

## The Gambling Research Center of the University of Hohenheim

NEWSLETTER August 2019 (4/2019)

### POLITICS AND LAW

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#### News from European Gambling Regulation

While negotiations on the future regulation of gambling in Germany are making more or less progress behind the scenes and the time until the current State Treaty expires is running short, much is happening in our European neighbouring countries.

Since 5 July 2019, Switzerland's first provider (Grand Casino Baden AG) has held a licence to operate online casino games in addition to the terrestrial casino licence. Currently, the Swiss Federal Gaming Board (SFGB) is still examining possible offers from other casinos. On 1 July, the measures to combat illegal offers, for example by blocking networks, also came into force. The Swiss supervisory authorities will maintain blacklists on their websites as of the third quarter of 2019, which telecommunications companies will have to implement. Those who access a respective page find a page of SFGB explaining the legal range of games of chance available in Switzerland. William Hill, a provider of sports betting services, took action in early July and withdrew from the Swiss sports betting market. A number of other companies had already withdrawn from the market in the recent past.

The Netherlands will also liberalise the online casino sector (probably in January 2021). A multitude of providers (as of late June: 183) have already expressed their interest in a corresponding online license. The supervisory authority announced that applications for online licences are likely to be processed in the second half of 2020. In the meantime, the authority has released more details on the so-called "cooling off" period. Each time a company applies for a licence, the authority checks how it behaved on the Dutch market in the two years preceding the application. If the company in question provided an offer with corresponding characteristics (e.g. .nl domain or in Dutch) to Dutch customers, it cannot obtain a licence. Liberalisation in the Netherlands is linked to strict gambler protection requirements, such as connection to a gambler exclusion database. The supervisory authority is already reviewing the behaviour of partner companies such as affiliates. If it finds violations, the gambling providers are liable for the behaviour of their partners.

Some new licensing conditions have now come into force in the UK. The supervisory authority is currently drawing the licensees' attention to several points at once. For example, even with free gambling offers from affiliate business partners, care must be taken to ensure that these are not accessible to children and young people. The new rules concerning verification and authentication prior to participation in gambling must also be implemented. In addition, the UK Gambling Commission again imposed some notable penalties on providers who did not comply with the rules in force. Due to misconduct related to money laundering prevention and the failure to identify problematic gamblers, Gamesys was required to pay £1.2 million and Platinum Gaming £1.6 million.

The Swedish supervisory authority (Spelinspektionen) has its hands full at the moment. Since the market was liberalised, the Authority has issued 86 permits under the new legislation. A large number of these licenses apply to the online area. The comprehensive exclusion scheme currently lists over 35,000 gamblers. Providers have already voiced their dissatisfaction with market developments in Sweden. Especially the strict bonus conditions, which only provide for one bonus offer per gambler, disaffect providers. Parts of the public, on the other hand, do not welcome the quantitative increase in advertising, for example on television. The authority had already issued a number of warnings and fines for license violations, such as violations of bonus conditions or the participation of underage gamblers. Some providers, such as SafeEnt running the "Ninja Casino" brand, have already lost their licence due to infringements, which have now been confirmed by the courts.

## NEWSFLASH

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### **Market Share of Online Gambling Continues to Grow**

At the end of May, the Gambling Commission UK published the latest industry figures for Great Britain. Online games of chance now account for 39 per cent of the market share. This market segment is also continuing to grow in Germany, with the illegal market accounting for most of the growth, as there is no legal offer in Germany for online casinos, for example.

*Further details:*

**Gambling Commission**

### **Ministry Forbids Payment Service Providers**

For the first time, the Ministry of the Interior and Sport of Lower Saxony prohibited a payment service provider to participate in payment transactions regarding (online) gambling services that are illegal in Germany.

*Further details:*

**Ministry of the Interior and Sport of Lower Saxony**

### **Schleswig-Holstein Prolongs Transitional Arrangement for Online Casinos**

The transitional arrangement for the continuation of the one-way approach of Schleswig-Holstein, which was to expire in 2021, entered into force after the Law and Ordinance Gazette had announced it. Consequently, the federal state now has a legal online casino offer again. Currently, ten providers on 12 websites have offered games of chance.

*Further details:*

**Schleswig-Holstein**

### **Federal Financial Supervisory Authority Upholds Prohibition of Binary Options**

On 1 July 2019, the German Federal Financial Supervisory Authority (BaFin) issued a general ruling prohibiting the distribution and sale of the alleged financial product “binary option”, which is very similar to gambling products, to private customers in Germany.

*Further details:*

**BaFin**

### **UKGC Publishes New Report on Consumer Protection And Advertising**

The UK Gambling Commission published a new report titled “Raising Standards for Consumers. Enforcement Report 2017-2018”. It sets out the Commission’s own efforts to improve consumer protection. The report explains, on the basis of topics such as money laundering or self-exclusion, how the Gambling Commission has taken action, detected malpractice, and imposed penalties during this period. It contains recommendations for providers for each topic.

The new research report on advertising reports on the interim results of a comprehensive research project concerning the impact of gambling advertising on children, adolescents, and vulnerable groups. Beyond a generally strong increase in advertising in the UK, researchers point to a number of interesting findings, such as the new problem of legal and illegal betting on eSports.

*Further details:*

**Gambling Commission I**

**Gambling Commission II**

### **Higher Administrative Court Schleswig-Holstein Legally Recognises Prohibition of Online Games of Chance**

On 3 July, the Higher Administrative Court of Schleswig-Holstein ruled that the provisions of the German Interstate Treaty on Gambling continue to comply with European Union law. A Maltese company had taken legal action against a corresponding prohibition by the Ministry of the Interior of Schleswig-Holstein.

*Further details:*

**Higher Administrative Court Schleswig-Holstein**

**Annual Report of the Swiss Federal Gaming Board (SFGB) and comlot**

The Swiss Federal Gaming Board SFGB and comlot published their annual reports for 2018. The reports provide interesting insights into the work of the two supervisory authorities.

*Further details:*

**comlot**  
**Swiss Federal Gaming Board**

## RESEARCH

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*The publications presented in this section reflect the views of the respective authors of the original contributions as neutrally as possible. Publications were chosen to provide insights into the current scientific discourse.*

### **A Systematic Review of Land-Based Self-Exclusion Programs**

Kotter et al.'s systematic review examines studies that deal with self-exclusion in terrestrial gambling.

The majority of people who self-excluded are men in their early or mid-forties. For this reason, they are not representing all pathological gamblers in the population. With respect to gender and the unemployment rate, they do not reflect this group equally either.

Details on the behaviour after the exclusion vary considerably: Between 13 and 81 per cent (depending on the study) of excluded gamblers stated that they no longer gamble; between 29 and 92 per cent had restricted their gambling behaviour, while 8 to 59 per cent had violated or circumvented the exclusion. However, all studies show a significant decrease in pathological gambling behaviour: The share of pathological gamblers lies between 61 and 95 per cent and between 13 and 26 per cent after the exclusion process. There are also improvements with regard to mental health aspects, e.g. the quality of life of gamblers.

Sources:

[Link to the Study](#)

### **Self-Reported Negative Influence of Gambling Advertising**

Binde and Romhild interviewed 2,163 people from Sweden about gambling advertising. All respondents had taken part in at least one game of chance in the past 12 months.

Only a few people, namely, about two per cent, stated that the advertisements negatively influenced them a number of times, in the sense that they had gambled longer or for more money than originally planned. In this group risk and problem gamblers (with a PGSI value of 3 or more) were over-represented. The distribution indicates that the more serious the gambling problem is, the more the perception of the negative influence grows. An exception are pathological gamblers with especially high PGSI values, who probably cannot be further "triggered" by advertising. Further, many people were affected who had set themselves time or money limits. These accounted for about one third of those who reported a negative impact of gambling advertising. For this reason, the authors recommend, among other things, that the respective providers should not send personalised advertising to those who self-excluded or set limits.

These results were confirmed in a study by Lopez-Gonzalez et al. The researchers studied focus groups with 43 sports bettors who were in treatment because of their gambling problems.

The respondents rated various advertising measures as harmful: Mass marketing, personalised advertising, and advertising stimuli in the betting offices themselves. Money-related advertising campaigns (e.g. bonuses) were classified as particularly negative.

*Sources:*

[Link to the Study by Binde and Romhild](#)

[Link to the Study by Lopez-Gonzalez et al.](#)

### **When Losing Money and Time Feels Good: The Paradoxical Role of Flow in Gambling**

This study focuses on the flow experience of online gambling. Investigations were carried out into blackjack and slot machines on the internet and whether and how the feeling of “getting into the flow” induced gamblers to gamble for longer and more money than planned.

The subjects who experienced flow while gambling found it difficult to stop, not because they lost the sense of time, but because they did not want to stop the positive flow experience, even if that decision meant losing more money. Even warning notices or short forced interruptions did not change this.

*Sources:*

[Link to the Study](#)

### **Public Stigma Across Addictive Behaviors: Casino Gambling, eSports Gambling, and Internet Gambling**

The aim of this study was to compare how (problem) gamblers of different gambling types are stigmatised. The authors worked with vignettes (=case descriptions) in which visitors to arcades, participants in eSports and online games of chance were described; as a point of comparison and reference, the description of a person who is in a serious financial crisis was used. 822 people were interviewed on Amazon Mechanical Turk, an online marketplace for occasional work.

The (fictional) participants of all three types of gambling were stigmatised to a greater extent than the person who suffered a financial crisis. There was also less understanding of their problems. According to the participants in the survey, the problem of gambling is easy to get under control for all three types of gambling. Interestingly, the desire to keep a distance was greater towards the arcade visitor than towards the online gambler because the latter was considered less dangerous.

*Sources:*

[Link to the Study](#)

## ABOUT THE GAMBLING RESEARCH CENTER

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### **Important: Changed Date for the Symposium on Gambling 2020**

We would like to point out that the Gambling Symposium next year will take place on **4 and 5 March 2020**. The date originally communicated collides with a large trade fair event. As a result, no hotel rooms would have been available in the immediate vicinity of the University of Hohenheim. For this reason, we have decided to reschedule the symposium.

### **Parliamentary Hearings**

In addition to the hearings in the state parliaments of Schleswig-Holstein and Brandenburg, the Research Center has also been involved in the legislative process for the implementation of the Third Amendment of the German Interstate Treaty on Gambling in Thuringia in 2019. Next to the recommendation to accept the Third Amendment of the German Interstate Treaty on Gambling, we advocate a number of improvements in gambling regulation. The German Interstate Treaty on Gambling, which will follow after June 2021, requires extensive consideration. All of our written comments can be found on our website:

### **Gambling Research Center**

### **New Articles in ZfWG**

The article entitled “Gambling Addiction in Germany: Frequency and Significance of Individual Forms of Gambling” examines which forms of gambling have the highest potential for addiction. To this end, Markus Banz (BzGA) and the managing director Prof. Tilman Becker discuss the figures of the Federal Centre for Health Education (BzGA) on the existence of problematic gambling behaviour in the general population. The article shows that identifying those with problematic gambling behaviour in the BzGA studies was based on only a very small number of cases, differentiated according to different forms of gambling. Moreover, the assignment to a certain form of gambling was done purely mechanically. No distinction is made regarding the main form of gambling. If a gambler classified as problematic plays both the lottery and the slot machine, they are assigned to the lottery and the slot machine. Consequently, no causal link can be derived from the BzGA figures between the prevalence of a problematic gambling behaviour and a particular form of gambling. Only the results of surveys of experts and clients



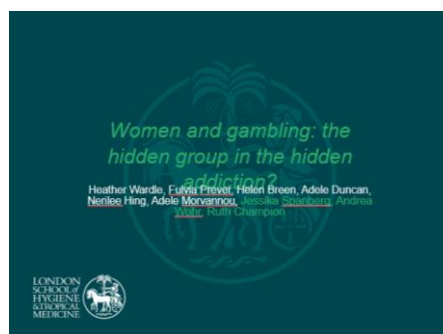
in addiction help facilities should be used for this purpose, in which the form of gambling causing the problem or the main form of gambling is asked. The result is unambiguous. Commercial slot machines exhibit by far the highest potential for addiction.

The complete article can be found on our website:

**ZfWG**

### **Lecture at the International Conference for Behavioral Addictions (ICBA 2019)**

In their presentation entitled "Women and Gambling: The Hidden Group in the Hidden Addiction?" at ICBA 2019, a group of female researchers led by Fulvia Prever and Heather Wardle, to whom Andrea Wöhr from the Gambling Research Center also belongs, pointed out a frequent phenomenon in medical research: Findings gained from research with male clients are adopted unquestioned for female clients. This also applies to the research and treatment of pathological gambling: The research is based on results obtained predominantly with male subjects; there is room for improvement in the treatment of women in most countries in and outside Europe; there is insufficient understanding of the desires and needs of female pathological gamblers. At the same time, there are hardly any former female gamblers who are publicly present. This could be due to the double stigmatisation of women with gambling problems.



### **14<sup>th</sup> Annual Conference on "Sports Betting and Gambling 2019"**

On 27 June, the Gambling Research Center visited the annual conference in Offenbach near Frankfurt. The conference, which was held in a small setting, addressed various aspects of gambling, such as the current jurisdiction in Germany, the connection between gaming and gambling, the defence of digital sovereignty, the opportunities for enforcing gambling law on the internet, and issues concerning money laundering.

In his joint lecture with Marius Wuketich, the Managing Director of the Research Center, Prof. Dr. Tilman Becker, assessed the expiry of online casino licenses in Schleswig-Holstein. They concluded that the licenses in Schleswig-Holstein serve providers only as camouflage, as they may legally advertise throughout Germany. Based on the VAT payments and website click rates of the legal and illegal offer, they showed that many citizens of Schleswig-Holstein do not gamble on the legal websites intended for them, but on the illegal .com sites. This gives

providers a financial advantage. Hans-Jörn Arp, member of the CDU and state parliament of Schleswig-Holstein, interprets these results as confirmation of the necessity of a nationwide uniform regulation and wishes for a regulation based on the realities of the market.

### **Conference: “Addiction Prevention – Gambling in Practice”**

On 21 and 22 May 2019, the Gambling Research Center, represented by Andrea Wöhr, participated in the symposium "Addiction Prevention - Gambling in Practice" in Frankfurt am Main.

Dr. Jens Kalke, among others, reported on gambler and youth protection measures in front of around 120 people. A comprehensive literature study carried out by him and Dr. Hayer shows how effective measures such as limiting availability, age control, the exclusion scheme, etc. are. The detailed results will be published in “Schriftenreihe zur Glücksspielforschung” and will soon be available in



bookshops. On the second day of the conference, Dr. Jan Peters (University of Cologne) discussed the discounting behaviour of gamblers in “Learning and Decision Making Behaviour of Gamblers”. He demonstrated that the gambling environment affects pathological gamblers: In a neutral context (café), gamblers more often chose a reward that was paid later but higher than in the gambling environment. In the latter context, the gamblers seemed to find it harder to postpone rewards.

## DATES

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11-13 September 2019

### **IMGL 2019 Autumn Conference**

Organisers: IMGL

Event location: Munich (Charles Hotel)

16-18 September 2019

### **Deutscher Suchtkongress**

Organisers: German Society of Addiction Psychology, German Society for Addiction Research and Addiction Therapy

Event location: Mainz

24 and 25 September 2019

### **5<sup>th</sup> German Gambling Regulation Day**

Organisers: ZfWG, Benesch Winkler

Event location: Frankfurt (Deutscher Fachverlag, Mainzer Landstraße 251, 60326 Frankfurt am Main)

4 and 5 March 2020:

### **Symposium on Gambling 2020**

Organisers: Gambling Research Center

Event location: Stuttgart (University of Hohenheim, Audimax)

## Legal Notice

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Thank you for your interest.

We look forward to recommendations regarding current publications and events.

The Gambling Research Center Team

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