

**Gambling Commission submission
to the Australian online
gambling review**

Inquiry by Joint Select Committee on Gambling
Reform into Interactive Gambling – Further Review of
Internet Gaming and Wagering

June 2011

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1 Introduction

- 1.1 This document provides information in response to questions outlined in the 17 May 2011 announcement by the Joint Select Committee on Gambling Reform on the further review of internet gaming and wagering.
- 1.2 The responses to the questions in the paper are covered throughout this document and the following highlights the sections in which the answers can be found:
- (a) *the recent growth in interactive sports betting and the changes in online wagering due to new technologies* – **covered in section 10**
 - (b) *the development of new technologies, including mobile phone and interactive television, that increase the risk and incidence of problem gambling* – **covered in section 10**
 - (c) *the relative regulatory frameworks of online and non-online gambling* – **covered in sections 2 – 8**
 - (d) *inducements to bet on sporting events online* – **covered in section 7.3**
 - (e) *The risk of match-fixing in sports as a result of the types of bets available online, and whether certain types of bets should be prohibited, such as spot-betting in sports which may expose sports to corruption* – **covered in section 11**
 - (f) *the impact of betting exchanges, including the ability to bet on losing outcomes* – **covered in section 9**
 - (g) *the implication of betting on political events, particularly election outcomes* – **covered in section 11**
 - (h) *appropriate regulation, including codes of disclosure, for persons betting on events over which they have some participation or special knowledge, including match fixing of sporting events* – **covered in section 11**
- 1.3 It is noted that the Interactive Gambling Act 2001 prohibits interactive gambling. The Gambling Act 2005 permitted interactive gambling in Great Britain subject to regulation by the Gambling Commission (the Commission).

2 The Gambling Commission

- 2.1 The Commission was set up under the Gambling Act 2005 (the Act) and was formally established in October 2005. It has taken over the role previously played by the Gaming Board for Great Britain in regulating casinos, bingo, gaming machines and lotteries.
- 2.2 The Commission regulates all commercial gambling in Great Britain. It is not responsible for regulating spread betting or the National Lottery which are the responsibility of the Financial Services Authority and the National Lottery Commission, respectively. The Commission is also responsible for advising local and central government on issues related to gambling.
- 2.3 The Commission is a Non-Departmental Public Body, sponsored by the Department for Culture, Media and Sport. It operates at arm's length from government and its advice is independent. Its work is funded by licence fees from the gambling industry.

3 The Gambling Act 2005

- 3.1 The Act which was passed by Parliament in April 2005 and which came fully into force on 1 September 2007 contains a new system to regulate the provision of all gambling in the UK.
- 3.2 In exercising its functions under the Act the Commission is under a duty to pursue, and wherever appropriate to have regard to, the licensing objectives, and permit gambling, in so far as the Commission thinks it reasonably consistent with pursuit of the licensing objectives. The licensing objectives are:
- preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
 - ensuring that gambling is conducted in a fair and open way, and
 - protecting children and other vulnerable persons from being harmed or exploited by gambling.
- 3.3 The Commission's functions in relation to licensing and regulation can broadly be categorised as those of licensing, compliance and enforcement. In particular, the Commission has the power to:
- determine applications for operating and personal licences, specify the (general and individual) conditions to be contained in such licences, limit the duration of such licences, and determine applications to vary or renew operating and personal licences. This is key in terms of ensuring that only suitable operators are involved in the provision of gambling.
 - undertake activities for the purpose of assessing compliance with the Act and with any licence condition, code of practice or other provision made by or by virtue of the Act, and also for the purpose of assessing whether an offence is being committed under or by virtue of the Act (including the power to request information from operating and personal licence holders under section 122 of the Act, to commence reviews under section 116 of the Act, and to carry out inspections under Part 15 of the Act)
 - take regulatory action against an operating or personal licence holder following a review under section 116 of the Act (including the power to issue a formal warning, to attach, remove or amend a licence condition, to suspend or revoke a licence, and to impose a financial penalty), to void a bet and require repayment of any money paid in relation to it, and to investigate and prosecute offences committed under the Act
- 3.4 The Commission issues operating licences for the following gambling activities, for which remote versions for those operators that locate remote gambling equipment in Britain are also available:
- Betting (including fixed odds betting, pool betting and betting exchanges);
 - casino (including casino games and poker);
 - bingo;
 - lotteries and external lottery managers; and
 - software developers
- 3.5 Remote versions of the above licences are issued to those operators that locate remote gambling equipment in Great Britain or provide gambling by remote means. Non-remote licences are issued to operators with premises based in Great Britain and also require a premises licence from the local authority.
- 3.6 The Act permits operators regulated in EEA States and in whitelisted jurisdictions to advertise and offer services to UK consumers. While the Commission does not regulate those operators we have worked to establish agreed good practice guidelines with other

regulators. Clearly it is in the interests of both gambling operators and their customers to have as much common standards and approaches to compliance and enforcement as individual countries' domestic legislation and culture permits. The eGambling working group of the International Association of Gambling Regulators has shared good practice and published good practice guidelines for eGambling. These can be found at <http://www.iagr.org/>

4 Remote gambling

- 4.1 The regulatory requirements for remote gaming come from:
- The Gambling Act 2005
 - Licence conditions and codes of practice
 - Regulations made under the Act
 - Remote technical standards, security requirements and testing strategy

5 The Gambling Act 2005: Definition of gambling

- 5.1 Section 3 of the Act defines gambling as i) gaming (a game of chance); ii) betting; and iii) participating in a lottery.

6 The Gambling Act 2005: Definition of remote gambling

- 6.1 The Act put in place for the first time a framework for regulating internet gaming (ie Casino and Poker). Previously only bookmakers were permitted to accept bets by remote communication as an extension of their premises based activity; remote gaming operators were not permitted to be based in Britain.
- 6.2 Remote gambling is defined in the Act (section 4) as gambling in which persons participate by the use of remote communication (ie internet, telephone, television, radio or other technology for facilitating communication).
- 6.3 There are no restrictions on the number of remote operating licences that the Commission can issue (with the exception of pool betting on horse racing which is restricted to one licensee) but applicants need to demonstrate that they are fit and proper to hold an operating licence.

7 Licence Conditions and Codes of Practice

- 7.1 The Commission has developed general licence conditions and codes of practice that govern how gambling facilities are provided and managed, and how gambling is conducted, with which the holders of all operating licences must comply.
- 7.2 The Commission's Licence Conditions and Codes of practice (LCCP)¹ set out the rules which operators must observe to meet the Commission's three licensing objectives. Provisions within the conditions and codes cover issues including the promotion of responsible gambling, marketing and self exclusion. For example, the following provisions are relevant to all licensees, but this is not an exhaustive list:
- report suspicious betting activity to the relevant authorities;
 - adhere to regulations for the prevention, detection and reporting of money laundering;
 - employ stringent age verification checks and other key social responsibility measures;
 - periodically report activity such as revenue, amount of customer funds held and other key gambling related information;

¹ More information on the Gambling Commission's Licence Conditions and Codes of Practice, October 2008, can be found at [Gambling Commission - Licence conditions & codes of practice for the remote sector](#)

- report significant events and provide information about their business that enables the Commission to consider the ongoing suitability of licensees;
- comply with technical and information security requirements and undergo independent testing of gambling systems before they are released; and
- make contributions to research, education and treatment.

7.3 The LCCP code 4 on marketing also sets out requirements on marketing incentives/inducements on all licensees. The code aims to balance operators' legitimate use of inducements and other marketing incentives to differentiate themselves from competitors and to attract customers against the risk that the inducements are frustrating the licensing objectives (for example, by encouraging loss-chasing). For example, a promotion that encourages people to gamble by requiring them to spend a minimum amount within a relatively short period of time to qualify for rewards would be of concern.

8 Remote technical standards

- 8.1 The Commission requires its licensed operators to meet technical standards and testing requirements. The Remote and gambling software technical standards (August 2009)² details the specific technical standards and the security requirements that licensed remote gambling operators and gambling software operators need to meet.
- 8.2 For example, the technical standards ensure that the software that determines the result of a game is fair and is independently tested before it is released. Licensees are also required to have controls in place to protect the information and software on their systems from tampering.
- 8.3 The security requirements are based on international information security standards (BS/EN ISO 27001) and are summarised in the technical standards document. The security requirements detail information security standards with the aim of ensuring that operators have appropriate controls in place so that customers are not exposed to unnecessary risks when choosing to participate in remote gambling.
- 8.4 For example, the requirements apply to critical systems such as electronic systems that record, store, process, share, transmit or retrieve sensitive customer information (eg customer account balances) and communication networks that transmit sensitive customer information.
- 8.5 The Commission's Testing strategy for compliance with remote gambling and software technical standards (August 2009) sets out the requirements for the timing and procedures for testing. Compliance with the RTS and testing strategy is a licence condition.
- 8.6 It also sets out the circumstance in which independent third party testing is required, such as who can test against the standards and what needs to be tested. Licensees whose gambling products have high risk elements that determine the result of the game and the presentation of the result must have tests carried out by Commission approved third party test houses. Details of approved test houses are published on the Commission website³.
- 8.7 For gambling products that are considered low risk, tests may be carried out in-house by operators, provided they follow good practice (detailed by the Commission) in development and testing and maintain a satisfactory audit trail.

² Further information can be found on http://www.gamblingcommission.gov.uk/technical_standards.aspx

³ Further information on test houses can be found on http://www.gamblingcommission.gov.uk/test_houses.aspx

9 Betting exchanges

- 9.1 As set out in paragraph 3.4, betting licences and licences for remote betting exchanges are issued by the Commission.
- 9.2 In the UK there has long been an open market for betting operators to trade on and off course. The introduction of betting exchanges created a business opportunity for many due to the low overhead operations of an exchange. Initially, this had an impact on traditional bookmakers and their profit margins, but with the impact now settled throughout the market many bookmakers find the exchanges as a useful tool for their business and some elect to lay off their liabilities on the exchange. It has also had a large impact on the way starting prices are calculated, in many cases the betting exchange odds are the default starting prices used by bookmakers now as it provides a fair and accurate estimate of the market.
- 9.3 The ability to back the loser is and will continue to be under the spotlight particularly in relation to horse racing yet we have found little evidence to suggest that it has led to an increase in betting corruption. A properly regulated betting exchange with built in market integrity checks can provide valuable intelligence and help detect activity that may have otherwise been missed. While the CCPR report 'Risks to the integrity of sport from betting corruption' explored whether exchanges might in principle provide more opportunities to those wishing to fix events, particularly in- running events, in practise the deterrent benefits of better scrutiny and identification of who is betting appear to outweigh the potential risks.

10 Developments in remote gambling

Size and growth of the remote gambling industry

- 10.1 The Commission has sourced various statistics to ascertain a general picture of the size and growth of the worldwide remote gambling industry. This includes statistics for all gambling, including interactive sports betting. However, it is difficult to calculate the size of the worldwide gambling industry because there is a lack of information released by operators and those that do publish reports often have differences in how they report data.
- 10.2 It is estimated that there are between 2000-2500 gambling websites worldwide. In August 2009, there were 2,022 (owned by 520 different companies) English language gambling websites accepting customers from the UK listed at www.online.casinocity.com which is a website that maintains an extensive list of gambling websites.
- 10.3 Global Betting and Gaming Consultants (2008) estimate that worldwide online gambling revenues were \$600 million in 1998; \$5.6 billion in 2003; and \$16.6 billion in 2008⁴.
- 10.4 These estimates are broadly supported by information provided by other consultants/research organisations, such as 'H2 Gambling Capital', stating that global online gambling revenue show Gross Gambling Yield (GGY - calculated by subtracting customer winnings from customer stakes) of £13.5bn in 2008. Online gambling revenue was also estimated to account for 4 – 5% of the worldwide gambling market in 2007 (Global Betting and Gaming Consultants, 2008).
- 10.5 In the Report to the Trade Barriers Regulation Committee⁵ (Trade Barriers report), the EU estimate that the worldwide remote gambling industry was worth over \$14 billion in 2007 and that the industry will grow to over \$22 billion in 2010. The same report also estimated that 3.2% of gambling in the EU was conducted online. Figures released by H2 Gambling

⁴ Wood, R.T. & Williams, R.J. (2008). *Internet Gambling: Prevalence, Patterns, Problems, and Policy Options*. Final Report prepared for the Ontario Problem Gambling Research Centre, Guelph, Ontario, CANADA. January 5, 2009.

⁵ http://trade.ec.europa.eu/doclib/cfm/doclib_section.cfm?sec=205&lev=2&order=date

Capital⁶ indicate that the proportion of gambling in the EU conducted online had increased to an estimated 7.1% in 2008.

- 10.6 The Trade Barriers report also quotes figures from the Swiss Institute of Comparative Law (2006)⁷ which estimate the global internet gambling market to have a GGY of \$7 billion in 2003 of which the EU share was about \$1.98 billion. The global market was forecast to grow to \$9 billion in 2004 and \$25 billion in 2010 with the EU generating \$11.5 billion of GGY 2012.

Development of new technologies

- 10.7 As stated in section 6 above, remote gambling is gambling in which persons participate by the use of remote communication and the Act covers technologies such as mobile phones and interactive television. All remote licensees must meet the Commission's requirements as set out in sections 3 – 8 above regardless of the form of technology used to provide gambling.
- 10.8 The Commission is aware of the growing use of mobile phone technologies as a medium for gambling. Recently, new technology has been released by operators that provide an effective iPhone application for the 1.5 million plus Apple iPhones in the UK. This enables customers to access gambling websites and experience high quality network coverage similar to that of using a laptop or computer. The application introduced by Betfair (one of the first operator to introduce the technology) uses GPS technology to locate and verify a player's location before their bet is approved. The GPS filtering system ensures that bets are legal and initially the application will only accept bets placed in the UK and Ireland.

Research into online gambling and problem gambling

- 10.9 The Commission does not have any evidence of increased risk and incidence of problem gambling as a result of new technologies being used. There is a shortage of good research into problem gambling and its causes. However, it is commonly accepted that there are three areas of focus for problem gambling research –
- the impacts of individual characteristics (such as genetics, social norms),
 - gambling products (often referred to as 'structural' characteristics)
 - the gambling environment.
- 10.10 Much of the problem gambling research focuses on individual characteristics and less so on gambling products themselves and the impact these have on the onset and development of gambling problems. The following provides a summary of the Commission's research into online gambling and problem gambling to date.

Participation

- The British Gambling Prevalence Survey (BGPS)⁸ 2010 is the third nationally representative survey of its kind; previous studies were conducted in 2007 and 1999. The aims of the BGPS 2010 were to provide data on participation in all forms of gambling in Great Britain, the prevalence of problem gambling, attitudes to gambling and to explore a range of associations with gambling behaviour. Overall, 7,756 people participated in the study.
- Overall, the BGPS 2010 reported that 14% 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 machine style games and playing the football pools online. Among past year gamblers, 81% reported that they gambled

⁶ <http://www.h2gc.com>

⁷ Swiss Institute of Comparative Law, 2006

⁸ More information on BGPS can be found on

http://www.gamblingcommission.gov.uk/research_consultations/research/bgps.aspx

'in-person' only, that is they gambled using any offline method, such as placing a bet in a betting shop, visiting a casino or bingo hall, buying lottery tickets or scratch cards in a shop and so on. 17% of past year gamblers had gambled both online and in-person. Only 2% of past year gamblers had gambled 'online only'. For most activities which can be participated in both online and offline, the vast majority of gamblers chose to take part in these 'offline'. However, two activities stood out as having a relatively high proportion of online activity; casino games and betting on other sports events. Among those who had played casino games in the past year, 39% had done so online. Likewise, 27% of past year sports bettors reported that they placed their bet online.

- 10.11 The Commission's quarterly monitoring of online gambling participation shows that growth is relatively slow, with any growth in participation largely explained by increased online participation in the National Lottery⁹.
- 10.12 The Commission's secondary analysis of online gamblers within the Prevalence Survey 2007 found that there were a number of significant socio-demographic differences between internet gamblers (including those who reported gambling and betting online and playing on betting exchanges) and non-internet gamblers. Internet gamblers were more likely to be male, relatively young adults, single, well educated, and in professional/managerial employment.

Problem gambling

- 10.13 Two measures of problem gambling were used: the DSM-IV and the PGSI. The rates of problem gambling were 0.9% and 0.7% respectively. This equates to around 451,000 (DSM-IV) and 360,000 (PGSI) adults aged 16 and over in Britain. Problem gambling prevalence rates should be considered alongside the confidence intervals for these estimates. The confidence interval for the DSM-IV estimate was 0.7% and 1.2%. The confidence interval for the PGSI estimate was 0.5% - 1.0%. This equates to somewhere between 342,000 and 593,000 adults according to the DSM-IV and between 254,000 and 507,000 adults according to the PGSI.
- 10.14 DSM-IV problem gambling prevalence was higher in 2010 (0.9%) than in 2007 and 1999 (0.6% for both years). This increase was significant at the 5% level. However, the p-value was 0.049, showing that this increase is at the margins of statistical significance. Problem gambling prevalence rates as measured by the PGSI did not increase significantly between survey years. Estimates were 0.5% in 2007 and 0.7% in 2010 (p=0.23).
- 10.15 Among those who had gambled in the past year, problem gambling prevalence was highest among those who had played poker at a pub/club (12.8%) followed by those who had played online slot machine style games (9.1%) and fixed odds betting terminals (8.8%). Online gambling activities broke down as follows: any online betting¹⁰ (3.0%), any other

⁹ The Commission pays for questions regarding remote gambling participation within an omnibus survey. The figures below only give an indication of how many individuals are participating in remote gambling and, even if participation levels show a percentage increase, it does not give an indication on the level of problem gambling, the time spent or the money spent gambling.

- Over the year to March 2011, 11.2% of the adults surveyed said they had participated in at least one form of remote gambling in the previous four weeks. Around half of these had participated just in National Lottery products.
- This figure of 11.2% compares with 11.1%, 10.5%, 9.7%, 8.8% and 7.2% in the preceding five years,
- The growth in participation in remote gambling is explained largely by increased online participation in the National Lottery. If those only playing National Lottery products remotely are excluded, 5.9% of respondents had participated in remote gambling in the year to March 2011, compared to 5.7%, 5.7%, 5.6%, 5.2% and 5.1% in the preceding five years.

¹⁰ Includes online bets on horse races, dog races, other sports or non-sports events made with a bookmaker or betting exchange.

online gambling¹¹ (3.0%) and any online gambling (excluding the National Lottery) (5.3%). However the survey also found that on average problem gamblers participated in over six forms of gambling. The Commission advises applying caution to focusing on the problem gambling prevalence rates of different gambling activities.

- 10.16 Problem gambling prevalence rates observed in Great Britain, measured by either the DSM-IV or the PGSI, were similar to rates observed in other European countries, notably Germany, Norway and Switzerland, and lower than countries like the USA, Australia and South Africa. Interestingly the rate of problem gambling in Northern Ireland which does not permit remote gambling or fixed odds betting terminals is significantly higher than in Great Britain which rather reinforces the need for caution in attributing harm to different types of gambling .
- 10.17 Problem gamblers were more likely to be male, younger, have parents who gambled regularly and had experienced problems with their gambling behaviour and be a current cigarette smoker. DSM-IV problem gambling was also associated with being Asian or Asian British whereas PGSI problem gambling was associated with being unemployed and being in bad/very bad health.
- 10.18 The secondary analysis of the BGPS 2007 data set found that the problem gambling prevalence rate was higher among internet gamblers than among non-internet gamblers. The data did not allow any conclusions to be drawn about causation and therefore it is not known whether the medium of the Internet may be more likely to contribute to problem gambling than off-line gambling environments or whether the online environment might be attractive to existing problem gamblers (who are likely to participate in lots of gambling activities) and provide a convenient outlet. More work is however needed in this area if firm conclusions are to be drawn.
- 10.19 When looking at factors associated with problem gambling there are other relevant elements such as the frequency of play¹² and number of gambling activities participated in¹³. This means that it is not possible, by using the existing BGPS data, to single out particular forms of gambling that are especially related to problem gambling. Cross-sectional surveys, such as prevalence surveys cannot generally be used to indicate causality and it is not possible to conclude that certain activities lead to problem gambling.

11 Betting integrity

- 11.1 Under the 2005 Act we were given the powers to prosecute offences of cheating and to void bets. Our powers to prosecute cheating offences occur where a person cheats at gambling or where they do anything for the purposes of enabling or assisting another (person) to cheat at gambling.
- 11.2 We also have powers to make an order voiding an individual bet accepted by, or through, the holder of a betting specific licence. Where the Commission exercises this power, any contract or other arrangement relating to the bet will be void, and any money paid in relation to the bet must be returned to the person who paid it. The power to void a bet only applies to the parties to a specific bet; it does not apply to all bets placed on an event.
- 11.3 In addition a key component of the Commission's work on betting integrity is a licence condition (15.1) which requires betting operators to share information on suspicious transactions with the Commission and sports governing bodies.

¹¹ Includes using the internet to play the National Lottery, other lotteries, bingo, football pools, casino games, online slot machine style games.

¹² Vaughan-Williams et al (2008)

¹³ La Plante, Nelson, LaBrie & Shaffer (2009)

The Panel

- 11.4 In March 2009, the Commission published a policy position paper¹⁴ that summarised the work we had done to date with sports governing bodies, the betting industry and others and outlined our commitment to strengthen the deterrents to corruption in betting.
- 11.5 Following on from the policy paper, in mid 2009, the then Minister for Sport, Gerry Sutcliffe, brought together a panel of experts, including key people from the principal organisations involved – from the betting industry, the police, players, fans, Sports Governing Bodies (SGBs), the legal profession and the Gambling Commission, to look at a wide range of issues relating to sports betting integrity. They were asked to make recommendations on how the various bodies concerned could work together more effectively. The main focus was the design and implementation of an integrated strategy to uphold integrity in sports and associated betting.

The Panel's key recommendations

- 11.6 The Panel made several recommendations¹⁵ aimed at various bodies:
- Recommendations for government
 - That the definition of cheating in the Gambling Act 2005 (the Act) be reviewed and, if appropriate, given greater clarity.
 - That the extent of the powers available to the Gambling Commission either directly or in cooperation with others, for example the police, be reviewed with a view to ensuring they are sufficient to manage the regulatory risks involved.
 - Recommendations for sport including:
 - Integrity infrastructure
 - Education
 - Intelligence
 - Leadership: the Sports Betting Group
 - Recommendations for the betting industry
 - The Industry (through its trade associations) to consider the development of high level principles to aid convergence of reporting standards under licence condition 15.1
 - For operators to vary betting terms and conditions to make the contravention of sports or other professional or employer rules on betting a breach of the operator's own terms and conditions.
 - Recommendations for the Gambling Commission and other statutory authorities including:
 - Developing a Sports Betting Intelligence Unit (SBIU)
 - Improving the clarity of decision making
 - Licence condition 15.1

The Panel's work on Sports Governing Bodies Rules

- 11.7 The work of the Panel most relevant to the Committee's interest concerns rules and education. The Panel found that whilst many sports did have rules concerning betting, the breadth and depth of those rules varied significantly.

¹⁴ [Policy Position paper on betting integrity- March 2009](#)

¹⁵ [Report of the Sports Betting Integrity Panel](#)

The Panel's recommendations on Sports Governing Bodies Rules

- Minimum standards which all sports should observe and cover in their rules on betting, but that the Government respects Sports Governing Bodies' autonomy and independence in the formulation of their own rules and regulations in relation to sports betting, thus recognising the specificity of individual sports and the different considerations which each sport needs to take into account.
- That the ten point plan be replaced by a new Code of conduct on integrity in sports in relation to sports betting.
- That the Gambling Commission, Police, any other relevant statutory bodies and Betting Operators shall join in taking such steps as may be necessary to assist Sports Governing Bodies minimise the risk of damage to sports' integrity by inappropriate betting activity.
- Following finalisation of the Code and the securing of the commitments set out above, agreement shall be procured from Sports Governing Bodies, the Gambling Commission, the Police, any other relevant statutory bodies and Betting Operators.
- That each individual Sports Governing Body (SGB) make such amendments as may be necessary to their rules and regulations and within 12 months be able to demonstrate their compliance with the principles of the Code.
- That a Sports Betting Group of people drawn from sport should be formed

Implementation

11.8 The Sports Betting Group, as recommended by the Panel, is in place and is encouraging sports to implement the minimum standards. The larger sports already have rules in place.

Education

11.9 The recommendations for education work closely with those on the rules. The Panel noted the need for the rules to be clearly communicated to players and the challenges that could involve.

The Panel's recommendations for education

- It is imperative that SGBs have clear rules in relation to betting and insider information in their sport and for those rules to be communicated in an effective manner which is clearly understood by participants or competitors.
- SGBs and Player Associations in each sport should work together in the development of the communication programme; however there is a need to secure buy in from all the sports' key stakeholders such as Leagues and Clubs to the importance of the communication process.
- The implementation of these recommendations on education needs to be monitored with a joint progress report prepared by the SGB and Player Association in each sport within 12 months of this publication. This should be overseen by the proposed Sports Betting Group.
- The basis of an effective communication programme should be to provide face to face education to all participants or competitors at both youth and professional level to fully explain the rules in a way they will understand and to provide examples of what is a breach of the rules.
- Various communication methods need to be included in the communication programme most importantly face to face education but also explanatory notes, online training, posters, cards and brochures.
- The communication programmes should be tailored for the audience and delivered by those the audience is likely to engage with, such as Player Associations, ex players or respected and trusted people in the sport.
- There is potential for a generic, sportswide communication programme that could easily be adapted for each sport. Any possible Sports Betting Group could provide advice and support for smaller SGBs.

- The communication programme should be undertaken at clubs where participants train in team sports or, in the case of individual participants, undertaken at regional forums or in exceptional circumstances remotely or online.
- The communication programme should be undertaken on a regular basis (annually or biannually) and the message should be proportionate and fit for purpose to the level of knowledge and understanding of the participant or competitor. Both youth players and senior professionals need to receive education, though the content should be tailored accordingly.
- Verification of participants' or competitors' understanding of the communication programme should be evidenced through informal tests at the end of the programme, and they should acknowledge the undertaking of the communication programme by signing a register for purely auditing purposes.
- There should be provision of a dedicated whistleblowing line or clear communication channel for any participant or competitor to report any illegal or unusual approach regarding betting in their sport.
- Advice, assistance and counselling for participants or competitors with gambling problems or addictions should be provided by SBGs or Player Associations or employers through Gamcare, Sporting Chance or other such organisations. This can be provided to participants or competitors through a dedicated helpline or clear communication channel.

Recent developments in education

- 11.10 During 2010, a series of four pilot programs were set up by the Remote Gambling Association (RGA) and the Professional Players Federation (PPF) covering English and Scottish football, cricket and Premiership rugby union. It has seen more than 2,400 players informed about betting related issues.¹⁶
- 11.11 In May 2011, the RGA and the European Gaming and Betting Association (EGBA) have teamed up with the European Sports Security Association (ESSA) and two European player associations, EU Athletes and the PPF, to link their betting education programmes under a single code of conduct. This campaign, will cover six European sporting nations, four of the largest EU Member States (UK, Germany, France and Spain), seven sports and target 8,500 athletes.¹⁷

Sanctions

- 11.12 The Panel also considered whether or not it would be practical to seek consistency across sports in relation to the sanctions for participants who were found to have contravened their sport's rules on betting. There are major difficulties in trying to do this, not least because of the fact that not all sportspersons' careers had the same or similar longevity. The impact and financial repercussions, loss of congenial employment, etc. caused by the same prescriptive ban or suspension may, as a consequence, be considerably different.
- 11.13 The Panel concluded that whilst the primary focus should be on the need to educate participants on the potential effect of breaching rules on betting, there was equally a need for SGBs to ensure that sanctions imposed were meaningful and sufficiently robust. There is increasing evidence of that sports governing bodies are tackling this problem, not least in the significant sanctions (long bans) that have been applied in snooker and cricket in the last year for offences relating to betting corruption.

Inside information

- 11.14 As part of its ongoing work on betting integrity, the Commission is currently undertaking a review of a number of fair and open betting issues, including looking at the misuse of inside information for betting. The aims of this work are to clarify the circumstances when use of

¹⁶ http://www.rga.eu.com/data/files/Pressrelease/pr_betting_ed_feb_2011_final.pdf

¹⁷ <http://www.ppf.org.uk/index.php5?action=press#press29>

inside information should be considered misuse; to promote appropriate means of preventing the misuse of inside information; and to discuss the application of meaningful sanctions when inside information has been misused for betting purposes. The Commission intends to issue a public paper on these topics in September 2011.

- 11.15 We have recently had cause to use our powers regarding the misuse of inside information for betting. Following an investigation into suspicious betting patterns the individuals misusing their inside information were sacked, the abuse stopped, their employers have tightened up their controls and by the Commission voiding bets totalling over £16,000 the individuals were unable to benefit from their actions.¹⁸

Restricting bets

- 11.16 The Commission's Policy Position Paper of 2009 noted that, whilst we do have the power to restrict bets, we did not consider, based on the available evidence, that such intrusive or resource intensive methods are warranted or would be effective in Great Britain. Relatively little of our betting integrity work is generated by the type of bets – such as novelty bets or 'spot' bets – where restrictions are suggested.

Betting on political events

- 11.17 Betting on political events is permitted in Great Britain, although the market in Great Britain is small. We currently have no real evidence of issues concerning political betting. It is not clear that betting on political events raises more issues than for example publishing opinion poll results.

12 Conclusion

- 12.1 The Commission is confident from its experience and that of the regulators with whom it works closely that regulation of online gambling is not only possible but essential if gambling is to be kept free of crime, fair and open and the young or vulnerable are to be protected. The alternative will be an unregulated illegal provision. However regulation will be more effective and less resource intensive if there is cross border cooperation and the development of common standards.
- 12.2 The Act has proved broadly effective in securing the licensing objectives but relatively few remote operators are regulated by the Commission with many regulated in offshore jurisdictions from where access to UK market is permitted. The previous government consulted on ways in which the current remote regulatory system could be made fairer to ensure a more level playing field between British businesses and their overseas counterparts. The consultation has recently closed and the new government has not yet announced its position on this issue.

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Keeping gambling fair and safe for all

For further information or to register your interest in the Commission please visit our website at:
www.gamblingcommission.gov.uk

Gambling Commission
Victoria Square House
Victoria Square
Birmingham B2 4BP

T 0121 230 6666 F 0121 230 6720 E info@gamblingcommission.gov.uk

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¹⁸ http://www.gamblingcommission.gov.uk/gh-media/latest_news/2011/gambling_commission_voids_bets.aspx