

The logo for bet365, featuring the text "bet365" in white and yellow on a dark green background.

**bet365**

# **Review of Illegal Offshore Wagering: Submission by bet365**

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## 1. Executive Summary

- 1.1 bet365 is the largest online wagering company in the world, and is licensed in multiple overseas jurisdictions (including the UK since 2007). Our global experience with different regulatory regimes for online gambling informs our submission.
- 1.2 bet365 believes that the Review of Illegal Offshore Wagering should be the platform for regulatory reform in Australia which meets the following objectives:
- a) Protecting vulnerable Australians by minimising the incidence of problem gambling. This is not possible if the wagering is conducted offshore (i.e. on overseas-based websites).
  - b) Keeping crime (such as corruption in sport) out of wagering. This is not possible if the wagering is offshore and unregulated.
  - c) Keeping the economic activity within Australia and to Australia's economic benefit. This is not possible if the wagering is offshore.
- 1.3 The proportion of illegal offshore wagering by Australians is substantially higher than that in any other jurisdiction where bet365 is licensed. The Australian Wagering Council estimates that by 2020, if the existing regulatory regime in Australia is maintained, 60% of wagering by Australians will take place offshore.
- 1.4 These very high proportions are largely the direct result of the Interactive Gambling Act 2001 which prohibited online in-play sports-betting. This segment is by far the largest of bet365's wagering segments and accounts for 75% of our worldwide wagering turnover (including racing). 90% of bet365's worldwide wagering customers bet online in-play. Since the Interactive Gambling Act 2001 took effect, 35 other overseas jurisdictions have passed legislation permitting online wagering and not one has prohibited online in-play sports-betting.
- 1.5 If the proportion of illegal offshore wagering is to be substantially reduced, then the Interactive Gambling Act 2001 has to be amended so that the current online in-play sports-betting prohibition is removed. Such reform would have clear benefits in meeting the objectives stated above. No other strategy to reduce illegal offshore wagering will suffice – payment blocking and site blocking simply do not work and the offshore leakage in Australia is simply too big, and the resources too small, for other measures to do anything more than tinker around the edges of the problem.
- 1.6 Of similar importance is reform of responsible gambling / harm minimisation measures.
- 1.7 Some Australian States (including NSW and VIC) do not even insist on the minimum responsible gambling requirements which have been mandatory under bet365's UK licence since 2007 and were also mandatory from day one in other jurisdictions, including Denmark, Spain and Italy. These requirements include:
- a) **Voluntary pre-commitment** (known in other jurisdictions as deposit limits). This facility is compulsory in every other jurisdiction where bet365 is licensed but is not required in NSW or VIC (and not offered by Tabcorp to residents there) yet 19.8% of bet365's Australian customers in 2014/15 took advantage of this important financial control.

- b) **Personal self-exclusion.** In the UK, licence-holders have to offer this facility with a minimum of six months exclusion and this is done via a single-click process which, in bet365's case, excludes a customer within a maximum of one minute. This tool is not a requirement for wagering licensees in NSW and VIC, although Tabcorp does voluntarily offer it; it is by way of a four-page form which has to be manually filled out and posted in.

In other jurisdictions outside Australia, bet365 is also required to offer short breaks from gambling (one day/week/month), time-based alerts, proactive contact with customers exhibiting potential problems and be a member of national self-exclusion schemes.

- 1.8 If the Review's objective is to ensure that a much greater proportion of Australian consumers wager with domestically-licensed sites rather than offshore sites, then this must be accompanied by the establishment and enforcement of a nationally consistent set of minimum responsible gambling standards such as the two highlighted above. If these standards are not proven to be met, then no operator should be allowed to offer online in-play sports-betting or indeed any form of online gambling.

## 2. **About bet365**

- 2.1 bet365 is a privately held group of companies which was founded in Stoke-on-Trent in the UK in 2000 and, through its subsidiaries, is now the largest online betting and gaming company in the world. bet365 has approximately 2,900 employees and 14 million customers in 170 countries around the world. The bet365 websites are available in 18 different languages and 22 different deposit currencies. In the financial year 2014/15, bet365's online betting and gaming revenue was approximately \$AU 3.2billion.
- 2.2 bet365 is licensed and regulated for online wagering in Australia by the Northern Territory Government. In 2014/15 bet365 Australia generated \$58.8 million in revenue and from that paid \$17.6 million in product fees (a form of wagering tax) to racing and sports bodies, paid \$2.3 million in GST, payroll tax and other Government fees and paid \$23 million in staff salaries. The company is a relative newcomer to Australia – bet365 commenced operations in Australia in 2012 – and has a small online and telephone market share compared to companies like Tabcorp, Sportsbet and William Hill. The company employs 215 staff in its two main Australian offices which are located in North Sydney and Darwin.
- 2.3 bet365 is also licensed and regulated by, among others, the British Gambling Commission, the Danish Gaming Authority, the Spanish General Directorate, the Amministrazione Autonoma dei Monopoli di Stato in Italy, the Gibraltar Regulatory Authority and the Malta Gaming Authority. The company has substantial experience of working with online gambling legislators and regulators around the world.

### 3. Channelling Consumer Demand

- 3.1 Channelling is the term used in Europe to describe the proportion of online gambling consumers who gamble on locally-licensed sites compared to illegal offshore sites. (Channelling may also refer to the proportion of online gambling turnover or revenue). Achieving a high rate of channelling is seen as key to meeting the following overall objectives: (the comments in quotation marks are the actual wording from the British Gambling Commission objectives):
- a) A Government cannot “keep crime out of gambling”, e.g. money laundering, betting corruption, if a high proportion of the betting activity is conducted offshore.
  - b) A Government cannot ensure gambling is conducted “fairly and openly” if it is conducted offshore.
  - c) A Government cannot “protect children and other vulnerable people” if they gamble at offshore sites outside their control.
  - d) A Government cannot keep the economic activity (and hence collect fees and taxes) onshore if consumers wager or gamble offshore.
- 3.2 As such, the Governments and Regulators in the UK, Denmark, Spain, Italy and other jurisdictions have adopted a policy that can best be paraphrased as allowing, monitoring, controlling and protecting, rather than prohibiting. Or put another way – the best way to minimise the offshore illegal market is to make the legal and regulated market sufficiently attractive to consumers.
- 3.3 This channelling approach has proved extremely successful and industry estimates are that in excess of 95% of UK consumers gambling online do so on locally-licensed websites. In Denmark, this figure is around 90% and in Spain and Italy, it is over 80%. It is no accident that the proportions are so high. They are the inevitable outcome of Government, regulatory and taxation policy, as consumer behaviour is quite predictable – they want choice and value. (See Section 5 for further information on why consumers play on offshore sites.)
- 3.4 In Australia, the situation is very different in that the entire online gaming sector (casino, poker, etc) is prohibited yet Australians can easily access and play on 2,000-plus overseas-based gaming sites. Within the online wagering sector (sports and racing), the biggest segment internationally – online in-play sports-betting – is also prohibited. Therefore, Australians who wish to bet online in-play on sport, including on native Australian sports such as the AFL, can only do so on illegal offshore websites.
- 3.5 To illustrate the scale of the channelling issue in Australia, we have provided below (and in Appendix 1) an analysis of the estimated total UK online gambling market in 2014, which was selected because it a) the data sources are generally reliable and b) like Australia, the UK has a strong racing industry – so it is a good proxy. The UK summary is:
- a) The total online market, measured by revenue, was £2,644 million (\$AUD 5,730 million) and was split 56% online gaming (casino, slots, bingo, poker, etc) and 44% online wagering (sports and racing).

- b) Within the 44% represented by online wagering, by far the biggest segment – 45% – is online in-play sports-betting.
  - c) So, if Australia’s “normal distribution” of revenue was similar to that in the UK, all 56% from gaming is prohibited and nearly half of the remaining 44% is prohibited meaning that only 24% of the total market is allowed and 76% is prohibited.
- 3.6 No other jurisdiction in which bet365 is licensed in attempts to prohibit 76% of the “natural market” since the policy objectives – keeping crime (including sports corruption) out of gambling, ensuring gambling is fair and open and protecting children and vulnerable people – simply could not be accomplished to any meaningful extent.
- 3.7 In summary, though online gaming is a longer term question to be addressed, this review is about online wagering only and by far the most effective single measure to reduce illegal offshore wagering is to remove the prohibition on online in-play sports-betting.
- 3.8 Compared to Australia’s current approach, 35 jurisdictions across the world have passed new online gambling legislation since the Australian Interactive Gambling Act 2001 came into force. Not one of those jurisdictions has prohibited online in-play sports-betting. Further information can be found at Appendix 2.
- 3.9 Information addressing “what is in-play sports-betting and why consumers prefer to wager that way” is found in Section 8 while Section 9 addresses concerns about online in-play betting which may be raised.

#### **4. What are the factors that cause people to use illegal offshore wagering operators?**

- 4.1 Consumers use one wagering site rather than another (just as they use e-commerce sites servicing other sectors) for a variety of reasons, including brand reputation, first-hand or passed-on positive reviews, site speed and ease of use, customer service quality, speed of getting winnings paid etc. Australian-licensed sites, such as Tabcorp, Sportsbet, William Hill and bet365, generally score very highly on these factors and much more highly (in general) than offshore sites. For a customer making a wagering site decision, the two particularly dominant factors are customer value – mostly “good odds”, but also other factors, such as bonuses and incentives – and customer choice, in other words, “can I place the sort of bet that I want on the sport, race, league or event that I want in the way that I want”. This is no different to a consumer choosing Amazon because it has a very wide range of goods and it has, generally, very competitive prices. Our contention is that Australian-licensed sites are significantly disadvantaged compared to their offshore competitors when it comes to these two key factors and also that these factors impact in very different ways in racing and sports respectively:
- a) With racing, we believe that the customer choice on Australian-licensed sites is excellent, with many high-quality offerings. The key issue is that a relatively small number of high-spending customers may be attracted to offshore sites because of better customer value. Offshore sites have “inbuilt better value” because they do not pay product fees (wagering tax) to Australian racing bodies. These product fees

are high, have increased several times over the past few years, are based on turnover rather than revenue and therefore local operators have to keep their margins relatively high and their customer value lower in order to compensate. bet365 is not arguing against product fees in this submission, though it has to be recognised that no other country in which we operate imposes a similar regime on wagering operators. High racing product fees in Australia are impacting on the customer's value proposition.

- b) With sports-betting, we do not believe the issue relates to value but to customer choice. By way of evidence that there is not a value issue, in Australia last year, bet365 returned 96% of amounts wagered by customers back to customers in the form of winnings. Other operators are also competitive. On this basis, there is no need for consumers to look offshore for value. There is, however, a very strong motivation for consumers to look offshore for choice, since online in-play sports-betting, the largest segment, is prohibited in Australia under the Interactive Gambling Act 2001.

- 4.2 To evidence the scale of the consumer's motivation, 80% of the sports-betting turnover for bet365's non-Australian customers was made in-play in 2014/15 and the proportion has been over 50% since 2008/09. To further illustrate this point, in 2014/15, 90% of bet365's sports-betting customers outside Australia bet in-play at some point, yet 0% of our customers in Australia were allowed to do the same thing. If 90% of customers in the rest of the world are able to place their bets in a certain way and Australian customers are not allowed to do the same, then a large and increasing number of Australian customers will seek out one of the hundreds of offshore sites that *do* offer online in-play sports-betting – and will place many if not all of their bets there.
- 4.3 Potential concerns raised about in-play sports-betting when the Interactive Gambling Act commenced in 2001 (and in commentary since then) are addressed in Section 9. Since 35 jurisdictions around the world have not prohibited online in-play sports-betting since 2001, it is fair to say that these Australian concerns are not generally shared internationally.

## **5. Responsible Gambling**

- 5.1 The Australian Government's Department of Social Services (website [www.dss.gov.au](http://www.dss.gov.au)) addresses several policy objectives, of which two of the key points are a) to ensure a strong and safer online gambling environment and b) to develop nationally consistent minimum standards. bet365 agrees with these objectives but they are not currently being achieved in Australia. Evidence of this is that although offering consumers voluntary pre-commitment has been a requirement in the UK since 2007, has been a day-one requirement in other jurisdictions we are licensed in, it is not a nationally consistent requirement in Australia.
- 5.2 By contrast, the British Gambling Commission, which licenses all online gambling operators servicing UK consumers, requires all operators to comply with the following as mandatory licence conditions:

- a) Adhere to a robust set of national “Licensing Conditions and Codes of Practice” (LCCP) which deal with responsible gambling and which are the subject of consultation with all stakeholders. They are updated on a regular basis and the most recent set of conditions came into force on 31 October 2015. A further set of new conditions comes into force on 30 April 2016.
- b) As an example of these conditions, the UK licence requirement since 2007 is that a consumer must be able to set a voluntary pre-commitment limit (known in the UK and elsewhere as setting deposit limits). Importantly, the question “Do you wish to set a deposit limit?” must be asked at the time of online registration and cannot be avoided. There is a cooling-off period for any requested increase. The original requirement was further strengthened in 2015 by the requirement to re-confirm any requested increase. The requirement for a consumer to be able to personally self-exclude (again, in force since 2007) has been enhanced by the additional requirement for operators to provide a “self-service” option so that all a consumer has to do is “tick the box” to self-exclude (taking effect within one minute in bet365’s case). A new “time-out” option, where a consumer can take a break for one day, one week or one month was also introduced in 2015 with these short breaks intended to complement the minimum six months that applies to self-exclusion.

- 5.3 These minimum standards of pre-commitment and self-exclusion are also in place in all other jurisdictions in which bet365 is licensed. bet365 has been meeting these minimum standards voluntarily in Australia since launch although they are not yet a general or national requirement in Australia. It is the submission of bet365 that these minimum standards must be introduced for all forms of online gambling. To demonstrate that Australians want these controls, 19.8% of our new Australian customers last year took up the option to set a pre-commitment limit.
- 5.4 Although the UK does have high responsible gambling standards in many respects, it is not the leader in all cases. For example, bet365 has been live with a National Online Self-Exclusion scheme in Denmark (known as ROFUS) since January 2012 and also in Spain (known as the RGIAJ) since June 2012. Such a scheme is planned, but is not yet operational, in the UK. However, it is an existing licence condition in the UK that licensees must join the scheme as soon as it is implemented.
- 5.5 In summary, bet365 supports the introduction and enforcement of a set of national responsible online gambling standards in Australia. The international experience provides ample evidence as to what these standards should be – there is no reason for months or years of debate, these standards have already benefitted millions of customers in multiple countries for some years. For reference bet365 has detailed the recommended specific minimum standards in Section 11.

## 6. Enforcement Measures

- 6.1 As noted above, each of the jurisdictions (with the exception of Australia) where bet365 is licensed is dealing with a relatively small “illegal offshore” problem – by industry estimates 5% (or less) in the UK, 10% in Denmark and less than 20% in Spain or Italy going offshore compared to up to 76% in Australia. It should also be pointed out that regulators in these jurisdictions are, in general, well resourced. For example, the British Gambling Commission employs around 280 staff who are backed up by confidential telephone hotlines to report non-licensed and other illegal activities.
- 6.2 With the exception of Italy, which did introduce IP (internet traffic) blocking in 2007, no jurisdiction that we are aware of has introduced and implemented IP blocking measures through legislation. The only jurisdictions we are aware of that have introduced payment blocking in recent years are the USA and Norway. Both Italy and Norway have publicly recognised the ineffectiveness of these measures. The USA has yet to do so despite ample evidence that they do not work. Other jurisdictions that have introduced legislation in the past five years have not followed blocking measures, again, for the simple reason that they do not work. The British Gambling Commission was under political pressure to introduce blocking measures but did not do so. They have found some innovative and non-legislative ways to reduce illegal offshore gambling but we believe that these can only be effective if a jurisdiction is trying to address a small problem, not a big one, and has ample resources to do so.

## 7. Approaches to Betting Integrity

- 7.1 bet365 has signed 20 different “product fee and integrity agreements” with the various Australian racing and sports bodies. bet365 also works with numerous state and federal law enforcement bodies to assist in the investigation of suspicious wagering activities around events.
- 7.2 In the case of sports, Australia has a number of Sports Controlling Bodies (SCBs) which, in general, are very aware of the risks of sporting corruption and hence will conduct betting audits which include players, officials and employees of the various bodies. This is backed up by employment agreements for staff who work at the SCBs – the SCBs also ban employees from placing bets on sports in which they are involved.
- 7.3 The SCBs are also active in protecting their respective sports against perceived integrity issues. Every betting “market” (i.e. a bet type, such as how many runs there will be in an innings) that an Australian bet365 customer places on a sport managed by an SCB must be approved before it can be offered, whether that is a pre-game or in-play market. For example, Cricket Australia prohibits ball-by-ball “micro bets” as does Tennis Australia for point-by-point micro bets. bet365 supports the role of the Australian SCBs as being the main arbitrator of the bet types that should be allowed on their sport.



- 7.4 The other aspect of these agreements relates to product fees. Every Australian-licensed wagering operator contributes to the funding of the various racing and sports bodies based either on a percentage of turnover or a percentage of revenue.
- 7.5 In the UK, bet365 and all other operators licensed by the Gambling Commission are required to report suspicious betting activity under a mandatory licence condition known as LCCP 15.1. Any such reports go to a specialist unit within the Gambling Commission known as the Sports Betting Intelligence Unit (SBIU) and also to the relevant racing or sports body. The SBIU do nothing other than work on sports and racing integrity investigations. The overall scheme is known as the UK Sports and Sports Integrity Action Plan and the Police and the National Crime Agency are a part of the Plan. A link to the Action Plan can be found here: <http://www.gamblingcommission.gov.uk/pdf/SBI-Action-Plan.pdf>.
- 7.6 There is only one UK agreement, but in Australia there are 20 different agreements. Although the situation in Australia could be simpler, and less costly, it is generally regarded as effective. See Appendix 3 for a list of bet365's UK and Australian integrity agreements.
- 7.7 Most importantly – and regardless of whether there is a national approach as in the UK or the approach taken in Australia – if wagering is conducted offshore, then there is no visibility of the wagering activity and the monitoring, detection and prevention of sports corruption must suffer. In bet365's view this is a compelling reason to reduce the proportion of illegal offshore wagering.

## **8. What is in-play sports-betting and why do people prefer to wager that way?**

- 8.1 In-play sports-betting (also called “in-running betting” or “live betting”) is as simple as placing a wager on an event after the event has started, rather than what is typically called pre-game betting which takes place prior to the event. These in-play wagers can be placed during the 80 or 90 minutes of a rugby or soccer match, during a basketball game or tennis match, or during a five-day cricket Test match or a four-day golf tournament.
- 8.2 For the 90% of bet365's customers who like to bet on online in-play sports (all of these customers are based outside Australia), they do so for two main reasons:
- a) The first relates simply to the immediacy of modern life – Instead of getting our news from the evening television or morning papers, we want it “now” from social media posts and Google News. Rightly or otherwise, the “now” culture is reflected in how people want to wager.
  - b) The second is that many customers find in-play wagering more “interesting”, especially when the unexpected happens, as it often does in a sporting event. For example, in the semi-final of this year's US Open tennis, Serena Williams was playing a rank outsider, Roberta Vinci. Ms Williams was on course to complete the grand slam, Ms Vinci was a huge underdog and before the game, bet365 took very few bets on who was going to win as it was generally accepted that “the result was obvious”. Ms Williams won the first set and was 2-0 up in the second set. The outcome seemed inevitable. Ms Vinci then turned it around and managed to win,

almost unbelievably, and in-play wagering reached very high levels as customers asked themselves “can she really do it?” and 90% of the bets on who was going to win were placed in-play.

## 9. What are the concerns raised about in-play wagering?

9.1 Concerns fall into three main categories:

- a) it may encourage “repetitive gambling” and therefore possibly increase problem gambling.
- b) it may raise sports-betting integrity concerns.
- c) it may result in just “more gambling”.

9.2 Before addressing each of these concerns, it should be pointed out that the other 35 jurisdictions which have introduced legislation since the Interactive Gambling Act 2001 may well have had concerns of their own but not one has prohibited online in-play sports-betting.

### 9.3 **Repetitive Gambling**

bet365 understands that there is research that shows repetitive play on Electronic Gaming Machines (“pokies”) may cause customers to “disassociate” or “get into the zone” where they can lose track of time and/or expenditure. This is understandable when a spin can be made approximately every four seconds and there are no easily available expenditure or time controls. We do not however believe the same risk applies in say a game of cricket or tennis where balls or points are separated by, on average, 40 seconds and there are longer breaks between overs or games. The British Gambling Commission has also commented on problem gambling in their report on in-play and states “so far there has not been evidence to suggest that in-running betting poses a specific identifiable risk to problem gambling as opposed to other forms of betting or online gambling”. Please see:

[http://www.gamblingcommission.gov.uk/pdf/In-running betting position paper - March 2009.pdf](http://www.gamblingcommission.gov.uk/pdf/In-running%20betting%20position%20paper%20-%20March%202009.pdf)

9.4 **Sports-betting Integrity** – this is just as much of a concern to bet365 as it is to individual sporting bodies.

- a) To quote the British Gambling Commission again, they say in the report linked to above that whilst “research work identifies areas of theoretical risk to betting integrity, there have been relatively few incidents reported of concerns over (in-play) betting patterns and even fewer that still appear suspect after initial examination”.
- b) Another study, from the Asser International Sports Law Centre in 2015 also said that “the claim that side bets (micro-bets) pose significant match-fixing risks lacks empirical support” and “the claim that live betting would pose a specific or greater match fixing risk in comparison to traditional pre-match betting lacks empirical evidence” The full report is here: <http://www.asser.nl/about-the-institute/news/the-odds-of-match-fixing-facts-figures-on-the-integrity-risk-of-certain-sports-bets/>

- c) As pointed out in Section 7, all licensed Australian wagering operators can only offer bet types on Australian sports, both in-play and pre-game, that are approved by the Sports Controlling Body.

9.5 **More Gambling** – Whilst the overall global wagering market (all forms, land-based and online) has grown relatively slowly, there have been and will continue to be major shifts and displacements within the market – for example, from land-based to online, from racing to sports, from pre-game to in-play and from desktop to mobile. We do not believe that online in-play sports-betting increases overall wagering spend, it results in the same market displacement that has already happened elsewhere in the world.

- a) The UK-based consultancy, Regulus Partners, has looked at the available UK data from 2005 to 2014 and has concluded that the total wagering market (racing and sports, land-based, online and telephone) grew at an average of just 2.7% per year during that period but with much bigger shifts by sector i.e. land-based wagering was down by an average 1.8% a year, telephone betting was down by an average 9.6% a year, but online betting (including in-play) grew at an average 18.7% a year. The end result has been an overall wagering market that has grown at barely above the rate of inflation, but dramatic displacement within that market.
- b) bet365 also understand that the Australian Wagering Council has commissioned a report from the research and analytics company, H2GC, which will affirm the position above.

## 10. **bet365 and Responsible Gambling**

- 10.1 bet365 is strongly committed to responsible gambling. Apart from meeting the required standards in each jurisdiction where we are licensed, we offer the following evidence to support that claim.
- 10.2 In both 2013/14 and 2014/15, bet365 contributed in excess of \$1 million to the Responsible Gambling Trust (RGT), a UK-based problem gambling charity which provides treatment and sponsors research.
- 10.3 bet365 offers high responsible gambling standards to consumers in all jurisdictions even where it is not required to do so as a licence condition. As an example, although pre-commitment (deposit limits) was not required under our Northern Territory licence until September 2015, we have offered it to all of our Australian customers since going live with the Australian site in June 2012. In 2014/15, 19.8% of our new Australian customers availed themselves of this financial control facility. This is proof that Australians want and need to be offered this control and bet365's strong view is that it should be a compulsory licensing requirement for all operators and for all forms of online gambling licensed by all Australian jurisdictions.
- 10.4 In 2014/15, 1,328 of bet365's Australian customers self-excluded from all online wagering. They can do this electronically and immediately on our website. In contrast, several

Australian jurisdictions do not require this facility to be offered and although some licensed operators do so voluntarily, the customer has to fill in a form and put it in the post.

- 10.5 Other facilities required to be implemented in the UK by 31 October 2015 (and not legally required in Australia) have also already been implemented for our Australian customers, including time-outs, deposit limit confirmations and betting time activity alerts.

## **11. Recommended Minimum Online Responsible Gambling Standards**

- 11.1 In bet365's view there should be a set of nationally applicable responsible gambling standards which are required and enforced by all licensing jurisdictions. Below we have detailed a minimum set of standards which we believe should be adopted straight away. All these standards are proven and some have been in place since 2007, benefiting millions of consumers in other countries. They do not need to be discussed over months or years.
- 11.2 **Financial Self Control** - This key control, usually known as "deposit limits" in other jurisdictions but known as "voluntary pre-commitment" in Australia, is a must. The question "do you wish to set a deposit limit?" should be asked during the registration or first deposit process and customers should be compelled to answer. If the customer says "yes" they should then get the choice of setting a daily, weekly or monthly limit, which is applied immediately, and can only be increased after a 24-hour cooling off period.
- 11.3 **Personal Self-Exclusion** - This should be set as a prominently-flagged online self-service option so all the customer has to do is "tick the box" on the website and they are excluded immediately (within a maximum of one minute) from all gambling. They should be able get access to their account to withdraw funds. During the self-exclusion period, they should not be sent marketing material. Our view is that the minimum length should be six months.
- 11.4 **Time-Outs** - This is an alternative/complement to self-exclusion and applies for shorter periods, such as one day, week or month.
- 11.5 **Time Checks** - This involves the customer setting a parameter such that they want to be reminded whenever a specific period of time has elapsed, to indicate that they are still logged in and/or gambling. The time check has to be acknowledged before play can proceed.
- 11.6 **Self-help tools and references** - These include links to the controls above plus questionnaires, self-help sites, specialist support and other information. As an example, please see [help.bet365.com.au/en/responsible-gambling](http://help.bet365.com.au/en/responsible-gambling).

## **12. Recommended Medium Term Goals for Online Responsible Gambling Standards**

- 12.1 National online self-exclusion scheme
- a) Such a scheme has been in place in Denmark (called ROFUS) since January 2012 and in Spain (called RGIAJ), also since 2012. Participation is a mandatory licence requirement for all online operators. Both schemes are run by the national gambling regulator. The projects were assisted by both countries having national identity card

systems so there is no confusion as to identity. Both countries consider the cost and resource required to be low compared to the benefit.

- b) The UK's national gambling regulator, the Gambling Commission, has also made it a mandatory licence requirement for online operators to join such a scheme when it is ready. There is no national identity card scheme in the UK so implementation is more complex but a combined Gambling Commission and industry working group (of which bet365 is a part) has been working on the technical, data protection and other issues and a full consultation is expected before the end of 2015, with implementation expected in 2017.
- c) In bet365's view, a national self-exclusion scheme would be very beneficial for Australians and should be driven and implemented by the Federal Government.

#### 12.2 Proactive customer protection

- a) Operators should also provide proactive help – for example, targeted messages or questionnaires – where it looks like customers may be getting themselves into trouble but haven't recognised it yet. As an example, a customer who requests increased deposit limits over a short time period may be heading towards a problem. These potential harm indicators or triggers can also be combined, e.g. a customer who requests increased deposit limits and changes their payment method may be at more risk than a customer who only does one of those things. bet365 started an initiative to provide our customers with such proactive help in late 2014 and the early results are promising. Again, bet365 also extends this service to our Australian customers. The company will be sharing its findings with the Responsible Gambling Trust (RGT, an industry-funded treatment and research body in the UK) and we are also using two external partners to complement our own internal expertise.

### 13. International Responsible Gambling Comparison

- 13.1 It is not possible to compare each of our international licensing jurisdictions with each of the States and Territories in Australia in a simple table but we have provided in Appendix 4 a sample of responsible gambling controls in the UK, the Northern Territory (where bet365 and many other corporate bookmakers are licensed), New South Wales and Victoria.
- 13.2 By way of a simple analysis, voluntary pre-commitment has been required as a condition of the licence in the UK since 2007, in the Northern Territory since September 2015 (with industry requests to implement the same going back to June 2013) but it is not in place in either NSW or Victoria. As a generality, Australian responsible gambling standards are inconsistent and a long way behind international best practice. bet365's position is that this needs to be addressed as a matter of urgency and that consistent national minimum standards should be put in place so that all online gambling jurisdictions, operators and consumers are covered by them.

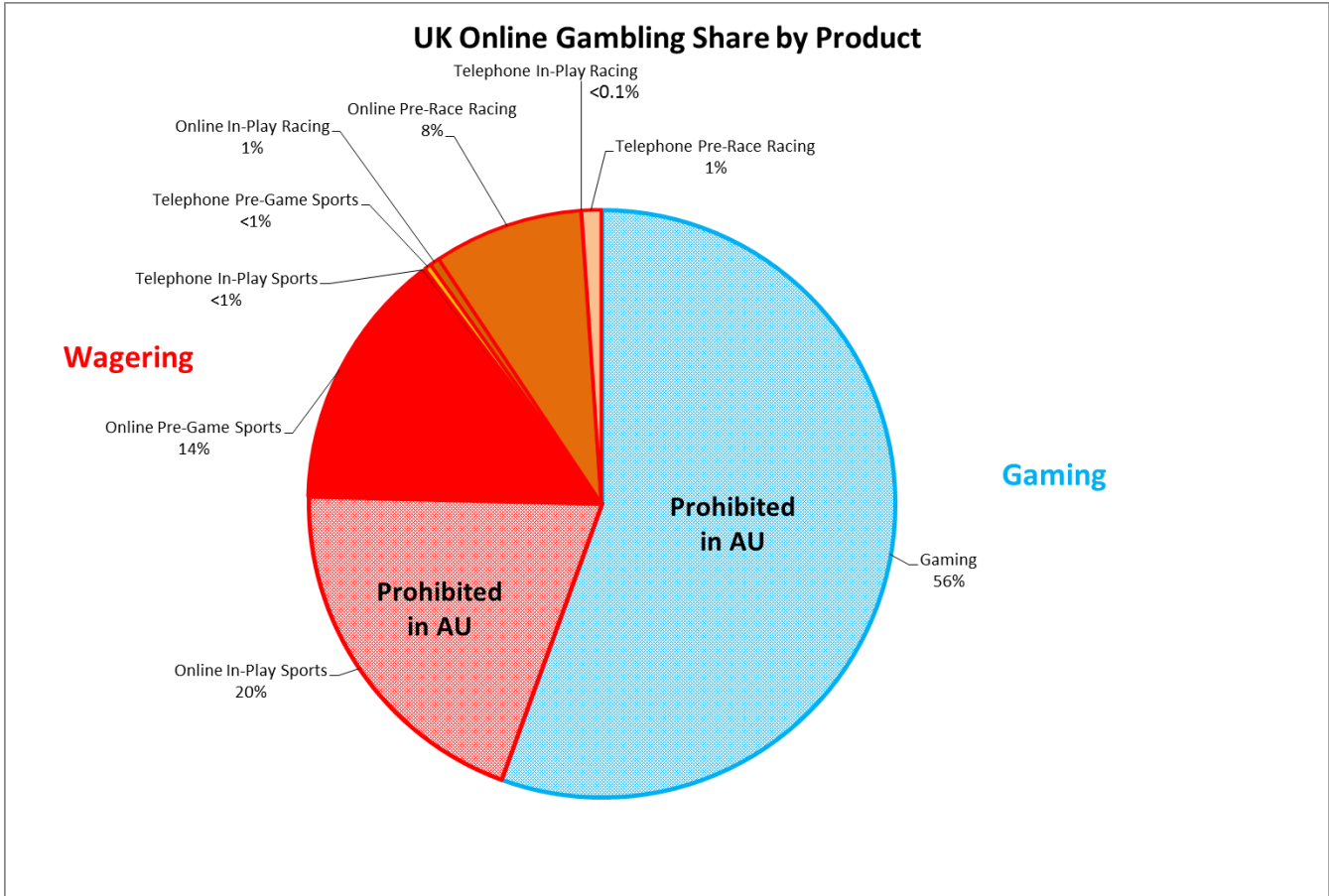
## 14. Case Study on another Jurisdiction – the UK

- 14.1 Much has been made in this submission of the UK's approach towards responsible gambling and the important role of its national gambling regulator, the Gambling Commission, <http://www.gamblingcommission.gov.uk> This positive situation did not occur in a vacuum but is the result of long-term Government policy in a number of areas including the following:
- 14.2 Government policy with regard to gambling has to be based on research and evidence rather than just opinion, so the UK Government has funded long-term and consistent research into the prevalence of gambling and problem gambling with wide-scale surveys being carried out in 1999, 2007, 2010, and 2013. The next survey will happen in 2016. For further information, visit [www.gamblingcommission.gov.uk/Gambling-data-analysis/Gambling-participation/BGPS/BGPS.aspx](http://www.gamblingcommission.gov.uk/Gambling-data-analysis/Gambling-participation/BGPS/BGPS.aspx)
- 14.3 A UK Government Department called the Department for Culture, Media and Sport (DCMS, [www.gov.uk/government/organisations/department-for-culture-media-sport](http://www.gov.uk/government/organisations/department-for-culture-media-sport)) has had long-term policy responsibility for gambling and is also responsible for sports, which has helped in a coordinated approach on betting integrity. The DCMS is responsible for legislation and sets overall policy, in conjunction with the Gambling Commission, guided by the research.
- 14.4 The Gambling Commission sets more detailed policy and, very importantly, regulations, of which the most important aspect is the licensing conditions and codes of practice (LCCP) which govern how we and other operators engage with consumers in the UK.
- 14.5 The Gambling Commission is advised on responsible gambling strategy by the Responsible Gambling Strategy Board (RGSB, [www.rgsb.org.uk](http://www.rgsb.org.uk)) and a separate organisation, largely funded by the industry itself, known as the Responsible Gambling Trust (RGT, [www.responsiblegamblingtrust.org.uk](http://www.responsiblegamblingtrust.org.uk)) funds education, research and treatment centres. The RGT raised GB£6.5million (\$AU 13.9 million) from industry in 2014/15.
- 14.6 In summary, the UK regime is effective in meeting the policy goals to keep crime out of gambling, to conduct gambling fairly and openly and to protect the vulnerable. It also greatly assists in keeping gambling's economic activity within the Government's control.

## 15. Next Steps

bet365 would be pleased to provide additional information regarding these important issues through additional face-to-face engagement, or through submitting additional written material.

## Appendix 1



Source: Gambling Compliance Research Services (GCRS), bet365

## Appendix 2

GCRS Research - November 2015

### JURISDICTIONS WHICH HAVE INTRODUCED ONLINE SPORTSBETTING LEGISLATION SINCE 2001

Jurisdiction	Date of Legislation	Legislative Framework	Is Online Sportsbetting explicitly permitted?	Is Online In-Play Sportsbetting prohibited?
Australia	11/07/2001	<a href="#">Interactive Gambling Act 2001</a>	Yes	Yes
Colombia	16/01/2001	<a href="#">Law 643/2001</a>	Yes	No
Finland	23/11/2001	<a href="#">Lotteries Act 2001</a>	Yes	No
Philippines	01/01/2003	<a href="#">Cagayan Economic Zone and Free Port's Interactive Gaming Act 2003</a>	Yes	No
Tanzania	05/04/2003	<a href="#">The Gaming Act 2003</a>	Yes	No
New Zealand	18/09/2003	<a href="#">Gambling Act 2003</a>	Yes	No
Malta	20/04/2004	<a href="#">Remote Gambling Regulations 2004</a>	Yes	No
Montenegro	28/07/2004	<a href="#">Law on Games of Chance</a>	Yes	No
South Africa	01/11/2004	<a href="#">National Gambling Act 7 of 2004</a>	Yes	No
Slovakia	16/03/2005	<a href="#">Law 171/2005</a>	Yes	No
United Kingdom	07/04/2005	<a href="#">Gambling Act 2005</a>	Yes	No
Latvia	17/11/2005	<a href="#">Gambling and Lotteries Act 2006</a>	Yes	No
Italy	01/03/2006	<a href="#">Decree 111/2006</a>	Yes	No
Estonia	15/10/2008	<a href="#">Gambling Act 2009</a>	Yes	No
Romania	24/06/2009	<a href="#">Emergency Ordinance 77/2009 as amended</a>	Yes	No
Croatia	10/07/2009	<a href="#">Act on Games of Chance 2009</a>	Yes	No
Poland	19/11/2009	<a href="#">Gambling Act 2009</a>	Yes	No
India-Sikkim	30/03/2010	<a href="#">Sikkim Online Gaming (Regulation) Amendment Rules 2010</a>	Yes	No



Jurisdiction	Date of Legislation	Legislative Framework	Is Online Sportsbetting explicitly permitted?	Is Online In-Play Sportsbetting prohibited?
France	12/05/2010	<u>Online Gambling Act of May 2010</u>	Yes	No
Denmark	04/06/2010	<u>Gambling Act 2010</u>	Yes	No
Liechtenstein	30/06/2010	<u>Gambling Act 2010</u>	Yes	No
Bolivia	25/11/2010	<u>Law 60/2010</u>	Yes	No
Nicaragua	25/05/2011	<u>Law 766/2011</u>	Yes	No
Spain	27/05/2011	<u>Law 13/2011</u>	Yes	No
Greece	22/08/2011	<u>Law 4002/2011</u>	Yes	No
Georgia	09/11/2011	<u>Law of Georgia on lotteries, Games of Chance and other Winning Games</u>	Yes	No
Serbia	02/12/2012	<u>Act on Games of Chance 2011</u>	Yes	No
Germany	15/12/2011	<u>Interstate Treaty on Gambling 2011</u>	Yes	No
Bulgaria	30/03/2012	<u>Gambling Act 2012</u>	Yes	No
Cyprus	11/07/2012	<u>Law 106 (i) 2012</u>	Yes	No
Singapore	18/11/2014	<u>Remote Gambling Act 2014</u>	Yes	No
Ireland	15/03/2015	<u>Betting (Amendment) Act 2015</u>	Yes	No
Portugal	29/04/2015	<u>Decree Law 66/2015</u>	Yes	No
Lithuania	21/05/2015	<u>Gambling Act 2001 as Amended by Law XII-1734/2015</u>	Yes	No
Bosnia and Herzegovina	24/06/2015	<u>Act on Games of Chance</u>	Yes	No
Nevada	Revised August 2015	<u>Nevada Regulation 22 Nevada Revised Statutes 463</u>	Yes (mobile only)	No

## JURISDICTIONS WHICH ARE CURRENTLY UPDATING THEIR GAMBLING LEGISLATION

Jurisdiction	Draft Proposal	Is the Jurisdiction considering prohibiting Online In-Play Sportsbetting?	Additional Comments
Czech Republic	<a href="#">Draft Gambling Act 2015</a>	No	Draft legislation awaiting approval
Mexico	<a href="#">Draft Federal Gaming and Raffles Law</a>	No	Draft legislation awaiting approval
Netherlands	<a href="#">Draft Gambling Act</a>	No	Draft legislation awaiting approval



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## Appendix 3

### Betting integrity agreements – sports and racing

- In Australia, bet365 pays product fees to major racing and sporting bodies.
- Effectively, this is a tax on wagering.
- Payment of these fees makes it legal for us to offer markets on the racing and sporting events that the racing and sporting organisations conduct.
- Betting integrity agreements also compel us to immediately report any suspicious behaviour and betting patterns.
- While overseas-based websites offer Australians the opportunity to bet on Australian racing and sport, none pay product fees to Australian racing and sporting organisations.

Jurisdiction	Agreement with	Is there a product fee?
<b>United Kingdom</b>	British Gambling Commission	No
<b>Australian Racing</b>	Racing Victoria	Yes
	Greyhound Racing Victoria	Yes
	Harness Racing Victoria	Yes
	Racing NSW	Yes
	Greyhound Racing NSW	Yes
	Harness Racing NSW	Yes
	South Australian horse/harness/greyhound racing	Yes
	Racing Queensland	Yes
	Racing and Wagering WA	Yes
	Tasmanian horse/harness/greyhound racing	Yes
	ACT horse/harness/greyhound racing	Yes
	NT racing	Yes
<b>Australian Sports</b>	Australian Football League	Yes
	National Rugby League	Yes
	Cricket Australia	Yes
	Football Federation Australia	Yes
	Tennis Australia	Yes
	Australian Rugby Union	Yes
	Professional Golfers Association (PGA)	Yes
	Netball Australia	Yes

## Appendix 4

### Online Responsible Gambling Licensing Requirements – UK/Australia Comparisons

<u>Online Responsible Gambling Control</u>	<u>United Kingdom</u>	<u>Northern Territory</u>	<u>New South Wales</u>	<u>Victoria</u>
Pre-commitment (deposit limit self-control). Question compulsory on registration, with 1 day, 1 week, 1 month options and 24-hour cooling off on increases	Yes (since 2007)	Yes (since Sept 2015)	No	No (though Tabcorp makes limits available on request)
- Confirm increase post-cooling off	Yes (2015)	No	No	No
Personal self-exclusion, minimum 6 months	Yes (2007)	Yes (no minimum time period)	No (Tabcorp offers the BetCare self-exclusion program voluntarily)	No (Tabcorp offers the BetCare self-exclusion program voluntarily)
- Automated process to self-exclude	Yes (2015)	No (in new responsible gambling draft however)	No	No
- Must request return	Yes (2015)	No	No	No
National self-exclusion scheme	Yes (as a license requirement, not yet implemented)	No	No	No
Time out (1 day/1 week/1 month)	Yes (2015)	No	No	No
- Confirm return	Yes	No	No	No
Time played reminders	Yes (2015)	No	No	No
- Confirm to continue	Yes	No	No	No
Name and age verification time period	72 hours	45 days (since Sept 2015, was 90 days previously)	90 days	90 days
Responsible gambling self-help tools, i.e. access to problem gambling helplines	Yes (since 2007)	Yes	No (Tabcorp does provide this voluntarily)	Yes

**Note:** The above only considers the requirements that are imposed by a jurisdiction's legislation/regulation for the online betting/wagering companies licensed in that jurisdiction.