

# Regulated Private Betting Sector Response: Council of Europe Thematic Report

2018



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# 1. Executive summary

The Council of Europe (CoE) asked ESSA (Sports Betting Integrity) to coordinate and deliver a thematic report on sports betting integrity issues on behalf of the regulated private betting sector. ESSA subsequently engaged with its members, partner associations and independent experts to meet this request. This report is intended to feed into a roadmap for future action by the CoE and the preparations for the ratification of the CoE Convention on the Manipulation of Sports Competitions. It has been produced by ESSA and Oxford Research in collaboration and includes input from regulated operators, gambling trade associations and other key stakeholders working on betting integrity issues.

ESSA, its members and other regulated private betting sector trade associations continue to be committed to protecting sporting integrity and to working with the CoE on implementing the Convention on the Manipulation of Sports Competitions. We also remain committed to working with regulatory authorities, law enforcement, sports governing bodies, clubs, athletes etc. to protect sports betting integrity. At the same time, it is important to keep in mind that **match-fixing, as highlighted by the EU and INTERPOL for example, mainly occurs in unregulated markets outside of Europe.**<sup>1</sup>

## Top priorities and focal points for future action

It is of the utmost importance to the regulated private betting sector that future sports betting policy is fact-driven and evidence-based. We remain open to discussing all sports betting integrity issues, but recommend that we **make hard data and empirical evidence the principal means to achieving and informing important policy decisions.** This data-driven approach is fundamental when discussing important issues such as the existence of a supposed link between certain bets and corruption in sport, potential betting restrictions and the cause and extent of betting related match-fixing in general.

The regulated betting sector remains committed to working with both regulatory authorities, national platforms and sports governing bodies (SGBs) to consider the potential application and benefits from a standardised process for the exchange of information. In principle, the regulated betting sector supports an obligation on operators and other stakeholders to report suspicions of match-fixing to the relevant authorities/platforms. We recognise that value could be added by **seeking to harmonise that approach across jurisdictions. It is vital, however, that any related obligations are practical and proportionate and take a partnership approach involving all key stakeholders.** National platforms, in particular, should be inclusive and foster cooperation, seeking to build trust between all relevant parties, including regulated betting operators. Furthermore, the development of any reporting practices must:

- Meet all data protection and other legal parameters;
- Acknowledge that the detection of suspicious betting patterns is often based on the data analysing skills of experienced professionals in the regulated betting sector and **standardised indicators should therefore not be overly rigid in their application;** and
- **The regulated betting sector should be centrally involved in developing any indicators or standards** to make sure that they are both practical and proportionate.

ESSA, its partner trade associations and related regulated sports betting operators, already exchange information with a large number of SGBs. In our experience, this process would benefit greatly from:

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<sup>1</sup> See for example [https://projects.iq.harvard.edu/files/icss/files/e\\_tna\\_2013\\_final.pdf](https://projects.iq.harvard.edu/files/icss/files/e_tna_2013_final.pdf) and [file:///C:/Users/MortenLarsen/AppData/Local/Packages/Microsoft.MicrosoftEdge\\_8wekyb3d8bbwe/TempState/Downloads/DOC\\_1.en.pdf](file:///C:/Users/MortenLarsen/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/DOC_1.en.pdf). This point is elaborated further in the report.

- **A single contact for each sport globally/internationally wherever possible** – this already works well with the International Olympic Committee (IOC) and Tennis Integrity Unit (TIU) for example, and streamlines the reporting approach helping to foster consistency and continuity;
- **Where that is not possible, that each national SGB appoint a dedicated point of contact** for the regulated betting sector to interact with; and
- **That all sports make information sharing a truly two-way process** - this has often not been the case to date and is a vital component in any partnership arrangement.

It is widely held that match-fixers primarily focus on the unregulated betting market and on sports with poor governance and financial practices. FIFPro research has shown that there is a clear link between the non-payment of players' salaries and the vulnerability of those players to approaches from organised crime to corrupt sporting events.<sup>2</sup> Regulated betting operators do not cause match-fixing, and whilst responsible regulated operators are committed to helping to tackle this issue, it is ultimately **the responsibility of public authorities, not the regulated betting sector, to uphold the law and to guard society against crime.**

The regulated betting sector already pays significant licence fees and taxation to governmental authorities to help fund mitigating action in this area. In addition, the sector has and continues to be involved in significant anti-match-fixing initiatives. The unregulated betting sector, however, does not contribute in either area. We therefore oppose any suggestion that the regulated betting industry should pay an additional specific integrity fee, betting right or levy to guard against the illicit activities of criminal elements and corrupt sportspeople who are focused on defrauding betting operators.

It is vital that authorities consider the unintended consequences of such action and related over burdensome sports betting integrity regulation and taxation, which could **serve to push consumers to unregulated markets**, which cannot be monitored, do not flag alerts, do not engage with regulatory and law enforcement authorities, and do not have the same commitment to protecting sports betting integrity as the regulated industry. Responsible regulated betting operators should not be penalised for the deficiencies of the unregulated betting sector, criminal elements and poor sports governance.

Finally, we maintain our **strong objection to the definition of illegal sports betting contained in the Convention**. The definition means that many regulated betting operators are deemed illegal despite being regulated, tax paying entities creating thousands of jobs and generating significant economic activity. Those operators, conducting their businesses in robust regulatory environments, are required to meet strict provisions around important issues such as money laundering, player protection and anti-match-fixing processes. Illegal operators, in the true sense, do not operate in such environments.

The current definition could be deemed to be weakening the fight against match-fixing, as it creates uncertainty for consumers concerning the regulatory position of many responsible operators. This is both an unhelpful and undesirable situation, which may serve to benefit illegal operators. Consideration should therefore be given to the basis of this definition and the necessity for its inclusion, as in its current guise it is a flawed and anti-competitive concept which provides no value to the Convention or the wider discussion. If a definition is to remain within the text, it would be more appropriate to have a description that properly distinguishes between well-regulated operators and the unregulated market.

The content of this document is supported by: ESSA (Sports Betting Integrity), European Gaming and Betting Association, Remote Gambling Association and the national gambling/betting associations in Austria, Britain (NOTE: The Association of British Bookmakers is a member of ESSA and a signatory through that arrangement), Denmark, Germany, Italy, the Netherlands and Sweden (see Appendix for full list) and their members on behalf of the regulated private sports betting industry.

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<sup>2</sup> <https://www.fifpro.org/images/documents-pdf/BLACK-BOOK.pdf> page 5

## 2. Introduction

The Council of Europe (CoE) asked ESSA to coordinate and deliver a thematic report on sports betting integrity issues on behalf of the regulated private betting sector. ESSA has engaged with its members, partner trade associations and independent experts to meet this request. This report is intended to feed into a roadmap for future action by the CoE and the preparations for the ratification of the Convention on the Manipulation of Sports Competitions (hereon in “the Convention”). The focus of the Convention is to address betting and non-betting related match-fixing; this report focuses on the betting aspect.

### 2.1 METHODOLOGY

ESSA has produced this report with, and on behalf of, the international regulated private betting sector to highlight and address a number of key integrity issues that are relevant to ongoing Convention discussions and which are currently facing the regulated betting sector and wider stakeholders.

Oxford Research was commissioned, as an independent third party, to assist ESSA and its partners to deliver this report. In June 2017, ESSA and Oxford Research held a workshop in London with leading representatives from gambling trade associations and regulated private betting operators to discuss the issues raised by the CoE. In August and September, Oxford Research further interviewed key experts and relevant organisations which are not part of the private regulated betting sector, but have insight into sports betting integrity issues. Further details are provided in the report’s Appendix.

Oxford Research is a Nordic research and consultancy company providing facts and independent analysis to political and strategic stakeholders to improve their basis for making informed decisions. Oxford Research has worked on sports betting integrity since the emergence of the issue and has authored several reports over the last ten years for some of the major players in the field.

### 2.2 THE MAIN ACHIEVEMENTS AND PROGRESS IN THE FIGHT AGAINST MATCH-FIXING/IMPLEMENTATION OF THE MACOLIN CONVENTION

The regulated private betting sector, notably represented by ESSA, the EGBA and RGA, has been centrally involved in the production of the Macolin Convention and continues to support it and related actions. The work conducted by the CoE has been essential in bringing us to where we are today and has led to several major achievements, of which we consider the following to be the most important:

- **Policymakers are paying more attention.** Many countries have signed or are preparing to sign (and then ratify) the Convention. This has increased attention, understanding and focus on mitigating actions around the manipulation of sports competitions in signatory countries.
- **New initiatives are speeding implementation.** The CoE has launched several initiatives to support the implementation of the Convention of which the ‘Keep Crime Out of Sport’ (KCOOS) project has been key in bringing wider attention to the Convention and accelerating the implementation of a number of key principles.
- **National platforms are assisting cooperation.** Many countries have set up or are in the process of setting up national platforms, which have improved coordination and cooperation between central stakeholders and increased resources devoted to tackling competition manipulation.
- **Legal reform is criminalising manipulation.** A large number of countries have reformed their national legal, regulatory and disciplinary frameworks to criminalise and sanction competition manipulation and/or cheating at gambling. The ability to apply such sanctions is vital to building a credible response to the threat of match-fixing.
- **More countries are sharing their knowledge.** Countries are increasingly exchanging information and best practice with regard to the prevention, detection and sanction of the

manipulation of sports competitions, notably supported by the establishment of the CoE instigated Network of National Platforms (or Copenhagen Group).

National platforms are a key tool to improve efforts to address the manipulation of sports competitions, but it is important that such platforms include all relevant stakeholders, including the regulated private betting sector, in their discussions. This is currently not the case in all countries. National platforms should be encouraged to include both national licensed betting companies and trade associations, along with international bodies such as ESSA, acknowledging the transnational dimension of this issue.

### 3. Sports betting integrity issues and challenges

This section discusses some of the current main sports betting integrity issues and challenges raised by the CoE in their request for input from the regulated private sports betting sector.

#### 3.1 ISSUES AT STAKE

For regulated betting operators, the stakes are high when it comes to sports betting integrity. Short-term integrity threats - mainly match-fixing - can cause significant financial loss and, long-term, match-fixing can undermine the interest in sport and related betting products challenging the very existence of the industry. Maintaining the integrity of sports competitions is therefore of the utmost importance both short and long-term to regulated sports betting operators for the continued growth of the sector.

Cause and effect is still sometimes confused in sports betting integrity. Regulated betting operators provide products that do not create or cause match-fixing, they simply supply a regulated product to meet demand from a broad spectrum of the population. Regulated betting operators pay licence fees and sports betting generates significant interest in sport. It also generates sizable investment through traditional sponsorship and advertising around sports events, with increasing value added to sports' revenue channels through the purchase of data and streaming rights. Unfortunately, corrupt sportspeople and criminals seek to manipulate sport in an attempt to defraud sports betting operators. This is part of a wider societal and criminality issue and it is ultimately public authorities, and not the private betting sector, who are responsible for preventing, detecting and sanctioning criminal activity.

Furthermore, match-fixing mainly occurs through betting operators established in unregulated markets often outside of Europe. This has been highlighted by several reports and investigative processes. Europol's match-fixing investigation in 2013, for example, concluded that: "The organised criminal group behind most of these activities has been betting primarily on the Asian market. The ringleaders are of Asian origin, working closely together with European facilitators." Similarly, INTERPOL states in its Match-fixing in Football Training Needs Assessment (2013) that: "With the vast amounts of money being bet on football – and with the majority of that money being bet in Asia – the modern origins for match-fixing to make a profit from illegal gambling had its epicentre in Asia."<sup>3</sup>

At the same time, ESSA and its partner trade associations and related operators have a very strong interest in contributing to the protection of sporting events and related betting markets and are involved in a number of important initiatives. This currently includes four multi-jurisdictional anti-match-fixing projects, which have been granted funding from the European Commission's Erasmus+ programmes<sup>4</sup>, with one of those initiatives in operation and supported by the betting sector since 2010. The regulated betting sector is also supporting specific national level anti-match-fixing actions.<sup>5</sup>

<sup>3</sup> [https://projects.iq.harvard.edu/files/icss/files/e\\_tna\\_2013\\_final.pdf](https://projects.iq.harvard.edu/files/icss/files/e_tna_2013_final.pdf)

<sup>4</sup> <http://www.eu-ssa.org/wp-content/uploads/ESSA-Erasmus+-projects.pdf>

<sup>5</sup> <http://www.ppf.org.uk/our-partners/>

## 3.2 EMERGING SPORTS INTEGRITY RISKS

As in other parts of society, both criminals and the actors tasked with preventing criminal activity continue to evolve. Criminal activities, as well as the efforts to detect them, have become increasingly sophisticated. Sports betting fraud is no exception. Thus, whilst criminals continue to develop their fraudulent activities and approach, the regulated sports betting sector continues to improve its methods to prevent and detect such fraud. Sports betting operators have sophisticated security systems which have and continue to adapt to meet new emerging threats. To be fully effective, it is vital that these systems are complemented by effective market regulation and sports governance structures.

Betting on eSports has increasingly been highlighted as a potential emerging integrity risk. We are not aware of any data supporting the notion that eSports poses a particular risk at this time, but are nevertheless taking a proactive preventative approach. As a relatively new sport, the governance structure is less well established than many traditional sports. As the sport and the betting supply develops it will be important to put in place the necessary safeguards to protect against related sports betting integrity challenges. We therefore welcome the establishment of the Esports Integrity Coalition (ESIC)<sup>6</sup> to deal with integrity issues, but note that many eSports remain outside of this framework and the continued fragmented governance situation in general, which creates ongoing challenges.

## 3.3 RISK FACTORS

Many factors can impact the integrity of sport, but two have been identified as of particular importance:

- **Impact of participants** – Individual sports are perceived to constitute a higher integrity risk than team sports and where athletes/players, other sports personnel or match officials/referees can more easily manipulate the outcome of an event. Games/matches that have little importance in sporting terms are also deemed more open to sports betting integrity risks.
- **Athlete vulnerability** – Vulnerable athletes can increase sports betting integrity risks, notably in instances of poor sports governance and financial practices, and where professional athletes receive relatively low pay, do not get paid on time or do not get paid at all.

It is widely held that match-fixers primarily (but not exclusively) focus on the unregulated betting market and on sports with poor governance and financial practices. FIFPro research has shown that there is a clear link between the non-payment of football players' salaries and the vulnerability of those players to approaches from organised crime to corrupt sporting events.<sup>7</sup> Unfortunately, there remains limited data available to shed light on whether certain sports are more open to integrity risks than others, and the reasons for that. ESSA is one of a small number of bodies to regularly publish and report credible international betting market data on suspicious betting patterns. The regulated betting sector encourages other stakeholders to publish their data to further inform the debate around this issue.

Whilst the regulated betting sector fully supports efforts to identify sports or events that are more open to integrity risks, we also stress that risk indicators or similar indices should be applied with caution. As the theoretical and the actual ability to manipulate sports can differ, simplification and generalization should be avoided. It is imperative to have an evidence-based approach building on hard data – thereby focusing on information that can be proved - to identify sports that are more open to betting integrity risks than others. ESSA welcomes further work to expand and improve the general understanding of the nature of sports betting integrity risks and would like to stress the importance of involving and utilising the expertise of the responsible regulated private betting sector in such work.

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<sup>6</sup> <http://www.esportsintegrity.com/>

<sup>7</sup> <https://www.fifpro.org/images/documents-pdf/BLACK-BOOK.pdf> page 5

### 3.4 JUSTIFICATION AND EFFECTIVENESS OF BETTING RESTRICTIONS

There are many misunderstandings and unfounded claims when it comes to supposed higher risk profile bets and betting restrictions. It is therefore important to have a data and evidence-based approach to identifying and assessing bets types and potential restrictions on betting. It is also of fundamental importance to acknowledge and understand that responsible regulated betting operators adopt a risk-based approach to their products and markets and already limit stakes and markets in certain instances.

Of particular focus in this discussion have been the newer forms of betting such as live (in-play) or side betting, and where the often held view has been that these types of bets are generally a higher risk is both unfounded and unevidenced. The UK Gambling Commission, for example, has continually assessed the necessity for and effectiveness of betting restrictions based on data from its regulated market (one of the largest in the world) and has not found any evidence supporting the need to introduce any bet type restrictions on integrity grounds. Instead, the UK Gambling Commission finds that restrictions can in fact be counterproductive, potentially forcing consumers to grey and black markets.<sup>8</sup>

In addition, a detailed study by the Asser Institute employing a robust data set found that live betting does not appear to represent a higher risk than pre-match betting and that match-fixers seem to more often target the main betting markets, such as the final result of a match, with higher levels of liquidity which corrupters hope will help to mask their illicit activity.<sup>9</sup> UEFA's Betting Fraud Detection System<sup>10</sup>, for example, only covers the core markets (1X2, Total Goals and Asian Handicap) on that basis.

Some parties have argued that betting on sporting events involving minors (e.g. under 17 international football tournaments) should be prohibited to protect sporting integrity. There is no data showing that betting on such events increases potential integrity issues and we regard this as primarily an ethical question for each government and regulatory authority to consider. It is important that this issue is not confused with sports betting integrity threats and also to point out again that the unregulated market (and many other regulated markets) will not be impacted by any national restrictions on licensed operators and their products in this area, thereby limiting its impact and also importantly denying integrity monitoring of the markets around such events by those regulated betting operators.

At present, ESSA is the only betting integrity association, and one of a small number of stakeholders in general, to regularly publish credible betting integrity data. We therefore encourage all stakeholders in possession of relevant data to make such information available (subject to data protection and privacy regulations) to help to inform the debate in this area and to develop suitable policy actions.

### 3.5 IMPACT OF INCREASED SPORTS BROADCASTS, INCLUDING COURT-SIDING AND DELAY IN PICTURES

New technological developments can have potentially adverse commercial impacts and betting operators are consequently continuously conducting risk assessments to protect their business against associated commercial risks and fraud. Sports have witnessed an explosive increase in broadcasts in recent years and betting operators invest large sums of money in ensuring fast and efficient data transfer. Operators are very aware of the potential impact from delays in broadcast feeds and frame their markets and betting product limits accordingly. This is not, however, directly associated with match-fixing. The same is the case for court-siders. If court-siders have been corrupted and/or delay the reporting of information to betting operators it potentially carries severe economic consequences for those operators, but it does not in itself necessarily constitute or contribute to match-fixing.

<sup>8</sup> <http://live-gamblecom.cloud.contensis.com/PDF/In-running-betting-position-paper.pdf>

<sup>9</sup> <http://www.asser.nl/media/2422/the-odds-of-matchfixing-report2015.pdf>

<sup>10</sup> <http://www.uefa.com/insideuefa/protecting-the-game/integrity/news/newsid=1950054.html#/>



### 3.6 HOW TO IDENTIFY AND INVOLVE PRO-ACTIVE (BOTH PRIVATE AND PUBLIC) SPORTS BETTING OPERATORS AND TO IDENTIFY THE OPERATORS WHO SUPPORT THE CONVENTION

The definition of “illegal sports betting” aside, ESSA and its partner associations and related operators broadly support the Convention and have been active participants in various preparatory actions in partnership with the CoE and other stakeholders. Put simply, responsible regulated betting operators are committed to protecting sports betting integrity: they all have Know Your Customer (KYC) systems and fulfil anti-money laundering and regulatory requirements to protect betting and sporting integrity.

ESSA, as the regulated private sector’s main integrity body, along with our partner trade associations, believe that it is vital that the sector continues to be centrally involved in on-going discussions in this area. At present, whilst there are some responsible operators not within ESSA or partner associations, it is predominantly those trade associations and their members that have demonstrated a clear commitment to progressing sports betting integrity issues. We have some concerns about the motive and position of certain parties who are increasingly trying to engage in the policy aspect of this process, notably around the cause and extent of match-fixing and how to address it, but where they are effectively “selling” commercial integrity services. We do not wish to see the commercialisation of this issue, as it will undoubtedly be detrimental to the development of robust and evidence-based policies.

## 4. Controversial issues/pending problems

### 4.1 PROCESSES FOR EXCHANGING INFORMATION

ESSA, its partner trade associations and member operators within the regulated private betting sector are committed to working with stakeholders to protect sporting events and betting markets from betting related corruption. As mentioned in the previous chapter, ESSA is, as the regulated private sector’s main integrity body, already involved in many important projects and initiatives with a range of other stakeholders e.g. regulatory authorities, sports bodies, athletes’ associations. ESSA also regularly exchanges information with both regulatory authorities and sports governing bodies and currently has related memorandum of understanding (MoU) with more than 20 sports federations and regulators. Whilst we welcome this engagement, it does sometimes bring with it procedural issues and challenges.

#### 4.1.1 Exchange of information with sports governing bodies

ESSA has created valuable partnerships with many SGBs with whom we have agreements to exchange information on betting alerts. At the same time, we see potential for improvement in at least four areas:

- **Single point of contact.** It is beneficial and preferable, from a logistical standpoint, for ESSA to interact with a single contact for each sport globally/internationally wherever possible – this works well with the International Olympic Committee (IOC), Tennis Integrity Unit (TIU) and others – to help to streamline the reporting approach and to help to foster continuity in any follow-up actions. Indeed, we have engaged in a very positive way with the IOC IBIS, which has considerably streamlined the reporting process for many sports within a highly effective integrity structure. We see this approach as an example of good practice and we hope that this centralised method can be employed across sports outside of the IBIS system. Where that approach is not possible, it is important that each sports body ensures that it appoints a dedicated point of contact for ESSA to interact with regarding sports betting integrity issues.
- **Use an agreed MoU template across jurisdictions.** A general template covering the transnational exchange of information procedure could also help speed up the process and reduce transaction costs on both sides. It is important, however, to highlight that data

protection laws tightly regulate the exchange of personal information and these must be considered when assessing the scope and nature of any transnational processes.

- **Make information flow a two-way process.** While the process for exchanging information is working well in many instances, it is not always a true two-way process. Sports bodies are in some cases reluctant to provide information on their investigative procedures that have often been instigated using betting operator data. This makes it difficult to assess whether the information is actually being used and if it leads to any sanctions being imposed. Also, betting operators receive very few alerts from SGBs. In order for the process to work optimally and to continue to evolve, both sides must be willing to share information. We are therefore interested in starting a conversation with SGBs on how to improve data sharing; trust and mutual cooperation is a key facet of any successful partnership. Positive actions have already taken place with some SGBs such as the IOC and the TIU in this area, which we very much welcome.
- **Identifying athletes.** It can be difficult for betting operators to identify athletes who are betting in breach of a sport's rules without input from SGBs on the identities of all of a sport's participants affected by those betting rules. We would welcome a dialogue with the sports movement to explore how the identification of athletes breaching betting rules could be improved, while respecting personal data protection rules.

#### 4.1.2 Exchange of information with betting regulatory authorities according to predefined indicators

A number of countries have introduced an obligation for licensed betting operators to report suspicious betting patterns to regulatory authorities and/or national platforms. The regulated betting sector welcomes such initiatives as they ensure that betting operators have a competent authority to engage and exchange information with.

Many regulated betting operators are licensed in multiple jurisdictions and thus must report suspicious betting patterns to the relevant regulatory authorities in several countries. The use of different formats increases the administrative burdens for both operators and authorities. We therefore support the initiative by the CoE Network of National Platforms (or Copenhagen Group) to exchange information, best practices and to help to develop standardised reporting for national platforms across jurisdictions. This may serve to reduce the risk of misinformation and allow for better comparability of related data.

We also support efforts to develop general indicators or guidelines for when and how to report suspicious betting patterns, as such guidelines may improve transparency and accountability. At the same time, it is important to keep in mind that many different factors can trigger alerts and the detection of suspicious betting patterns is often based on the data analysing skills of experienced professionals within the betting sector. Any procedures must account for this and not be overly rigid in their application. It is vital that the development of any indicators or standardise reporting be conducted in collaboration with betting operators to make sure that they are both practical and proportionate.

## 4.2 INTEGRITY PAYMENTS

There remain a minority who continue to promote the idea that the betting industry should pay an integrity fee, betting right or levy to sports bodies to guard against the illicit activities of sports' own corrupt participants and criminal elements, which are seeking to defraud betting companies. Indeed, it has also been suggested that the betting industry should finance a WADA-style body to protect sporting integrity. We remain of the opinion that there is no foundation for such schemes and note the detailed

independent examination and criticism of that approach by the ASSER Institute<sup>11</sup> and the associated lack of adoption of such measures by governments as underpinning the flawed nature of such proposals.

It cannot be the responsibility of the regulated betting sector to pay for the protection of sporting integrity through a specific levy or other contribution either nationally or in relation to any international agency. Fundamentally, it is public authorities who are responsible for upholding the law. The same is the case for a breach of disciplinary sports' rules. These are rules established, enforced and sanctioned by SGBs. Whilst betting operators can and do assist sports bodies, the betting sector cannot police sport.

It is important to recognise that private regulated betting operators already pay substantial operating licence fees, along with gambling, corporate and other taxation. There is also sizeable commercial investment in sports services and products e.g. sponsorship, advertising, streaming and data rights, further benefiting governmental income streams and many sports bodies. The sector has, and continues to be, involved in significant anti-match-fixing initiatives to protect sports betting integrity.

Regulated betting operators therefore make a significant contribution to governmental and sports' revenue streams which can (and should) be used to address criminal activity seeking to corrupt betting markets and sporting events. It is important to note that the unregulated betting sector, viewed as the principally conduit for corrupters, does not and is not required to contribute through licensing or taxation and would be unaffected by any specific integrity levies or forced contributions.

ESSA, its partner associations and related betting operators support a model akin to the British approach where reasonable levels from gambling licence fees are used to protect sports and betting markets from betting related fraud. We also believe that greater effort should be focused on improving coordination between the many existing regulatory initiatives and organisations rather than creating new and no doubt costly bodies like a WADA-type organisation for protecting sports betting integrity. The latter would merely duplicate the good work of the CoE and existing regulatory authorities and platforms.

### 4.3 ILLEGAL BETTING

The Convention defines illegal sports betting as: "any sports betting activity whose type or operator is not allowed under the applicable law of the jurisdiction where the consumer is located." The definition unfortunately means that many regulated betting operators are deemed illegal despite being regulated, tax paying entities creating thousands of jobs and generating significant economic activity. Those operators, conducting their businesses in robust regulatory environments, are required to meet strict provisions around important issues such as money laundering, player protection and anti-match-fixing. Unregulated/illegal operators, in the true sense, do not operate in such environments.

We are concerned that the definition does not differentiate clearly enough between regulated and unregulated markets and the different oversight and frameworks within which operators conduct their business activities. That may serve to perpetuate the erroneous perception that responsible private operators are not well-regulated or do not support appropriate levels of regulation, which is far from the truth. Furthermore, placing an operator licensed in one or more well-regulated jurisdictions, and which takes bets from a market where there is no licensing regime but no specific prohibition of betting, in the same category as an operator that has no licence and has no regulatory oversight, is unsound. The current definition of illegal betting could be deemed to be weakening the fight against match-fixing, as it creates uncertainty for consumers concerning the regulatory position of many responsible operators. This is both an unhelpful and undesirable situation, which may serve to benefit unregulated operators.

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<sup>11</sup> <http://www.ivir.nl/publicaties/download/1353>

There is therefore a strong argument to reconsider the basis of this definition and the necessity for its inclusion, as in its current guise it is a flawed commercially driven concept which provides no value to the Convention or the wider discussion. Indeed, the complexity and impact of this one issue - how to define the legality of an operator - has and will continue to deflect the discussion away from the central focus of the Convention. As it serves little purpose, the Convention would benefit from its removal. However, if a definition is to remain within the text, it would be more appropriate to have a definition that properly distinguishes between well-regulated operators and the unregulated market. A definition could then focus on legal sports betting instead of illegal and for example read as follows: “any sports betting activity whose operator is allowed under the applicable law of one or more jurisdictions.”

## 5. Appendix - Acknowledgements

ESSA (Sports Betting Integrity) and Oxford Research wish to acknowledge the valuable contribution to the completion of this report from the experts listed below (Tables 5.1 and 5.2).

**Table 5.1 Workshop participants from the regulated betting sector on 27 June 2017**

Name	Organisation
<b>Bastian Scholz</b>	Policy Advisor at the German Betting Association (DSWV)
<b>Charmaine Hogan</b>	International Development Manager at Bet365
<b>Clive Hawkwood</b>	Chief Executive Officer at the Remote Gambling Association (RGA)
<b>David Foster</b>	Paddy Power Betfair
<b>Ekaterina Alexandrova</b>	Director of Legal and Regulatory Affairs at the European Gaming and Betting Association (EGBA)
<b>Eric Konings</b>	Public Affairs Manager and Sports Betting Integrity Officer at Unibet (Kindred Group)
<b>Gustaf Hoffstedt</b>	Secretary General of the Swedish Association for Online Gambling
<b>Heike Mayer</b>	Head of Public and Regulatory Affairs at GVC
<b>Oliver Lamb</b>	Head Sportsbook Controller at Kambi
<b>Roger Parkes</b>	Betway Global Head of Compliance

**Table 5.2 Experts interviewed for the report in August and September 2017**

Name	Organisation
<b>Carl Brincat</b>	Senior Legal Advisor at Malta Gaming Authority
<b>David Forrest</b>	Professor of Economics at the University of Liverpool
<b>George Paterson</b>	EU Sports Policy Officer at the European Commission
<b>Jeff Reymond</b>	General Secretary of EU Athletes
<b>Nick Tofiluk</b>	Director of Regulation for the UK Gambling Commission
<b>Philip Suddick</b>	Information and Intelligence Manager at the Tennis Integrity Unit (TIU)

**Table 5.3 Trade associations supporting the content of this document**

Name
<b>ESSA (Sports Betting Integrity) – NOTE: The Association of British Bookmakers (ABB) is a member of ESSA.</b>
<b>Remote Gambling Association (RGA)</b>
<b>European Gaming and Betting Association (EGBA)</b>
<b>Austrian Association for Betting and Gambling (OVWG)</b>
<b>Danish Online Gambling Association (DOGA)</b>
<b>Dutch Trade Association for Online Gambling Operators (Speel Verantwoord)</b>
<b>German Sports Betting Association (DSWV)</b>
<b>Italian Gambling Association (LOGICO)</b>
<b>Swedish Trade Association for Online Gambling (BOS)</b>

## OUR MEMBERS



### CONTACT INFORMATION

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