



The Gambling Research Center of the University of Hohenheim

Newsletter April 2018

15th Symposium on Gambling 2018 sparks great Media Interest

On the occasion of the 15th Symposium on Gambling organised by the Gambling Research Center, a press conference was held on 21 March 2018, sparking great media interest. The Press communiqué is titled "Federal States failed: Researchers demand Federal Authority to regulate online Gambling" and was published in light of this press conference. Interregional media reported on it both in print and online. The ZDF news show *heute* also reported on the issue.

With this press release, the Research Center wants to provide information on great problems concerning regulation in Germany. In addition, it aims to trigger an effective public debate to swiftly improve the current situation. On the one hand, the Research Center condemns the lax attitude of federal states with respect to prosecution of illegal gambling. On the other hand, it provides information on the concurring fiscal losses amounting to about 500 million euros yearly. Furthermore, the Research Center advocates the establishment of a Gambling Commission on national level to firstly take care of online gambling offers. This commission should be provided with all necessary competencies to effectively counteract illegal gambling offers. The Research Center further demands a uniform and nationwide exclusion scheme for commercial games of chance in arcades, equal to the ones casinos have applied for quite some time.

We hope that the political discourse urgently needed will prevail to quickly impose regulation that effectively fights illegal gambling offers. Such regulation will hopefully meet all differing interests pertaining to e.g. the implementation of comprehensive means for gambler protection. It should, however, also meet economic interests of businesses in the gambling sector and ensure tax income for the state. To download the slides of all presentations held at the Symposium, refer to the following link:

gluecksspiel.uni-hohenheim.de/symposium2018

Sources:

Press communiqué by the Gambling Research Center



ZDF heute news story

ECJ approves Recommendations of the European Commission on Consumer Protection

Hardly any other topic is setting up more commotion in the sector and the respective regulation than online gambling. Again, the European Court of Justice recently came to a surely trailblazing judgement. On 20 February, it deemed the guidelines to protect online gamblers that the European Commission had issued on 14 July 2014 lawful. The guidelines list a string of practical recommendations regarding not only youth and gamer protection but also advertising and sponsoring of online gambling offers.

Belgian authorities had taken legal action as they argue that the European Commission had gone beyond its legal competences whilst infringing on sovereignty of member states with respect to regulatory issues in online gambling.

Sources:

[Recommendations of the European Commission](#)
[ECJ judgement](#)

Online Gambling still troubles Austria

Our neighbours in Austria see a souring gambling sector with online gambling contributing significantly. An expert opinion with sector data from 2016 comes to this conclusion. It was drafted by the consulting firm KREUTZER FISCHER & PARTNER on behalf of the Austrian Association for Betting and Gambling.

With similar regulation requirements for gambling (gambling monopoly, regulation on national and federal state level, hardly any regulation concerning online gambling etc.), Austria faces challenges similar to the ones faced by Germany. On the one hand, these include high fiscal losses due to illegal offers and on the other hand, lax gambler protection in most online games of chance from abroad. However, the fact that these offers are illegal does not prevent Austrian authorities, like in Germany, from collecting tax from providers amounting to roughly 30 million euros (in 2016). According to the expert opinion of the consulting firm, tax and levies totaling 86 million euros were overdue in the same year. Austria thus loses 56 million euros yearly.

For this reason, authors of this study demand a review of Austrian regulation and the establishment of coherent regulation concerning online gambling on a national level. In the



same vein, they call for the liberalisation of the market by means of licencing. In addition, they call for the establishment of an uniform legal base for games of chance and sports betting (which so far, Austria has not deemed games of chance) with a uniform tax rate and extra efforts to protect gamblers. These efforts encompass for example binding limits on time and stakes, an exclusion scheme that works across platforms as well as an independent supervisory authority that can counteract non-licensed providers by means of IP/DNS and financial blockings. Informed observers of the discussions are not unaware of these suggestions as copious observers have pressed for them multiple times to be implemented in German (online) gambling.

Sources:

[Austrian Association for Betting and Gambling](#)

Current Developments in (Online) Gambling Regulation in Europe

We are observing interesting developments with regards to (online) gambling regulation in several European countries.

Seemingly, Belgium is tightening its online gambling regulation considerably. New regulations impose severe restrictions on gambling advertising. Providers shall only place advertisements on their own websites and shall not make personalised advertisement for example via sms or emails. Moreover, they shall not run any advertisements during as well as 15 minutes before and after live sports broadcasts, irrespective of medium. There are time restrictions for commercial spots (not before 10pm) and the amount of spots is limited to one per commercial break. Advertisements shall also be restricted more strictly in terms of content (no advertisement with sportsmen or celebrities and no advertisement targeting minors). Among other things, guidelines pertaining to bonuses and pay-in limits become more stringent. However, a judgement by the Belgian Constitutional Court surely offers providers relief. In this judgement, the Court overruled the additional burden for licensed online gambling providers that had been obliged to pay value added tax amounting to 21% since 2016. According to the Court, the obligation is unlawful. The Court justifies this with the fact that different types of games are not treated coherently in terms of taxation. Thereby, they contravene canalisation of offers. Belgian authorities keep and update a public and openly accessible black list of illegal gambling offers.



On 28 February 2018, the European Court of Justice ruled that (also) Hungarian regulation concerning (online) gambling contradicted the European freedom to provide services. Thereby, it is in breach of European treaties. Under current Hungarian regulation, only companies located in Hungary can hold a licence to provide online games of chance. Hungarian authorities imposed monetary fees for, from their point of view, illegal providers. The ECJ deems these fees unlawful, as they do not agree with arguments brought forward by Hungary. The country argues that only local presence of providers in Hungary lead to canalisation of offers and thereby, harm reduction. From the Court's point of view, other measures are also realistic. The case is now again under Hungarian jurisdiction. We will follow up with this issue for quite some time also in light of other developments in the European Union.

We already reported on the upcoming liberalisation of the Swedish online market as of 1 January 2019. Now, a concrete timetable is set. As of Juli 2018, providers can apply for licences to offer games of chance. The new law requires licensed online gambling providers to pay 18% tax on income from Swedish customers. Certain restrictions such as a ban on bonuses ensure that gambling products are offered in a socially acceptable manner. We also reported on the Swiss referendum. The date of the referendum on the new and highly disputed Federal Gambling Act is 10 June 2018. Providers are already developing and testing their products. The law is disputed especially because it aims to exclude foreign providers by means of ISP blocking. Many countries are undergoing changes. Only Germany retains its chaotic status quo that only illegal foreign providers are reaping benefit of. Gamblers and tax authorities are falling by the wayside.

Sources:

[Gaming Commission Belgium](#)

[Swedish Gambling Authority](#)

[ECJ judgement](#)

[Tagblatt](#)

UK Gambling Commission again imposes high Penalty Package

During the last months, gambling businesses 888 Holdings and William Hill had to pay high penalties to the UK Gambling Commission. Now, another provider is to pay a considerable fee. Already last year had the supervisory authorities observed Gambling Business SkyBet for insufficiently protecting self-excluded customers. Hundreds of excluded gamblers could e.g.



create new accounts and many others still received advertisements from the provider. Skybet is to pay a 1,000,000 pound penalty package.

According to the UK Gambling Commission, this immense penalty package is to send a clear signal to the whole sector, namely, to meet legal requirements pertaining to gambler protection. The UK Gambling Commission is defiantly standing up for regulation on a liberalised market and underscores the necessity of an effective gambling supervisory authority to avert damage to gamblers and tax authorities.

Sources:

UK Gambling Commission



Research

Publications presented in this section merely represent the views of their respective authors. Publications were chosen to provide recipients with insights into the current scientific discourse. We intend to neutrally summarise current scientific publications.

Shirt Sponsorship by Gambling Companies in the English and Scottish Premier Leagues: Global Reach and Public Health Concerns

The links between sports and sports betting providers have become ever closer. Authors analysed one example for these links, namely, shirt sponsorships in the English Premier League and the Scottish Football League. They proved that since the Gambling Act entered into force in 2005 and established more liberal regulation, shirt sponsoring has surged dramatically. So during the 2016/2017 season, 50 per cent of Premier League players wore jerseys with respective advertisements.

Authors deem this development critical for multiple reasons. Already during the 2014/2015 season, more than 3 billion viewers (*in-home viewers*) from inland and abroad watched Premier League matches showcasing the enormous reach. Children and youth are encountering gambling incentives at all times despite the fact that in the UK, gambling advertisements must not be aired before 9pm. Often, advertisements on jerseys also refer to contents on social media or apps. If smart phones are already activated, placing bets by means of them becomes more likely.

These connections between sports and sports betting are growing stronger. Many sports betters place bets on their favourite club to intensify the experience of watching a game. At the same time, a growing number of sportspeople is advertising gambling providers. The liberal regulation of the Gambling Act entails consequences across national borders. For example, an anthropologist observed that since Premier League matches began to air in Uganda, people's interest in games of chance has increased. Consequently, authors demand lawmakers to reconsider the consequences of the Gambling Act. They call on the ethical responsibilities of TV broadcasters, football clubs, and individual players.

Sources:

Soccer & Society

Do Simulated Gambling Activities Predict Gambling with Real Money During Adolescence? Empirical Findings from a Longitudinal Study

Hayer et al. shed light on a topic that so far has not received much attention in scientific discourse, namely, social gambling. Social gambling normally implies free demo games of chance on independent websites or social networks. They do not depend on chance and are characterised by unrealistic payout rates and chances of success. Gamblers commit to social gambling for various reasons (practice, fun, etc.).



By means of a longitudinal analysis, the authors verified, among other things, the so-called Gateway Hypothesis, i.e. whether free demo games of chance introduce users to real gambling with money or whether they contribute to potential gambling problems at a later stage. In this study, pupils from grades 6 to 10 (average age: 13.6 years) from 25 Northern German schools (N=1179) were asked to complete two written surveys at two points in time with 12 months in between. By means of a binary logistical approach, the authors of the study showed that on the one hand, social gambling increases the likelihood for gamblers to later commit to real gambling. On the other hand, they underlined the considerable relevance of advertising as predictor for the use of a gambling offer. The authors call for stronger regulatory efforts with respect to social gambling as well as following research.

Sources:

[Journal of Gambling Studies](#)

Social Explanations of Lottery Play: New Evidence Based on National Survey Data

The article written by Mark Lutter, Daria Tisch, and Jens Beckert sociologically explains participation in lotteries. On the grounds of the socio-economic panel (SOEP), a representative long-term study conducted across Germany, the authors are evaluating three sociological approaches to lottery participation at the same time (network effects, consumption theory, strain theory) by means of data collected from 5,868 respondents.

The study suggests that people take part in lotteries if their social environment does so, if they want to belong to a "world" which is out of their reach, and if own ambitions and their actual social position diverge. According to the authors, socio-economic findings of such type complemented dominant psychological research on this issue, which focuses on certain personality traits, irrational convictions on probabilities as well as random occurrences. The combination of psychological and sociological findings helps to better understand this phenomenon.

Sources:

[Journal of Gambling Studies](#)

The Effect of Online Gambling on Gambling Problems and Resulting Economic Health Costs in Germany

Effertz et al. analysed links between the commitment to online games of chance and pathological gambling behaviour. Dates derive from the so-called PAGE-study, a sample representative for Germany (N=15,023) for the years 2010 and 2011. By means of so-called probit regression models controlling for important variables (education, family status, professional status), the authors analyse collected data. They show that previous findings of other studies concerning this connection are contradictory. In addition, authors calculated the medical factors (excluding economic and social costs) of problematic gambling.

Based on their analyses, the authors present a positive and causal effect between the engagement in online gambling and problematic gambling behaviour. Results show that with



growing numbers of online games of chance, monetary costs and prevalence of problematic gambling increase. They predict that with 10% of terrestrial games of chance transforming into online games of chance, the amount of problematic gamblers will increase by between 8.8 and 12.6%. Concomitantly, costs of medical treatment will grow annually amounting to 27.2 million euros. In light of their results, the authors advocate current restrictions for online games of chance and dismiss all claims for liberalisation.

Sources:

The European Journal of Health Economics

German Centre for the Control of Drug Abuse (DHS) publishes Yearbook on Addiction

The yearbook summarises current statistics pertaining to consumption of alcohol, tobacco, pharmaceuticals, illegal drugs as well as gambling and eating disorders in Germany.

With respect to gambling, the yearbook reveals that during the last 12 months, 37.3 per cent of the population had engaged in games of chance. Presumably, problematic gamblers account for 0.56 per cent and pathological gamblers account for 0.31 per cent of the population. The number of pathological gamblers referring to addiction counselling centres has increased slightly. The majority of clients report on problems with slot machines. Revenues (of stakes) on the legal German market went up as well. Sources for this summary were, among others, surveys by the Federal Centre for Health Education, Deutsche Suchthilfestatistik, and the Annual Report of the Joint Office for Gambling.

Sources:

Pabst Science Publishers



Research Center publishes most recent Publication in the Journal of Gambling Studies

As early as in February, the Gambling Research Center published its most recent publication. With data provided by the recently introduced exclusion database for arcades in Hesse, the authors Tanja Strohäker and Tilman Becker discuss, which variables in terms socio-demographics and availability are best to explain differing amounts of exclusion among municipalities in Hesse. While socio-demographic factors do not provide enough foundation to explain this phenomenon, parameters pertaining to availability produce interesting results. The location effect reveals to be more significant than the clustering effect, i.e. the effect of an additional arcade in relation to the number of exclusions is stronger than the effect of an increased density of slot machines at an already established location.

Sources:

[Journal of Gambling Studies](#)

Job postings at Queen Mary University of London in the field "Internet Law"

The Queen Mary University is advertising two part-time positions in the department Internet Law. The university welcomes single applications for both positions. Prof. Julia Hörnle is the contact person (Member of the Scientific Management of the Gambling Research Center).

This position principally involves working on an EU project regarding law enforcement in the sphere of online gambling regulation. Applicants should have experience in internet and media law. More precisely, the following topics will be analysed: Website blocking, payment blocking, sanctions for providers and consumers of illegal games of chances, and regulation concerning advertisement. Conducting a survey among regulators on the aforementioned topics is also part of the job description.

For more information: [Teaching Associate - Cybercrime Law and Cyberspace/Media Law](#) or [Postdoctoral Research Assistant \(Online Law Enforcement\)](#).

Job postings at Lucerne University of Applied Sciences and Arts



For the project "Exclusion as Means to Protect Gamblers", funded by the Swiss National Science Foundation, the University is looking for scientific staff (80%) for a time period of 3.5 years.

For more information: [Scientific Staff at Lucerne University of Applied Sciences and Arts](#)

The Gambling Research Center in Social Media

Since March this year, the Gambling Research Center has been active on social media to provide our work to an extended range of people. It carries the name Hohenheim Gambling Research Center (short: HGRC). All communication is in English to emphasise the increasingly international role of the Research Center.

If you want to mention us on Twitter or start a conversation, please use: @Hohenheim_GRC or #HGRC – we look forward to get in touch with you.

Contact us via the following links.

Twitter: https://twitter.com/Hohenheim_GRC

Facebook: <https://www.facebook.com/HohenheimGRC/>



Dates

15 May 2018

3rd Federal Congress on Gambling

Organisers: Behörden Spiegel
Berlin

22-25 May 2018

23th Hamburg Addiction Therapy Forum

Organisers: University of Hamburg
Hamburg

14 June 2018

GAMING SUMMIT

Organisers: Deutsche Automatenwirtschaft e.V.
Berlin

25 June 2018

13th Annual Conference on Sports Betting and Gambling 2018

Organisers: FORUM – Institut für Management GmbH
Frankfurt am Main

27-29 June 2018

Symposium "Gambling addiction: Science, Independence, Transparency"

Organisers: Lucerne University of Applied Sciences and Arts and cooperation partners
Fribourg/Switzerland

25 June 2018

9. Bayerischer Fachkongress Glücksspiel

Organisers: Bayerische Akademie für Sucht- und Gesundheitsfragen
Munich

11-14 September 2018

12th European Conference on Gambling Studies and Policy Issues

Organisers: European Association for the Study of Gambling
La Valletta, Malta



Impressum:

Thank you for your interest.

We look forward to recommendations regarding current publications and events.

The Gambling Research Center Team

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