

Veikkaus Oy's reply to

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The European Commission

Green Paper on on-line gambling in the Internal Market

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FOREWORDS:

Veikkaus is a Finnish National Lottery that has been offering responsible gaming experiences for over 70 years. Veikkaus' values consist of working responsibly, reliably, creatively and for the common good. Veikkaus returned EUR 462.7 million to the Finnish Ministry of Education and Culture, to be distributed to Finnish arts, sports, science, and youth work in the year 2010.

Concerning the European Commission Green Paper on on-line gambling in the Internal Market Veikkaus refers to the answers provided by the Finnish government. For further information, Veikkaus states the following additional answers:

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

The Finnish Lotteries Act does not define on-line gambling services. It only defines different forms of gaming, game by game, instead of defining them in terms of distribution channels.

The regulation in the Finnish Lotteries Act is neutral as regards the medium, i.e. the same rules are applied to all gaming irrespective of whether the games are sold via retail outlets or using electronic channels.

The internet is just a distribution channel among many others, not a separate market. The principle, according to which a company has the basic right to distribute games that are part of its field of operations as on-line games, is included in the gaming license granted by the Council of State. The gaming license also makes the operation of on-line games subject to special basic requirements.

The operation of on-line games is subject to the following basic requirements:

- a) A person under 18 shall not be allowed to play on-line games.
- b) The identity of a person playing on-line games and his/her place of residence shall be verified in order to ensure that the local scope of application of the requirement of the player's majority or other legislation of the state or region in question is respected.
- c) The company's gaming system shall be such that the monitoring system of the authorities can be connected to it.
- d) The company's gaming system shall be such that it enables, for on-line games, the monitoring of gaming and the imposition of game and player specific restrictions.

The rules of the games that are subject to approval contain more detailed provisions on game categories, game types, and individual games in order to mitigate the social and health-related hazards of gaming and to ensure that the games offered by different gaming organizations are sufficiently distinct from each other.

(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)

Answer:

As indicated on page 22 of the Green Paper, studies have indicated that gaming problems are most likely affected by 1) event frequency, 2) the time between placing of the stake and the result, 3) accessibility and social environment, 4) chasing losses or being close to winning, 5) perceived skills, knowledge, “involvement”, and random luck, 6) commercial communications.

Based on these factors, Veikkaus conducts ethical evaluations of its games using a special Responsibility Evaluator Tool, developed in cooperation with the Finnish Slot Machine Association. The Responsibility Evaluator Tool helps to assess new game ideas and reforms of existing games from the perspective of possible addictive features. Thus, the prevention of gaming detriments is taken into account from the very beginning of the process of product development.

The Responsibility Evaluator Tool contains nine sections covering detailed questions that are used to evaluate the possible addiction-provoking features of the game idea. Based on the results, revisions or special remarks to the game idea may be made; and limitations to the game or its marketing may be suggested.

Responsibility Evaluator Tool – the nine sections:

A. Gaming Elements

A2. Gaming Cycle: game provider

The concept of the game cycle is used to evaluate, from the game provider’s perspective, how often the draws/ the lottery take place or how frequently gaming objects are closed. At the lower end of the scale, there are games that are drawn weekly or less frequently than weekly, whereas games with draws several times a minute are at the higher end of the scale. Using this parameter, lottery tickets and playslip-based games are evaluated on a different scale than gaming transactions and games initiated by the players themselves. However, the Responsibility Evaluator Tool contains an element through which the different values can be made commensurate.

A3. Payout

This parameter enables us to evaluate how quickly the prize of a game can be used to play another game. If the prize cannot even be used on the following day, the game to be evaluated is given the value zero. In contrast, if the prize can be used immediately, the game is given the value four; in other words, this is an element of gaming that may lead people to continue playing.

A4. Optional gaming methods

To what degree can players choose their gaming method by themselves (system, reduced system, level) from the options available? Quick pick and partial quick pick are also gaming methods.

Whilst gaming, players choose between different dimensions. If there is only one dimension, the players only have one dimension they can choose. The players can freely combine the options of different dimensions: e.g. in Keno, you can pick a level, a single line or a system, and a quick pick or a line of your own. All of these dimensions can be combined freely. Thus, in Keno, you can choose your gaming method from three dimensions.

A5.1. Length and quality of the gaming session

In this section, the time typically spent playing the game or filling in a playslip is assessed. The times a game can be repeated within a given period depends on the game: in playslip games, there are hardly any repetitions, whereas in slot machine games, repetitions are typically numerous (this will be evaluated in the following section A52).

A5.2. Repetitions per session

While the previous section focused on the evaluation of the time spent on gaming, this section centres on the number of individual games during that time. In other words, this section is dedicated to the evaluation of how many playslips are typically played on each round or what can be presumed about repetitions when considering the game concept that is being developed. As regards slot machines and internet games with a high event frequency, we need to assess how many games a player plays during one session.

A6. Immersion and degree of activity

Immersion is a physiological and psychological phenomenon where the players, as it were, let the game take the lead. Whilst evaluating this factor, we need to analyse how the players typically immerse themselves in the game: what type of physical activity the game requires (e.g. targeting a coin and hitting in certain Finnish slot machine games), to what extent the players need to focus and/or think logically (e.g. sports betting, horse betting, Black Jack, Chess), and to what degree the game requires immersion in the social environment and /or social activity (e.g. at a poker table, in a casino, or in a bingo hall).

B. Risk of financial loss

B1. Typical one-time stake per gaming session

In this section, we need to evaluate how many euros a player would typically invest in one draw. The scale goes from 2 euros (slot machines) to over 20 euros (betting, casino games).

B2. How much is typically lost per one draw

Here we assess, in terms of euros, how much money a player typically loses per one draw. The loss is calculated by multiplying the euros typically spent on the game by the payout percentage of the game. The evaluation should be based on the empirical or estimated level of loss in a typical draw.

B3. Typical price of gaming

Here the focus of evaluation is on how quickly a player's typical loss in euros accumulates. The scale indicates the speed of losing characteristic of typical gaming in terms of the time spent on gaming: euros per hour in slot machine and internet games with fast event frequency, euros per week in playslip-based and sports games. In the evaluation, we need to take into account the payout percentage; in other words, the accumulation of the "average" loss may vary according to the player's luck.

B4. Maximum one-time stake in a game per draw

The evaluation of this factor needs to be based on the empirical or estimated extreme end of gaming; however, this should not include self-destructive gaming, i.e. making bad or poorly weighed choices on purpose, driven by a compulsive desire to lose. Rather, in this section, we need to use survey data to assess the typical one-time stakes among the ten percent of players who play most. These ten percent may be deemed as running the risk of becoming problem gamblers.

B5. Maximum loss per one draw

In this section we assess, in terms of euros, how much money a player belonging to the ten percent of the players who play most will typically lose on one draw. For example, the stake and other limitations applied to the game decide where we end up on the scale. The possibility of indefinite loss is given the value 4.

B6. The hardness of gaming

By hardness, we refer to the pace of losing, i.e. how much money the players playing at the highest possible pace and placing the highest possible stakes will lose in terms of euros within a given period of time. However, the evaluation shall not be based on self-destructive gambling behaviour (cf. B4), but the individual extreme cases are counted out. In other words, we are dealing here with the typical sums spent on gaming by the ten percent that play most.

- C. Prize and stake structure
- D. Role of skills, knowledge, random chance, and rules
- E. Attractiveness of the game and the gaming environment
- F. Additional attractive features
- G. Social features
- H. Accessibility
- I. Marketing

(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)

Answer:

The rules of the games with high event frequency offered at Veikkaus' website contain euro-specific limitations; eBingo, internet instants and Syke (Beat) €100 per day; Live Betting €300 a day.

We have concrete evidence of the fact that the euro-specific limitations are necessary, since part of our customers keep playing until they reach the limits.

(18) Are there recognized 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?

Answer:

In Finland, we have not carried out research into the detriments of on-line gaming in particular as opposed to traditional gaming. However, research relating to this topic can be found, e.g., in the following publications by the National Institute for Health and Welfare (incl. English abstracts):

Jani Kinnunen. **Verkkorahapelaamisen muodonmuutos**. [Transformation of online gambling]. National Institute for Health and Welfare, Report 12/2010. 72 p. Helsinki 2010. ISBN 978-952-245-247-4 (printed), ISBN 978-952-245-248-1 (pdf) <http://www.thl.fi/thl-client/pdfs/cf7a419f-c795-4f5a-a89a-a6531709cc9c>

and

Jukka Heikkilä, Juha Laine, Tarja Salokoski. **Rahapelien haitta-arviointi**. [Assessment of Gambling Harms]. National Institute for Health and Welfare (Report 18/2009. 55 p. Helsinki 2009. ISBN 978-952-245-095-1 (printed), ISBN 978-952-245-096-8 (PDF) <http://www.thl.fi/thl-client/pdfs/6322234a-cf28-4b1b-90bb-b4e9298ccd38>

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

Answer:

The rules of the games subject to approval according to the gaming license include more detailed provisions on game category, game type, and individual games, in order to mitigate the social and health-related detriments of gaming and to make the games offered by the different gaming organizations sufficiently different from each other. The company shall provide its application for the approval of the rules of on-line games with a report of the measures it has taken to mitigate gaming detriments. In connection with the approval of the rules of the games, the Ministry of the Interior has stated that the games with high event frequency operated by Veikkaus Oy: Live Betting, eBingo, eInstants, and Syke (Beat) contain elements that make the imposition of restrictions necessary. In addition to this, we refer to our answers to questions 15 and 16 above.

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

Answer:

According to section 52 of the Lotteries Act the Ministry of Social Affairs and Health is in charge of the monitoring of and research into the problems caused by the operation of lotteries and the development of their prevention and treatment. The gaming organizations compensate the state for the expenses incurred from these activities.

The Lotteries Act and the rules of the games approved by the Ministry of the Interior contain additional restrictions for the prevention of problem gambling. Further, Veikkaus Oy has adopted certain tools that facilitate the monitoring of gaming.

Restrictions laid down in the Lotteries Act and imposed by the Ministry of the Interior:

- Age limit of 18
- Games are not sold on credit
- Games cannot be played in the night time (opening hours at both the points of sales and on the internet from 6:00 to 24:00 Mon thru Sun)
- Maximum balance on gaming account 3 000 euros
- Daily gaming limit of the eInstants, eBingo, and Syke (Beat) 100 euros/day
- Daily gaming limit in Live Betting 300 euros/day

Veikkaus' measures:

- Customers can only register one game account
- Responsibility Evaluator Tool applied to games
- Ethical Guidelines for Marketing Communications
- Age limit of 18 – getting the message through and visibility
- Sales staff training, with the responsibility issues as an integral part
- The brochures of Problem gambling helpline Peluuri available at the points of sale; information on Peluuri on playslips and on every page of our website
- Veikkaus Card (promotes identified gaming)
- Gaming habit test > a test for our customers to enable them to analyse their gaming behaviour, with feedback
- Play Pause > a section on the internet directed at our customers who want to manage their gaming better

Voluntary tools for the managing of gaming on the internet made available by Veikkaus:

- The game account can be closed for the rest of the day (panic button), for a week, a month, or a year, during which period the game account cannot be used for gaming or money transfers. The game account must be reactivated to be used again.
- Personal gaming restrictions of 1 day, 7 days and/or 30 days – the customers can decide the euro amounts by themselves
- Monthly game account balance statement that can be ordered to a personal email
- Game account summary on one's own game account, with the option of listing the games played during one month; the games lost, won, and the payout percentages
- Gaming habit test through which the players can test their own gaming behaviour
- The gaming management website Play Pause > www.veikkaus.fi/pelipaussi

(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?

Answer:

There is no separate system of treatment developed for the treatment of problem gambling, but problem gamblers can seek help and support by contacting social and health care services, as well as certain special services directed at problem gamblers. These services are provided by organizations alone or in cooperation with municipalities. In fact, general municipal services play an increasingly important role when problem gambling is identified and discussed and when support and treatment services are provided.

Gambling problems are usually treated in institutions offering services for people suffering from substance abuse and mental health. A person suffering from a gambling problem can seek help at the A-Clinics (treating substance abuse), at mental health care offices, crisis centres, social service centres, health care centres, diakonia workers of parishes, psychiatric policlinics, institutional treatment, and peer support groups.

The gaming operators assume part of the expenses of the preventive measures; in contrast, the treatment of gambling problems belongs to society's health care system.

According to section 52 of the Lotteries Act the Ministry of Social Affairs and Health is in charge of the monitoring of and research into the problems caused by the operation of lotteries and the development of their prevention and treatment. The gaming organizations compensate the state for the expenses incurred from these activities. Veikkaus' share of the gaming detriment study conducted by the Ministry of Social Affairs and Health is 45%. In compliance with the notification by the Ministry of Social Affairs and Health, Veikkaus has budgeted €900 000 a year for the research into gaming detriments.

The Ministry of Social Affairs and Health has announced that it will be spending €2.4 million on research starting from the beginning of 2012. The total budget is currently €2 million.

One example of the preventive activities financed by the gaming organizations is Peluuri, the Finnish problem gambling helpline. Peluuri is a nation-wide service to people with gambling problems, their families and friends, and people faced with gambling problems in their work. Peluuri was launched on 1 September 2004 and it offers information and support in the treatment of gambling problems. At the core of Peluuri's activities is the Problem Gambling helpline. Veikkaus covers 45% of Peluuri's expenses. In 2010, this meant an amount of €135 000. Peluuri's annual report can be found on their website at <http://www.peluuri.fi/peluuri-info/>

(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?

Answer:

The Ethical Guidelines for Veikkaus' marketing are applied to all sales channels.

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- a) A person under 18 shall not be allowed to play on-line games.
- b) The identity of a person playing on-line games and his/her place of residence shall be verified in order to ensure that the local scope of application of the requirement of the player's majority or other legislation of the state or region in question is respected.
- c) The company's gaming system shall be such that the monitoring system of the authorities can be connected to it.

d) The company's gaming system shall be such that it enables, for on-line games, the monitoring of gaming and the imposition of game and player specific restrictions.

The rules of the games that are subject to approval contain more detailed provisions on game categories, game types, and individual games in order to mitigate the social and health-related hazards of gaming and to ensure that the games offered by different gaming organizations are sufficiently distinct from each other. The company shall provide its application for the approval of the rules of on-line games with a report of the measures it has taken to mitigate gaming detriments.

In connection with the approval of the rules of the games, the Ministry of the Interior has made the games it has deemed as involving a special risk of gaming hazards subject to restrictions on gaming expenditure specified in euros and limitations on the opening hours of the gaming service.

Veikkaus makes available many voluntary tools for the managing of on-line gambling:

- Self-ban on gaming for the rest of the day, for a week, a month, or a year (game account cannot be used for gaming)
- Personal gaming restrictions of 1 day, 7 days and/or 30 days (the customers decide the euro amounts by themselves)
- Monthly game account balance statement that can be ordered to a personal email address
- Game account summary on one's own game account, with the option of listing the games played during one month; the games lost, won, and the payout percentages
- Gaming habit test through which the players can test their own gaming behaviour
- The gaming management website Play Pause > www.veikkaus.fi/pelipaussi

(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?

Answer:

It is in the interest of the national gaming organizations that trust in the purity of sports should be preserved.

In order to ensure this, Veikkaus enters into sponsorship agreements only with national leagues and /or federations, not with selected individual clubs or athletes.

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

Answer:

We have had cases in Finland where illegal funds initially acquired by crime have been used to play legally operated games. Also, based on the information received by Veikkaus, there have been cases where

winning tickets have been used for money laundering purposes. Furthermore, the past months have revealed several cases in Finnish football with a relationship to organized international crime. Assumingly money laundering is at least a part of these criminal activities.

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

Answer:

The Act on Preventing and Clearing Money Laundering and Terrorist Financing obliges Veikkaus to identify the players and verify their identity if the stake they place amounts to EUR 3,000 or more, whether the transaction is carried out in a single operation or in several operations which are linked to each other.

This Act is binding on both Veikkaus and its retailers. The retailers of Veikkaus Oy file monthly money laundering reports to Veikkaus, and Veikkaus submits them monthly to the Financial Intelligence Unit. The data concerning on-line gambling are submitted separately to the Financial Intelligence Unit once a week.

Veikkaus Oy submits ca. 3 900 reports to the Financial Intelligence Unit every year.

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

Answer:

Veikkaus Oy returns the total of its proceeds to the Ministry of Education and Culture. The Ministry is in charge of the funds distribution and the monitoring of the use of the funds. The beneficiaries are arts, science, sports, and youth work.

Veikkaus is satisfied with the present model of operations. The system is clear, transparent, and sustainable.

(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?

Answer:

The responsibilities related to the surveillance of gambling are assumed by the Ministry of the Interior and the Police Administration, together with the Official Supervisors.

The Ministry of the Interior approves the rules of the games and makes proposals on the gaming licenses to the Council of State.

The Police Administration is responsible for the national surveillance of gambling operations. It appoints the official supervisors whose task it is to monitor the gambling operations and who are subject to liability for public act whilst carrying out their monitoring tasks.

The Official Supervisors shall ensure that the games are operated in compliance with the approved rules of the games and confirm the results of the pools, betting, and toto games, together with the number of prizes on each round. They shall also monitor the lottery draws and the randomization of the tickets, and confirm the draw results, unless a Notary Public carries out these tasks on the Police Administration's approval.

The Police Administration may prohibit the operation and marketing of a game in accordance with certain cases laid down by law and impose a conditional fine to reinforce the prohibition.