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**DET KONGELIGE
KULTURDEPARTEMENT**
Royal Ministry of Culture

European Commission
DG Internal Market and Services
Rue de la Loi 200
B-1049 Brussel

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Green Paper on online gambling in the Internal Market

The Norwegian Ministry of Culture refers to the European Commission's Green Paper of 24th March 2011 – On online-gambling in the Internal Market.

Norway, as an EFTA-member, is part of the Internal Market through the Agreement on the European Economic Area. The Ministry understands the scope of the Green Paper to encompass only on-line gambling. Our answers will therefore be limited to this segment within the Norwegian and European gaming and gambling market.

Enclosed below are the answers from Norway to the questions presented in the paper.

Question 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?

The Gaming Regulators European Forum (GREF) consists of representatives from regulatory bodies in 25 European jurisdictions. GREF has established several working groups that address different topics of common interest among European regulators. Norway is a member of GREF and plays an active role in the work performed by the working groups.

One of the working groups, Infostat, focuses specifically on collecting information and statistics from European jurisdictions on regulated lotteries and gaming. Infostat also conduct an annual survey on European gaming statistics based on data and figures sent in from the different jurisdictions represented in GREF. The survey differentiates between lotteries and number games, betting, casino, gaming machines, except casino based slots and bingo, as well as regulated remote gambling.

The survey contains, inter alia, information on how the games are distributed, including gaming revenue related to remote gaming. The latest survey (with figures for 2009) will be finalised

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during summer 2011.

Not all jurisdictions contribute or send complete information in connection with the survey, but it still contains a variety of information on gaming statistics in European jurisdictions. The survey focuses solely on gaming regulated within Europe, and therefore does not contain information concerning non-EU operators operating in the European market.

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

In Norway the only operators who are permitted to offer games online are the state owned company Norsk Tipping and the state-controlled foundation Norsk Rikstoto. However the companies' online gaming activities are limited to the possibility of using the internet as a channel for participation in their existing terrestrial activities. They are not permitted to offer interactive online gaming.

None of the international operators offering online games to Norwegian citizens are licensed in Norway. Such operations are therefore not a licensed activity on the Norwegian gaming market.

We are not aware of data or studies relating exclusively to the nature and size of the blackmarket for online gambling services. The Norwegian Gaming Authority does however collect data with regard to Norwegian gambling trends on the online gambling market by conducting a survey every third month with 1000 respondents 18 years and older. The data provided enables the Authority to produce annual estimations on turnover from online gambling and the numbers of Norwegians participating in such activities.

In 2010 an estimated 380 000 Norwegians gambled online. The total amount wagered is estimated at NOK 7.2 billion (Euro 900 million). Norwegian players participated on both licensed Norwegian websites and international websites not licensed in Norway. 55 % of players said they only played on Norwegian sites and 25 % said that they only played with international operators. 19 % participated on both Norwegian and international sites.

It is estimated that between 150 000 and 200 000 Norwegians gambled online on a international website in 2010. Turnover to the latter is estimated to be approximately NOK 5 billion (Euro 625 million).

Question 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 EU market and consumers?

Norway is an attractive country for international gambling operators that do not have a Norwegian license. Many operators specifically target the Norwegian market with tailor made websites offering games in Norwegian, with the possibility to play with Norwegian currency and play on Norwegian gaming objects and events. Marketing of international gambling offers has increased substantially over the last years, especially on television channels broadcasting from the United Kingdom to Norway. Therefore many Norwegian citizens are actively encouraged to seek other online gambling options than the ones licensed by Norwegian authorities.

Approximately 10,1 % of all Norwegian citizens above the age of 18 reported to have gambled

on the internet in 2010. Out of these, 25 % say that they have gambled exclusively on international sites, whilst 19 % participated on both Norwegian and international sites. Whether these gambling operators are licensed within or outside the EU is not known. However, the three most popular international gambling operators active on the Norwegian market (Unibet, Pokerstars and Betsson) do hold one or more licenses issued in European jurisdictions. It is therefore our assessment that a majority of Norwegians participating in international gambling sites do so on sites licensed in a EU jurisdiction.

Question 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 consumers?

We refer to our answers to question 2 and 3.

Question 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?

The Norwegian Government is of the opinion that there is legal certainty at national and European Economic Area (EEA) level with regard to gambling services. Court rulings from the European Court of Justice (ECJ) have stated that there is no principle of mutual recognition of gaming licenses in the EEA, and member states may implement national restrictions within the field of gambling, upon fulfilling certain conditions. Member states within the EEA may pursue restrictive domestic policies within the field of gambling, also with regard to gaming on the internet.

The Norwegian gaming market is structured upon an exclusive rights system with state controlled gaming companies being the leading market participants. Norwegian gaming legislation has been acknowledged both in the EFTA Court and Norwegian national courts in the Slot Machine case and the Ladbrokes case, and does not represent a breach of Norway's obligations to the EEA Treaty.

The practical problem that arises in this context is that it is difficult to enforce national law. As mentioned above, Norway is an attractive market for international gambling companies without a Norwegian licence. Even though there is legal certainty with regard to the compatibility of Norwegian gaming law to EEA-law, the Norwegian market is being constantly undermined by operators without a Norwegian licence. At present Norwegian authorities have limited tools when it comes to enforcement of national law towards entities outside Norway.

Another practical problem is that it is difficult to protect players who may experience problems when gambling on a website without a Norwegian license. Many international gambling websites direct their gaming offers towards the Norwegian market by offering participation in Norwegian language, the use of Norwegian currency and offering support/customer service in Norwegian. Some websites also refer to the Norwegian national Helpline for players who might have a gambling problem. As a consequence Norwegian citizens are lead to believe that they are playing on licensed Norwegian websites and supervised by Norwegian authorities, which is not the case.

As an example the Norwegian Gaming Authority has received e-mails and letters from Norwegian citizens with complaints on international websites without a Norwegian licence. They claim to have experienced that some gambling companies ignore the customer's wish to be deleted from a gambling company's register due to problem gambling. Even after repeated contact with customer service, players have experienced that they still receive advertising and offers from some gambling operators, as an incitement to start gambling again. This increases the national concern, and underline the need to limit gambling services offered to Norwegian citizens to those offers that are regulated and controlled pursuant to national law. Only then the Norwegian Gaming Authority may support and protect the players interests as intended. In the current situation in Europe is not possible to help players gambling on international websites without a Norwegian license in such matters, because the regulation and supervision lies within the licensing jurisdiction and not Norway.

Question 7.

How does the definition of on-line gambling services above differ from definitions at national level?

In Norway the term remote gambling is frequently used to describe a wider scope of gambling where the player is not present at the place where the game is physically organised. The term is technologically neutral and encompasses lotteries and games of chance and other gaming offers that are organised or distributed via the Internet, mobile phones, TV, digital TV, the postal services, telephone networks etc.

Norwegian gaming law does not contain a statutory definition of online gambling. The term online gambling is generally used when addressing a narrower definition of remote gambling with the main focus on online games of chance over the internet.

Question 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 offered by the media is considered to be a game of chance if it fulfils the conditions (stake, prize and a random outcome) in the definition of a lottery in Norwegian Lottery Act section 1.

The Norwegian Marketing Control Act section 18 deals with the use of raffles, competitions, tokens, etc. in connection with marketing directed at consumers. Section 18 paragraph 1 states that it is prohibited in the course of trade to seek to promote sales of products by organizing raffles, competitions or similar measures for consumers if participation is conditional upon purchase or a service in return. The prohibition applies to the distribution of prizes for solving tasks or the running of competitions in the media.

Nevertheless, the Lottery Act will still apply, since a promotional game will be considered a game of chance provided there is a stake, a prize and a random outcome.

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

In Norway there are no cross-border online gambling services offered in licensed premises dedicated to gambling.

Question 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?

The main advantage with the coexistence in the EU of differing national systems is that European jurisdictions may establish domestic gaming regimes in accordance with cultural, moral and religious traditions. Jurisdictions may themselves determine an adequate level of protection they consider appropriate for their respective markets. This also enables national authorities to control and supervise their domestic markets in accordance with national law.

The disadvantage with differing national systems is that certain EU jurisdictions license online gambling as a cross-border activity, often with few limitations with regard to recipient jurisdictions. Such cross border gambling is by many regarded to be an illegal activity and a breach of national gaming law, undermining domestic gaming regimes in many EEA-jurisdictions. Furthermore national authorities have no guarantees that online gambling offered to their citizens is sufficiently regulated and controlled.

Furthermore perceptions on the level of protection differ from jurisdiction to jurisdiction. Recipient jurisdictions have no guarantees that marketing, control of draws, technical equipment and development of payment solutions are done in a manner that would be required in their own markets. There are also no guarantees that measures have been implemented to prevent money laundering, secure fair play and to help players with gambling problems. National authorities can do very little to help their citizens if they have problems with international gambling companies as mentioned in our answer to question 5.

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

There is a national ban on all commercial communication promoting unlicensed gambling. Still international operators market their gambling services in Norway, via TV broadcasting, especially from the United Kingdom to Norway. Data from the National Helpline shows that games from international operators without a Norwegian licence are frequently mentioned by the callers.

The Norwegian Government has drawn up Guidelines for the marketing on state-controlled gaming. The guidelines apply to the marketing of gaming arranged under the auspices of Norsk Tipping AS and Norsk Rikstoto.

On-line commercial communications

Norsk Tipping and Norsk Rikstoto are allowed to market their online gaming offers. In connection with the marketing of gaming via interactive channels, no excessively intrusive effects may be used, e.g. soundeffects. The use of flashing lights must be limited and marketing via pop-ups is not permitted.

Sales promotions

Sales promotions like discounts mentioned in Green Paper page 16 are illegal in Norway. Players must under no circumstances be encouraged to recover their losses through continued participation in gaming activities. The marketing of gaming must not be excessively intrusive or aggressive. The degree to which advertising is excessively intrusive or aggressive must be assessed in relation to its form, content, the use of sound, pictures, animation or other living images, and the context in general. Aggressive 'hurry and buy' advertising, that encourages impulsive participation in gambling, is also illegal.

Direct marketing

Direct marketing of gaming to physical persons through postal direct marketing, SMS, MMS, e-mail, telefax, telephone, addressed mail or similar methods without the prior permission of the recipient is not allowed.

Sponsorship

Norsk Tipping and Norsk Rikstoto are permitted to enter commercial sponsor agreements.

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

The Norwegian Ministry of Culture has issued Guidelines for gaming via electronic channels offered by Norsk Tipping which contain certain conditions for payment systems. In section 5 it is required that payment systems used in connection with distributing games through electronic channels must contain solutions for security that are generally accepted for e-commerce, or, at least, have the same security level as methods generally accepted for e-commerce.

The Ministry of Agriculture and Food has laid down Guidelines for gambling through electronic channels offered by Norsk Rikstoto. In section 6 it is required that payment systems used in connection with distributing games through electronic channels must be based on generally accepted industrial standards. Chosen solutions must be of satisfactory security for safe payment, both for the player and Norsk Rikstoto.

Both Norsk Rikstoto and Norsk Tipping have laid down further regulations on online gambling and payment between the player and the operator. The companies' online activities are monitored by the Norwegian Gaming Authority to ensure compliance with the abovementioned guidelines. The Authority sends a report to the respective ministries once a year.

Question 13: Are players' accounts a necessary requirement for enforcement and player protection reasons?

Norsk Tipping and Norsk Rikstoto are not obliged, by law or other regulations, to have players' accounts with regards to enforcement and player protection. However both companies do require that players open players' accounts for participation in their online gaming activities. The reason for this is to prevent players from using their debit or credit cards for direct payment of stakes when participating in online gaming. Instead players will have to transfer money to the players' accounts in advance, before being able to play online. This is regarded as being an important measure to secure player protection.

Players' accounts also enable the gambling companies to facilitate behavioural measures to prevent problem gambling. Norsk Tipping have set a limit of NOK 10 000 (Euro 1250) per

player per day for participation in the company's online gaming offers. This is enforced via players' accounts and would not be possible if players were able to gamble directly via a debit or credit card.

Question 14: What are the existing national rules and practises 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?

The abovementioned Guidelines for gaming via electronic channels contain a requirement that distribution of games through electronic channels may only take place if players are registered in a satisfactory manner. Identity checks must therefore be carried out to ensure the correct identity of a player.

Furthermore, an 18 year age has been set for gaming via electronic channels. The identity check must therefore also include verification of age which is done against a national register in Norway. Due to the registered games policy, customer verification issues are kept to a minimum. Both Norsk Tipping and Norsk Rikstoto adhere strictly to the laws and ordinances governing data protection in Norway.

As cross border online gambling is not legal in Norway, customer verification of players is not relevant in this context.

Question 15:

Do you have evidence that the factors listed above are central and/or efficient to prevent or limit problem gambling to on-line gambling services? (If possible, please rank them).

(1) Event frequency. The briefer the time between the game taking place and the opportunity to place a stake, the greater the risk.

(2) Payout interval. The time between placing of the stake and the result. The shorter this is the greater the risk.

Factor (1) and (2) are both important interconnecting factors that must be considered when assessing regulations to prevent and limit problem gambling.

The Norwegian Gaming Authority is the competent public authority on problem gambling in Norway and shall upon introduction of new games or amendments to existing games, evaluate these in relation to problem gambling. An important part of such an evaluation is the use of GAM-GaRD, see www.gamgard.com.

GAM-GaRD is a tool that has been designed to aid the development of socially responsible gaming and utilizes up-to-date research findings from around the world. GAM-GaRD is updated regularly to ensure that it remains current and takes into account new developments in technology. GAM-GaRD can be used at every stage of a game development process and may be used to identify problematic elements in a game.

In Gam-GaRD event frequency is defined a combination of (1) and (2) and described as "*The average times taken to purchase a game, get the result, and purchase the game again.*" Event frequency is the most significant characteristic factor when evaluating games in relation to problem gambling. Previous Norwegian prevalence studies and data from the Norwegian

National Helpline verify this, as fast games were most often mentioned as problematic, especially the former slot machines that were removed from the Norwegian market in 2007. Since 2007 the number of calls to the Helpline have dropped and a prevalence study among Norwegian adolescents in 2010 showed that the number of young people with gambling problems has reduced to one third compared to the number in 2002.

Furthermore data from the Helpline also indicate that amongst the games in bingo halls, the rapid games are more often mentioned as problematic compared to slower games.

(3) Accessibility and social environment.

The channel for distribution of games is another factor that is considered to be important. Statistics from the National Helpline show that most calls from problem gamblers are related to gaming offers via the internet. At the same time, the majority of Norwegians who gamble do so offline on regulated terrestrial gaming.

Access is also one of the game characteristics where GAM-GaRD shows higher problematic score if games can be played at home on the internet.

(4) Chasing losses or being close to winning. The greater the pay-out and probability of winning, the greater the delusion that lost stakes can be won back and therefore the increased risk (this is also linked to "excitement" or "dream effect").

Large prizes alone are not considered to be especially problematic, but must be assessed in context with other characteristics, e.g. type of game, event frequency and how the game or prize is advertised. Large prizes contribute relatively little to higher problematic score in GAM-GaRD.

(5) Perceived skills and "involvement". The possibility of getting involved in the event being gambled on and of using one's own skills to assess the chances of winning provide evidence of the 'near-miss' psychology. This strengthens the feeling that one is in control of the game, thus increasing the risk. This includes variation of the stake. Note that this effect may be enhanced when some element of skill rather than purely chance is perceived to be a characteristic of the game.

The two games which are mentioned the most in calls to the National Helpline in 2010 are betting and poker. Norwegian gaming law does not allow poker to be offered in Norway and is therefore not a legal game on the Norwegian market. However, many Norwegians still play poker especially on the internet. Betting is offered in Norway by the two licensed Norwegian operators, Norsk Tipping and Norsk Rikstoto, as well as via the internet by international operators without a Norwegian licence.

The element of skill might be a risk factor for some gamblers. The proportion of calls to the Helpline is, however, a lot smaller than the number of calls the Helpline used to receive about slot machines where no skills were involved.

(6) Commercial communications that could trigger vulnerable groups.

The marketing of gambling and gambling services is considered to have an impact. In Norway a large study regarding gaming amongst adolescents was conducted during the winter 2010

(NOVA 2010)¹. Quoted from the English summary:

A majority of adolescents reported having seen advertising for gambling in the past. Moreover, symptoms of gambling addiction were more frequently visible among those who had often seen such advertising (daily or almost daily) than among other adolescents (NOVA 2010, report nr. 18/10, page 211).

The report says that even if the motivation for using advertising is to get more people involved in gambling, it can also be that adolescents who gamble more are also more aware of this. The Norwegian report also refers to a Swedish study (Binde 2009)² where advertising is seen as a trigger to gamble if a gambler has decided to do just the opposite. Advertising can therefore make it more difficult for people to hold on to a decision on not to gamble (NOVA 2010, rapport nr 18/10, page 83 and 84 (Norwegian text only)).

Even though international operators are not allowed to market their gambling services in Norway, they still do via TV broadcasting, especially from the United Kingdom to Norway. Data from the National Helpline shows that games from international operators without a Norwegian licence are frequently mentioned by the callers.

As mentioned above Norsk Tipping and Norsk Rikstoto are subject to regulations guidelines on advertising and marketing of their gaming services. The aim of these guidelines is to ensure that the marketing of gaming and gambling activities is implemented in a socially responsible manner with the aim of limiting undesirable gambling habits and does not result in excessive gambling.

The Guidelines contain the following conditions:

1. Marketing of gaming/gambling activities must not be misleading and/or provide insufficient guidance. Winning chances must be presented in a correct and balanced way, so that no impression is created that winning chances are better than they actually are. If the possibility of winning pre-defined prizes (for example progressive jackpots) is emphasised in the marketing material, information showing the probability of winning the prize and the last date such a prize was paid out shall be included.
2. Marketing must not be directed towards children and young people under the age of 18. Neither must children and young people under the age of 18 be used in the marketing of gambling.
3. When using well-known personalities (celebrities) in marketing, no suggestion must be made that participation in gambling has contributed to their success.
4. Players must under no circumstances be encouraged to try and recover gambling losses through continued participation in such activities.

¹ Frøyland, LR., Hansen, M., Stetten, MA., Torgersen, L., & von Soest, T. (2010). Uskyldig moro? Pengespill og dataspill blant norske ungdommer (Just for fun? Gambling and gaming among Norwegian adolescents). Norwegian Social Research, Oslo, Norway.

² Binde, P. (2009) Exploring the impact of gambling advertising: An interview study of problem gamblers. *International Journal of Mental Health and Addiction*, 7, 541-554.

5. Marketing must not have any content that suggests that participation in gambling might result in:
 - A solution to financial problems
 - A method of earning income
 - Social acceptance of the player
 - Personal happiness

6. In connection with the marketing of gambling via interactive channels, no excessively intrusive effects must be used, for example as the use of sound. The use of light must be limited. It is illegal to market gambling through pop-ups. Direct marketing of gambling to physical persons through postal direct marketing, SMS, MMS, e-mail, telefax, telephone, addressed mail or similar methods without the prior permission of the addressee/recipient. The requirement for prior permission also applies to contact via the telephone and addressed mail.

The factors 1 to 6

It is not a simple task to rank all of these factors. Event frequency is considered the most important, but the subsequent factors are more difficult to rank. All the factors have their own impact, but for some players they might be problematic because the factors work together; e.g. televised adverts showing internet based slot machines with high prizes.

Question 16:

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

All the listed instruments are important, but are difficult to rank. Prevalence studies and data from the National Helpline show that there is little problem gambling related to gaming offered by Norsk Tipping and Norsk Rikstoto.

Restrictions on certain forms of gaming

The games offered by Norsk Tipping and Norsk Rikstoto online are no different from the games that can be purchased by retailers. The companies do not offer interactive online games in Norway.

Age limits and self-limitation

Only adults above the age of 18 are allowed to gamble online in Norway. This is regarded as an important tool since studies have shown that vulnerable adolescents like to gamble. Both the regulated Norsk Tipping and Norsk Rikstoto offer the possibility of self-limitation.

Banning the use of credit

It's banned for operators to sell gambling services on credit.

Information

The companies' websites contain information about gambling problems and the National Helpline. The two operators have guidelines for how they can offer their games responsibly online and their online distribution is evaluated annually by The Norwegian Gaming Authority.

As mentioned above, the Norwegian authorities use GAM-GaRD to assess new and existing games in relation to problem gambling. The latest version of this assessment tool has included descriptions of responsible gambling (RG) tools. Internationally, these tools have been assessed with input from experts on responsible gambling, treatment providers and people who have had serious gambling problems. Many of the instruments listed for this question are also recommended instruments here.

Otherwise we refer to our answers to question 22.

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

Several prevalence studies regarding problem gambling have been conducted in Norway the last years, with population surveys conducted in 2002, 2007 and 2008³, initiated by The Norwegian Gaming Authority. All the three studies showed that 0.7 – 0.8 % of the Norwegian population were problem gamblers (NODS 3+), but not all could be categorised as pathological problem gamblers.

The Norwegian Gaming Authority has also initiated two studies on adolescent gaming, in 2002 and 2010⁴. The percentage of problem gamblers among adolescents was 3.2 % in 2002 but was reduced to 1.0 % in 2010 (Lie/Bet + “Chasing” in both studies). The 2010 study used in addition SOGS RA, and also here the percentage of problem gamblers was 1.0 % (SOGS RA 4+). These studies did not cover exactly the same age group, but both covered the age from 13 through 17 years. The percentage problem gamblers in this age group was reduced from 3.4 % in 2002 (N=9,119) to 1.1 % in 2010 (N=6,842).

The Authority also follows the level of problem gambling in Norway by monitoring the statistics from the National Helpline for problem gamblers. The experience obtained is that these

³ SIRUS 2002: 0.7 % (0.5 – 0.9 %) NODS 3+, N=5,239

Lund I, Nordlund S. Pengespill og pengespillproblemer i Norge. 2003. Report No.: SIRUS rapport nr. 2/2003.

SINTEF 2007: 0.7 % (0.5 – 1.1 %) NODS 3+, N=3,483

Øren A, Bakken IJ. Pengespill og pengespillproblemer i Norge 2007. Trondheim: SINTEF; 2007. Report No.: SINTEF A3961.

SINTEF 2008: 0.8 % (0.6 – 1.2 %) NODS 3+, N=3,436

Bakken IJ, Weggeberg H. Pengespill og pengespillproblemer i Norge 2008. Trondheim: SINTEF; 2009. Report No.: SINTEF A8499.

⁴ NOVA 2002: 3.2 % (Lie/Bet + Chasing), N= almost 12,000

Rossow, I., & Hansen, M. (2003). Underholdning med bismak – ungdom, og pengespill. NOVA-rapport 1/03.

NOVA 2010: 1.1 % (Lie/Bet + Chasing), N=7,923

NOVA 2010: 1.0 % (SOGS RA 4+), N=8,222

Frøyland, LR., Hansen, M., Stetten, MA., Torgersen, L., & von Soest, T. (2010). Uskyldig moro? Pengespill og

dataspill blant norske ungdommer (Just for fun? Gambling and gaming among Norwegian adolescents). Norwegian Social Research, Oslo, Norway.

statistics, which include the number of calls and which games that are most often mentioned, have changed rapidly in connection with regulatory changes in the market. The Gaming Authority's has also been provided with statistics from the Norwegian health authorities showing the number of consultants or patients having had treatment for gambling addiction.

Question 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?

The last prevalence study in Norway among adults (initiated by the Gaming Authority in 2008) showed that problematic gamblers participated in more games than non-problematic gamblers. Furthermore problem gamblers reported online gambling offered by international operators without a Norwegian licence to be their most important channel for gambling online compared to regulated Norwegian sites (40 % and 2 %, respectively) (SINTEF 2008).

The same study showed that 77 % of the Norwegian adults had played lotteries or money games at least once during the last 12 months. There are several studies that show that more than half of the population take part in lotteries or money games.

The Norwegian Gaming Authority conduct surveys regularly. The results from 2010 show that over the last 12 months, 10 % of the adult population had gambled online, on a Norwegian and/or a international site, at least once. The National Helpline for problem gambling registers the games that are problematic amongst the callers. In more than 60 % of the first time calls in 2010 online gambling was mentioned as the most problematic form of gambling. This support SINTEF's finding that, proportionally, online gambling is a more frequent gambling form for people with gambling problems.

The last study amongst adolescents in Norway shows the same results: *Gambling via the Internet was also more common among adolescents who showed signs of gambling problems, than among young people in general* (NOVA 2010).

Both the studies and the data from the National Helpline show that online games offered by international operators not licensed in Norway (e.g. poker, slots and other casino games) are often among the games that the problem gamblers play.

Access is also one of the game characteristics where GAM-GaRD shows higher problematic score if games can be played at home (online / remote).

We refer also to our answer to question 15.

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

With reference to our reply to question 15, event frequency is considered to be an important factor with regard to problem gambling. Studies and National Helpline data indicate that faster games with higher event frequencies are generally more problematic, and become more available in an online environment.

Faster and interactive online games like slots machines, casino games, poker and betting will be more problematic online than for instance traditional number games and sports games where it takes longer time between placing the stake and the result/draw. The National Helpline statistics from 2010 confirm this as four types of online games that are mentioned, namely poker, betting, casino games (inclusive slots) and horse racing.

The assessment tool GAM-GaRD supports that event frequency is the most significant characteristic when assessing the probability for gambling problems among vulnerable players.

We wish also to refer to our reply to questions 15 and 18.

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

In 2003 the Norwegian government issued a governmental action plan to prevent problem gambling. At present Norwegian gaming authorities are following up the second governmental action plan to prevent problem gambling (2009-2011). The action plan's primary goals and sub-goals are as follows:

1. Reducing the incidence of problem gaming and problem gambling
 - To maintain and strengthen the Norwegian gambling system
 - Targeted information for 'at-risk groups'
2. Knowledge of gaming and gambling is to be improved
 - To stimulate competence networks and research environments
 - Prevalence studies of problem gambling in the population are to be carried out regularly
 - Raising awareness of problems related to computer games
3. Quick and effective help and treatment for problem gaming and problem gambling
 - Offers of, and competence in, help and treatment are to be increased
 - The scope and quality of readily available services is to be enhanced

The Norwegian Gaming Authority will present a proposal for a new action plan in autumn 2011 for the period 2012 – 2014.

Question 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?

As mentioned in our answer to question 20, the Norwegian government has issued two governmental action plans to prevent problem gambling. Each year NOK 12 million (Euro 1,5 million) is set aside from Norsk Tipping's profit to fund measures mentioned in the plan. These funds are distributed by the Ministry Of Culture upon application.

In addition to this, the National Helpline is also funded via The Norwegian Gaming Authority, which again is financed through fees from the online operators Norsk Tipping and Norsk Rikstoto. In that way both of the licensed online operators contribute to the national Helpline.

Treatment for gambling addiction is available at national level and is offered in Norway within the public health system, funded by the annual state budget.

Question 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?).

Norsk Tipping and Norsk Rikstoto are not obliged by law or regulation to monitor individual gambling behaviour in relation to problem gambling. However, the operators have developed their own routines in this matter, but adhere strictly to the laws and ordinances governing data protection in Norway.

Question 23: Are the age limits for having access to on-line gambling services in your or any other Member State in your view adequate to attain the objective sought?

Gambling is regarded as being an adult activity. Adolescents are a vulnerable group in society that run a risk of development of problematic gambling behaviour, and special emphasis should be put into regulation to protect this group. It is therefore necessary to set age limits for gambling and nearly all lotteries and money games, including online gaming, in Norway have an age limit of 18 years for participation.

Question 24: Are on-line age controls imposed and how do these compare to off-line 'face-to face' identification?

As mentioned in our answer to question 14 online verification is done by checking the player against a national register in Norway. "Face to face" identification is done by the retailer upon requiring that the player presents identification documents confirming the player's identity and age.

Question 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.

In Norway there are Guidelines for the marketing on state-controlled Gaming arranged under the auspices of Norsk Tipping AS and Norsk Rikstoto. The guidelines are safeguarded by the Norwegian Gaming Authority.

The Norwegian Marketing Act also applies in order to protect minors. This Act is safeguarded by the Norwegian Consumer Ombudsman, but the previously mentioned guidelines are stricter and always used in cases with state-controlled gaming.

The Guidelines state that marketing must not be directed towards children and young people under the age of 18. Children and adolescents under the age of 18 must not be used in the marketing of gambling.

Question 26:

Which national regulatory provisions on licence conditions and commercial communications for on-line gambling services account for these risks and seek to protect vulnerable consumers? How do you assess them?

Licence conditions:

The abovementioned guidelines for gaming on electronic channels have been issued require that players must be able to set their own limits for participation in online gaming. Furthermore Norsk Tipping has set a limit of NOK 10 000 (Euro 1250) per player per day for participation in the company's online activities.

Commercial communications:

As mentioned above, the Norwegian Government has issued guidelines for the marketing of state-controlled gaming in Norway.

The Norwegian Gaming Authority evaluates the marketing done by Norsk Tipping and Norsk Rikstoto, to ensure that the marketing is in accordance with the guidelines. The Authority draws up a report twice a year which is sent to the Ministry of Culture and the Ministry for Agriculture and Food. Any breaches to guidelines are mentioned in the report and the Ministries will act accordingly.

Question 27: Are you aware of studies and/or statistical data relating to fraud and on-line gambling?

The Norwegian gaming authorities are not aware of studies or statistical data relating to fraud and on-line gambling.

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

Norwegian law contains no requirements regarding control, standardisation and certification of gambling equipment, random generators or other software.

Norsk Tipping and Norsk Rikstoto, have however self-imposed certification in accordance with national and international standards. The random generator used by Norsk Tipping in connection with number games is annually tested by a certified third party.

Norsk Tipping is certified in accordance with the requirements in ISO/IEC 27001:2005 as well as the World Lottery Association's security control standard 2006 (WLA SCS 2006). These international standards for national gaming companies are intended to ensure that certified businesses run their business within an effective security organization and structure.

Detailed controls regarding risk management, tests, audits, etc. are required from these standards. Pursuant to the security standards, Norsk Tipping has established an information security management system (ISMS), where risks related to the company's critical assets and IT systems are controlled. Det Norske Veritas conducts an annual audit of the company based on these standards.

Question 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?

Since February 2009 all Norsk Tipping's customers are required to have a player card to participate in the company's games. Norsk Tipping is the first gaming company of its kind to

introduce 100 percent registered gaming, and this proves to be a very successful tool for management of a responsible gaming policy in all sales channels for gaming.

The player card is a smart card with a digital ID. The digital ID may also be stored in mobile phones and on websites. The digital ID is used for secure electronic identification, signature and payment and gives Norsk Tipping full transparency regarding to managing risk related to fraud.

Furthermore, Norsk Tipping and Norsk Rikstoto have established independent internal control routines, sufficient systems for quality management and certification by national and international standards, e.g. information security. Furthermore responsible authorities regularly carry out controls based upon risk and materiality assessment.

In addition the Norwegian Gaming Authority control and monitor all gaming transactions between the two gaming companies and players. Players are also able to complain to the Authority on decisions made by the gaming operators connected to the outcome of games.

Question 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?

The Criminal code-regulation on fraud also cover fraud connected to gambling. There are no national regulations in Norway regarding sports betting and outcome fixing that specifically target Norsk Tipping and Norsk Rikstoto.

However the Norwegian Act concerning the Norwegian Sports Association, the Olympic and Paralympic Committee strictly forbids any improper/unfair gambling on the outcome of any match/game (etc.) if the gambler is associated with the game/match (etc.) in any way as a player, coach, referee, organizer or similar. Furthermore the Norwegian Ice hockey and Handball Leagues have issued rules that prevent the possibility of outcome fixing. FIFA and UEFA rules on this subject are also applicable in Norway.

We are not aware of any studies regarding this in Norway.

Question 31: In your view what issues (*concerning prevention of fraud*) should be addressed as a priority?

Focus should be put on making it easier to avoid the pitfalls where outcome fixing most likely may occur.

One such pitfall is live odds betting on non-outcome related events, e.g. betting on the number of yellow cards during a match. Live odds on goals and other event which more directly relate to the outcome of the match are safer, as these events are more closely monitored. One important way of avoiding outcome fixing would therefore be to inform operators of the relevant pitfalls on a general level, such as mentioned in the example above. The operators must have an independent responsibility to avoid outcome fixing, but information will help them carry out this responsibility in a better and more efficient way.

Furthermore, it is important to support such work as is being done by federations such as UEFA and FIFA, who work at an advanced level to prevent outcome fixing. These federations have the necessary expertise which can be used to further inform betting operators.

Other measures that may be implemented are the prevention of decoy bets, especially in smaller pools, with the intention to increase the odds for other punters who in the last minute obtain better odds than previous punters. Furthermore payments from illegal/stolen accounts or cards should not be allowed to occur.

Question 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?

There is an on-going debate concerning this in other countries, but in Norway the issue is not of interest to the same degree.

It should be mentioned that Norsk Tipping and Norsk Rikstoto may have some influence, or at least wish to influence, on decisions regarding the date and time of a sports events. For example, Norsk Tipping would prefer football matches to be played during weekends, but have no wish to influence the outcome of a sports event. Norsk Tipping and Norsk Rikstoto are Norway's only legal betting operators sponsoring teams and athletic federations, and take a strong position against such irregularities. Neither Norsk Tipping nor Norsk Rikstoto provide profit for private shareholders. This makes the potential profit from fraud, such as match-fixing, less relevant.

Furthermore the sporting federations themselves are in strong opposition to outcome influencing from any party. The Norwegian Gaming Authority also has a role in this context and monitor betting on the Norwegian market with regard to possible irregularities.

Question 33: What cases have demonstrated how online gambling could be used for money laundering purposes?

The Norwegian Gaming Authority has worked with The Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM) in order to prepare for potential cases of money laundering and the implementation of the Financial Action Task Force-directive.

The Gaming Authority has so far not revealed money laundering in connection with gaming activities in Norway.

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

Norsk Tipping has introduced a compulsory requirement of player registration for participation in games offered by the company. This is an important tool for management of a responsible gaming policy and to prevent money laundering. In addition, the company has established routines for continuous monitoring and statistical analysis of the transactions stored in its databases. Based on the analysis all suspicious behavior will be reported to the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM).

Norsk Rikstoto does not require player registration, but 50% of the companies customers play as registered. Furthermore all winnings over a certain limit are only paid upon registration in advance.

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

Not necessarily as this risk is reduced by secure identification of the player and the introduction of a responsible gaming policy in all sales channels.

Question (37): Are there national on-line gambling transparency requirements? Do they apply to cross border supply of on-line gambling services and are these rules enforced effectively in your view?

Only Norsk Tipping AS and Norsk Rikstoto have the right to offer online games in Norway.

The prohibition on gambling offers without a Norwegian license is enforced in a consequent and efficient manner by the Norwegian Gaming Authority inside Norway. Due to a lack of jurisdiction, the Authority has difficulties enforcing national law on gambling offered by international operators without a Norwegian license, as the servers are placed outside Norway.

Question 38:

Are there other gambling revenue channelling schemes for the public interest activities at national or EU level?

Revenues from Norsk Tipping's gaming activities are distributed by 45,5% til sport, 36,5% to culture and 18% to non-governmental organisations promoting a humanitarian or socially beneficial purpose.

Revenues to sport and 1/3 of revenues to culture are distributed by the Norwegian Government. The 2/3 of revenues to culture are allocated over the state budget, but earmarked for cultural purposes.

Revenues to non-governmental organisations promoting a humanitarian or social beneficial purpose are distributed by the Gaming Authority pursuant to specific regulations.

Revenues from Norsk Rikstotos activities are distributed by the operator itself to the different beneficiaries within the sport of horseracing or to horse related activities.

Question 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?

One of the main principles behind Norwegian gaming law is the lotteries or money games may only be offered in Norway for the benefit of good causes.

We refer to our answer to question 38.

Question 40: Are funds returned or re-attributed to prevention and treatment of gambling addiction?

Since 2005, the Norwegian authorities have introduced two governmental action plans to prevent problem gambling through regulation, research and treatment. Upto 0,5% (approximately 1,5 million euro) of the annual profit from Norsk Tipping has been used to finance some of the tasks in the action plans.

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

In 2009 61 % of Norsk Tipping's gross gaming revenue was distributed to good causes. Of the total distribution from Norsk Tipping to the beneficiaries sport had 43 % in 2009. 52 % of Norsk Rikstoto's gross gaming revenue is distributed to beneficiaries within the sport of horseracing or to horse related activities. It is not possible to state the specific proportions of online gaming revenues from sports betting that are distributed to sports.

Question 43: Do on-line gambling exploitation rights that are exclusively dedicated to ensuring integrity exist?

There are at present no online exploitation rights that seek to fulfil the purpose of sporting integrity. Norwegian authorities are, however, aware of the fact that Norsk Tipping make use of a service that reports on discrepancies in the results so it can be determined whether results have been manipulated or not (Betradar)⁵.

Question 44:

Is there evidence to suggest that the cross-border "free-riding" risk noted above for on-line gambling services is reducing revenues to national public interest activities that depend on channelling of gambling revenues?

Norwegian authorities have no statistics that clearly shows whether the cross-border risk of "free-riding", in connection with online gambling services, reduces revenues to national non-profit work, which is dependent on revenues from gaming. The authorities do not know if Norwegian players who gamble on international sites would choose to gamble on Norwegian sites if, international websites for some reason were unavailable, or it were illegal to gamble on international web-sites. However, we have a perception that players, who say they gamble on both Norwegian and international websites, would probably play more on the Norwegian sites if international websites were unavailable.

As mentioned above, Norway is a target for online gambling companies without a Norwegian licence who tailor make sites specifically for the Norwegian market. It is estimated the Norwegians wagered NOK 5 billion (Euro 625 million) on such gambling offers in 2010. There are therefore indications that a certain degree of "free riding" is prevalent.

Question 45: Are there 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?

There is a long tradition for funding of good causes from gaming activities in Norway. Norsk Tipping and Norsk Rikstoto, are subject to strict regulations for the distribution of their profits to sports, culture and charitable and humanitarian organisations. It is well known in Norway that both companies contribute to the funding of public interest activities.

⁵ www.betradar.com

For games provided by Norsk Tipping, the player himself can choose that an organisation may receive 5 % of the player's stake (the grassroot share) used for participation in a game. The recipient must be part of the local public utility work and registered in the National Register of Non-profit Organisations.

Both Norsk Tipping and Norsk Rikstoto are obliged to submit public annual reports and financial accounting to the Public Company Register in Norway (The Brønnøysund Register Centre). Both Norsk Tipping and Norsk Rikstoto also publish annual reports, with details about the recipients of their profits.

Question 46: Is there a regulatory body in your Member State, what is its status, what are its competences and its scope of action across the on-line gambling services as defined in this Green Paper?

The Ministry of Culture has overarching responsibility for the games run by Norsk Tipping and for regulating gaming and lotteries licensed for the benefit of private organisations. The Ministry of Agriculture and Food is responsible for all games connected to equestrian activities run by Norsk Rikstoto.

The Norwegian Gaming Authority is a directorate under the authority of the Ministry of Culture. The Gaming Authority control and supervises all private lotteries and gambling in Norway, and control the activities of Norsk Tipping and Norsk Rikstoto.

The Gaming Authority is responsible for supervision and control of gaming in Norway, including the authority to stop illegal online gambling activities. It is the Authority's opinion that that Norwegian law may be applicable to international gambling offers without a Norwegian license, if these offers directly target the Norwegian market. In such cases the Authority may issue administrative orders requiring such gambling offers to cease.

The marketing of online gambling without a license aimed at Norwegians in particular, is also illegal. This applies regardless of whether Norwegian organisations, Norwegian companies, foreign enterprises registered in Norway or foreign enterprises registered abroad are responsible for the marketing. The decisive factor is whether the games marketed for are considered to be aimed at the Norwegian citizens. The Gaming Authority has the authority to act on such marketing.

Question 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?

Norsk Tipping and Norsk Rikstoto are the only operators that may offer games online in Norway. There is no national register of licensed operators of online gambling services

Question 48: Which forms of cross-border administrative cooperation are you aware of in this domain and which specific issues are covered?

Norway is not aware of any cooperation among regulators in this domain.

Within the regulatory bodies International Association of Gaming Regulators (IAGR) and Gaming Regulators European Forum, working groups have been established to address common issues among regulators both in Europe and worldwide. The groups are however

limited to exchange of information and discussions on best practices, and have so far not lead to any formal binding cooperation among regulators.

The Nordic countries hold meetings several times a year both at ministerial and directorate level to discuss technical and legal issues of common interest. These meetings are also forums for exchange and there is no legally binding cooperation among the Nordic countries.

Question 50:

Are any of the methods mentioned above, 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 initiatives aimed at enforcing such methods? How do you assess their effectiveness in the field of on-line gambling?
Norway has not implemented DNS-filtering or IP-blocking to limit access to gaming sites without a Norwegian license. Norway has however implemented a payment ban.

Question 51: What are your views on the relative merits of the methods mentioned above as well as any other technical means to limit access to gambling services or payment services?

From 1st June 2010 Norway implemented a prohibition on the process of payments from Norway to gambling sites licensed without a Norwegian license.

The intention was to create an obstacle for the access to non-licensed I-gaming from Norway, strengthen national supervision of the domestic gaming market and limit evasion of Norwegian gaming law.

The activity encompassed by the prohibition is processing of payments (procurement of stake and prizes) to online gaming without a Norwegian license. The activity is classified as an unlawful accessory involvement in the holding and mediation of non-licensed gaming, and is anchored in Gaming Law, not Financial Law.

Entities encompassed by the prohibition are banks, financial enterprises, payment enterprises, e-money enterprises, branches of foreign credit institutions and other payment entities established in Norway. The prohibition does not imply any forms of criminalization of players.

The prohibition is undertaken via the blocking of payment orders where Norwegian cards are using Merchant Category Code (MCC) 7995. Payment to licensed gambling in Norway is undertaken by the use of the Norwegian land code in combination with MCC 7995. Entities comprised by the regulations must implement routines to differentiate between requests for the authorization of payments to non-licensed gambling and payments to licensed Norwegian gambling with the combination of MCC 7995 and the Norwegian land code, before the approval or denial of transactions.

Furthermore the Norwegian Gaming Authority may via regulations or individual decisions issue orders to refuse electronic payment transactions to and from particular bank accounts. This require an active role from the Authority to collect information on bank accounts used by non-licensed Norwegian operators and inform the banks on accounts that must be blocked and cannot be used for payment transfers related to gambling activities to and from Norway.

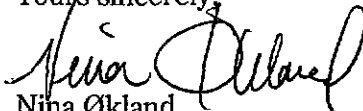
In February 2011 the Norwegian Gaming Authority presented a preliminary evaluation of the payments. The evaluation concluded that:

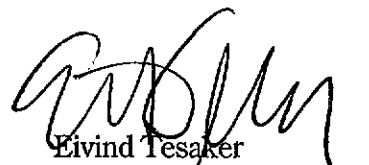
- the transfer of payments to gambling sites without a Norwegian license has become more difficult for players. In a survey conducted by the Authority 35% of online players said that it has become somewhat, or much, harder, to make participate in online gambling after the ban came into force.
- the prohibition has had an effect on spontaneous, first time gamblers.
- turnover from Norway to non-licensed online gambling has levelled out.
- the prohibition has sent out a signal to players that online gambling sites targeting Norway are not licensed or supervised by Norwegian authorities.

As a direct consequence of the payments ban, online gaming operators without a Norwegian license have implemented technical solutions helping players attempt to circumvent the ban, as well as intensified information to their customers how this may be done. There has also been a significant increase in marketing for online gambling without a Norwegian license, especially in TV-broadcasting from the United Kingdom to Norway.

The Ministry is of the opinion that payments blocking alone will not prevent the access to unlicensed online gambling services. Such a measure must be seen as one of several measures and a part of a comprehensive gaming policy with regard to online gaming. Other measures that might be considered implemented are licensed and regulated online gaming sites at a national level, effective enforcement of marketing bans, IP-blocking and international cooperation amongst gaming regulators.

Yours sincerely,


Nina Økland
Director General


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