged in the past 25 years, and that the knowledge evolves with the increased access to gambling opportunities. For example, Internet gambling makes it easier for people to gamble, as they can do it from their home at any time. Only about one in ten problem gamblers seeks treatment, mainly due to shame and denial.

Research suggests that about a third of problem gamblers recover, and that the disorder is often episodic. Cognitive behavioural therapy has been found to be about 60 percent more effective than no treatment at all, as it focuses on changing the behaviours associated with gambling. Gamblers anonymous and similar 12-step meetings are also important to avoid relapse and family therapy can also have positive effects. Some drugs used to treat alcohol and heroin addiction have been found to reduce the intensity of gambling urges and behavior. Dr. Hodgins said that the increased visibility and awareness of gambling disorders would helpfully pave the way for more innovative research and better treatment. Source: Science Daily, Gambling Problem Exposed as Access Grows, May 18, 2011

Gambling disorders affects about one percent of the population in the United States, and ranges from 1 in 500 people in Norway to 1 in 20 people in Hong Kong. In the U.S., about one to two percent of people are considered problem gamblers.

Pathological gamblers are four times as likely to abuse alcohol and six times as likely to abuse drugs as those without gambling disorders, and are also four times as likely to suffer from a mood disorder. Many factors have been identified in gambling disorders, from environmental factors such as accessibility and location to genetic factors. Being exposed to gambling as a child can also affect gambling behavior later in life.

**(18) Are there recognised studies or evidence demonstrating that on-line gambling is likely to be more or less harmful than other forms of gambling for individuals susceptible to develop a pathological gaming pattern?**

Most studies into internet gaming have highlighted the fact that there is no need to make a specific effort to attend a venue to partake in gaming activities which by their very nature are easily available and at hand in comparison to traditional forms of gaming. See extract from above

**(19) Is there evidence to suggest which forms of on-line gambling (types of games) are most problematic in this respect?**

**(20) What is done at national level to prevent problem gambling? (E.g. to ensure early detection)?**

**(21) Is treatment for gambling addiction available at national level? If so, to what extent do on-line gambling operators contribute to the funding of such preventive actions and treatment?**

Within the UK the National Health Service can provide addiction treatment/therapy. The following is an NHS guide to the harms of and keys to recognising potential problems with a guide to where help may be available.

There may be as many as 250,000 problem gamblers in the UK.

The anticipation and thrill of gambling creates a natural high that can become addictive. The internet has made gambling more accessible, allowing more and more people to do it from home. This is thought to be one of the reasons for the increase in the number of women gamblers.

There's also a link between gambling and alcohol abuse. Many gambling addicts are also addicted to alcohol. Rates of depression and attempted suicide among gambling addicts are

around double the national average. Gambling addicts are also more likely to go to prison as a result of criminal activity. This is almost entirely theft and fraud.

There's evidence that gambling can be successfully treated in the same way as other addictions. Cognitive behavioural therapy usually has the best results.

Specialised addiction services that focus mainly on substance misuse often also treat gambling problems. They use the same techniques to treat gambling addictions that they use to treat substance misuse.

- (22) What is the required level of due diligence in national regulation in this field? (e.g. recording on-line players' behaviour to determine a probable pathological gambler?).**

- (23) What is the statutory age limit for having access to on-line gambling services in your Member State? Are existing limits adequate to protect minors?**

Within the UK the age limit for Internet gaming use is eighteen. The main problem with Internet gaming is the obvious "not gaming in person factor". Given the correct circumstance any individual of any age with access to correct authorising bank detail can partake in gaming. Whilst it is correct to have this age factor and potentially the only probable manner in which to police for usage, It will in general attain the objective, albeit on occasion given human nature it will be broken.

- (24) Are on-line age controls imposed and how do these compare to off-line 'face-to-face' identification?**

Whilst use of the Internet for the purpose of gaming has an age restriction of Eighteen which can theoretically be checked through age verification via the bank and internet account holders held information, Most off line operators in the UK enforce a "think twenty one" policy to ensure that age verification face to face is considered in theory to be beyond doubt.

- (25) How are commercial communications for gambling services regulated to protect minors at national or EU level? (e.g. limits on promotional games that are designed as on-line casino games, sports sponsorship, merchandising (e.g. replica jerseys, computer games etc) and use of social on-line networks or video-sharing for marketing purposes.**

- (26) Which national regulatory provisions on license conditions and commercial communications for on-line gambling services account for the risks described in the Green Paper and seek to protect vulnerable consumers? How do you assess them?**

**Other comments on issues raised in section 2.3.1**

**2.3.2. Public order**

**(27) Are you aware of studies and/or statistical data relating to fraud and on-line gambling?**

**(28) Are there rules regarding the control, standardisation and certification of gambling equipment, random generators or other software in your Member State?**

**(29) What, in your opinion, are the best practices to prevent various types of fraud (by operators against players, players against operators and players against players) and to assist complaint procedures?**

**(30) As regards sports betting and outcome fixing - what national regulations are imposed on on-line gambling operators and persons involved in sport events/games to address these issues, in particular to prevent 'conflicts of interest'? Are you aware of any available data or studies relating to the magnitude of this problem?**

**(31) What issues should in your view be addressed in priority?**

**(32) What risks are there that a (on-line) sports betting operator, which has entered into a sponsorship agreement with a sports club or an association, will seek to influence the outcome of a sports event directly or indirectly for profitable gain?**

**(33) What concrete cases are there that have demonstrated how on-line gambling could be used for money laundering purposes?**

**(34) Which micro-payments systems require specific regulatory control in view of their use for on-line gambling services?**

**(35) Do you have experience and/or evidence of best practice to detect and prevent money laundering?**

**(36) Is there evidence to demonstrate that the risk of money laundering through on-line gambling is particularly high in the context of such operations set up on social web-sites?**

**(37) Are national e-commerce transparency requirements enforced to allow for illegally operated services to be tracked and closed? How do you assess this situation?**

**Other comments on issues raised in section 2.3.2**

2.3.3. Financing of benevolent and public interest activities as well as events on which on-line sports betting relies

**(38) Are there other gambling revenue channeling schemes than those described in the Green Paper for the public interest activities at national or EU level?**

**(39) Is there a specific mechanism, such as a Fund, for redistributing revenue from public and commercial on-line gambling services to the benefit of society?**

**(40) Are funds returned or re-attributed to prevention and treatment of gambling addiction?**

**(41) What are the proportions of on-line gambling revenues from sports betting that are redirected back into sports at national level?**

**(42) Do all sports disciplines benefit from on-line gambling exploitation rights in a similar manner to horse-racing and, if so, are those rights exploited?**

**(43) Do on-line gambling exploitation rights that are exclusively dedicated to ensuring integrity exist?**

(44) **Is there evidence to suggest that the cross-border "free-riding" risk noted in the Green Paper for on-line gambling services is reducing revenues to national public interest activities that depend on channelling of gambling revenues?**

(45) **Do there exist transparency obligations that allow for gamblers to be made aware of whether and how much gambling service providers are channelling revenues back into public interest activities?**

**Other comments on issues raised in section 2.3.3**

2.4. Enforcement and related matters

(46) **Which form of regulatory body exists in your Member State and what are its competences, its scope of action across the on-line gambling services as defined in the Green Paper?**

UK Gambling Commission Independent government funded authoritarian body which fulfil the following competencies listed above in respect of UK operatives.

Issuing, suspending and revoking licences.

Control and supervision functions.

Inspections, technical inspections (e.g. equipment or software), and on-line monitoring of activities.

Enforcement - to open, institute and prosecute proceedings involving offences

relating to (a) provision of illegal/unauthorised gambling services; and (b)

commercial communications relating to gambling services or operators (legal as well as illegal/unauthorised gambling services). Providing advice, information or support to Government, players (the public) and/or operators.

(47) **Is there a national register of licensed operators of gambling services? If so, is it publicly accessible? Who is responsible for keeping it up to date?**

The UK Gambling Commission hold a white list of UK accepted Internet Gaming operators

(48) **Which forms of cross-border administrative cooperation are you aware of in the domain of gambling and which specific issues are covered?**

[ ]

**(49) Are you aware of enhanced cooperation, educational programmes or early warning systems as described in the Green Paper that are aimed at strengthening integrity in sport and/or increase awareness among other stakeholders?**

[ ]

**(50) Are any of the methods mentioned in the Green Paper, or any other technical means, applied at national level to limit access to on-line gambling services or to restrict payment services? Are you aware of any cross-border initiative(s) aimed at enforcing such methods? How do you assess their effectiveness in the field of on-line gambling?**

[ ]

**(51) What are your views on the relative merits [in terms of suitability and efficiency] of the methods mentioned in the Green Paper as well as any other technical means to limit access to gambling services or payment services?**

[ ]

**Other comments on issues raised in section 2.4**

[ ]

**Other comments on issues raised in the Green Paper**

[ ]