



## **The Gambling Research Center of the University of Hohenheim**

### **Newsletter December (5/2018)**

#### **Results of the Conference of the Prime Ministers of the (German) States**

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After the last Conference of the Prime Ministers of the States (24-26 October) in Hamburg, hardly any public statements were made with regards to gambling. However, a few points were made public. Prior to the conference, diverse actors had demanded to further develop gambling regulation urgently.

Compared to prior calls, the individual lines of discussion pursued at the Conference of Ministers-President are surely helpful, but rather poor overall. The aim is to establish a more effective, international supervisory authority to combat illegal gambling and to target payments to illegal providers more strongly. Another aim concerns a nationally uniform exclusion scheme.

Regarding other topics such as how to cope with the online casino market in the future, there seems to prevail a great discord among federal states. At the next Conference of the Prime Ministers of the States (21 March 2019), the aim is to elaborate on concrete approaches. We hope that the conference will finally achieve the highly necessary success to readjust the currently chaotic situation of parts of the online gambling market.

#### **News from other European Countries**

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The already announced drastic easing of the "fixed odds betting terminals" (FOBTs) from 100 to 2 pounds, which are very popular in Great Britain, has been delayed. As of yet, the new regulation seems to enter into force not until 2019. These types of slot machines produce considerable revenue for the gambling industry and high income for the British state, however, they also entail great human sorrow. In protest against this unnecessary time delay, the Minister of Sports, Tracey Crouch, stepped down in early November. Next October, the tax on online gambling will rise to 21% of gross gaming earnings to compensate for state income



losses due to easing of FOBTs. On 31 October 2018, stricter rules for gambling advertising and improved consumer protection entered into force.

Since 14 July 2018, a strict ban on Gambling Advertising in Italy has been in place. As of 1 January 2019, every form of sponsoring through gambling will be forbidden. The only exceptions to this are the national lottery, which is carried out once a year by the Italian Gambling Authority (ADM), and smaller local games of chance. Violations of the new guidelines will be subject to severe penalties of at least 50,000 euros for both the client and the disseminating medium. The income from these penalties is directly allocated to a fund aiming to combat gambling addiction. Likewise, clearly visible references to certain gambling products, such as scratch cards, must be printed on tobacco products in the same way as warnings.

In line with the Italian model, there are currently discussions in Spain about strong restrictions on advertising for (online) gaming products and sports betting. There are discussions about equaling gambling advertising with tobacco advertising. It remains to be seen, how further discussions will unfold. Until 17 December 2018, new providers can apply for a licence for the Spanish online gambling market.

Belgium will also see a tightening of advertising restrictions in the coming year, such as the ban on sports betting during sporting events. European regulators realised that restricting advertising is an integral part of regulating games of chance, especially in light of protecting vulnerable groups.

In the small Balkan state of Albania, however, as of next year, (online) sports betting, online casinos as well as terrestrial services in residential areas will be completely banned in order to combat gambling addiction and, above all, manipulation in sport. TV Bingo, the national lottery as well as games of chance in larger casinos and hotels are excluded from this.

## Comparison Portal for (illegal) Online Casinos

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During the last weeks, we took a closer look at German-speaking comparison and bonus portals for online casinos and/or sports betting. These websites offer information on alleged



tests of popular online casinos and sports betting websites as well as information regarding top bonuses. These websites give the impression of serious comparison portals.

During our research, some interesting findings came to light. In advance, we can say that those who expect independent ratings of (in Germany mostly illegal) online casino websites will be disappointed, as they are more likely to be advertising. Most of these portals state a Maltese company address in their legal notice.

In addition, many of the German sites can be traced back to a single Maltese online marketing company (listed on Nasdaq Stockholm) that primarily deals with online gambling providers and the financial industry (Catena Media). According to its own quarterly reports, this fast-growing company represents a large number of major companies in the online gambling industry. The company reported revenues of 27.7 million euros for the third quarter of 2018, of which 94% came from the online casino and sports betting sector. The company also boasts that 75% of its revenue comes from regulated and taxed markets. The annual reports names Germany a core market despite the fact that online casinos (except for Schleswig-Holstein) as well as advertising are illegal (§ 284 German Penal Code).

With such superficially secretive constructions, we suspect that more or less all portals are either pure marketing portals of the online gambling industry or portals of resourceful affiliate partners who earn their money through referral commissions.



## Newsflash

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### Technical Guideline 5 Entered into Force

Technical Guideline 5 (TR 5) came into force on 11 November 2018. It comprises a multitude of changes in the areas of gambling duration, stakes, loss and gain limits, and breaks. The most important changes surely include the maximum stake now at ten euros, losses limited to 60 euros per hour, and gamblers now allowed to gamble at one slot machine only. Prof. Dr. Gerhard Meyer harshly criticises the new slot machines. In the technical series “Beiträge zum Glücksspielwesen” (Contributions to Gambling) (3/4 2018), he talks about old wine in new wineskins, as producers would use loopholes to evade measures stipulated by legislators to better protect gamblers. Therefore, he calls for amendments to gambling regulation. In the next months, we will see the concrete effects of these changes on gambling behaviour of gamblers and, in a next step, on the economic situation of providers.

*Further details:*

[National Metrology Institute of Germany](#)

### Self-restricting Gambling Advertising

The British pay television broadcaster Sky, now part of the American Comcast Corporation, wants to significantly decrease the number of spots aired during transmissions of Premier League matches. As of August 2019, only one spot is to be aired per commercial break, costing the broadcaster millions of euros presumably. However, we have to wait and see, whether this self-restriction will gain foothold in other countries as well.

*Further details:*

[The Telegraph](#)

### Monopoly on Lottery and new Gambling Supervisory Authority



The Managing Director of the state-run Toto-Lotto GmbH Baden-Württemberg Georg Wacker sees the lottery monopoly in danger due to sustained pressure from illegal providers from abroad. He further refers to levies that state lottery companies pay for sports, culture, and cultural heritage management as opposed to illegal competition from abroad.

For this reason, he demands more staff for the gambling supervisory authorities and the establishment of a national authority responsible for online matters. Wacker would like to see this authority in Baden-Württemberg.

*Further details:*

[Heilbronner Stimme](#)

### **Illegal Credit Card Payments in Online Casinos**

Already in early 2018, the Local Court in Munich ruled that credit card payments to (illegal) online casinos are illegal and that credit card companies concerned are not entitled to corresponding claims (judgment of 21.02.2018 - 158 C 19107/17). In the Court's view, the credit card company should have identified and refused the gambling payment based on the Merchant Memory Code (MCC) and the gambling supervisory authorities' whitelist. The defendant bank charges a fee for payments to casinos.

*Further details:*

[Lenné Law Firm](#)  
[Martin Reeckmann, lawyer](#)

### **High Fines in the Netherlands and Great Britain**

The Dutch gambling supervisory authorities Kansspelautoriteit once again imposed high fines (350,000 euros) on providers of illegal online games of chance. This time, the fines concerned a Cypriot gambling provider as well as a provider from Curaçao, which primarily targeted Dutch citizens as their websites were completely in Dutch. So far, the Netherlands have banned online casinos, however, Parliament is currently processing a new law. A (licenced) provider of online games of chance in Great Britain must pay a record fine of 8.1 million pounds. In the Gambling



Commission's view, the provider failed to fulfill their responsibility to prevent money laundering and protect vulnerable gamblers. In October, a similar fine was imposed on another provider for similar reasons.

*Further details:*

### **Gambling Commission**

#### **Enlightening Response on Enforcement against Illegal Providers on Small Request**

In his small request titled "what comes next after the Second Amendment of the German Interstate Treaty on Gambling was rejected?", the member of Lower Saxony's state parliament Christian Grascha (FDP) asked the Regional Government a string of questions regarding the further development of the gambling market and, above all, the fight against illegal providers. The Regional Government, represented by the Ministry of the Interior and Sports, referred to cease and desist orders, which have also been confirmed by higher courts. In most cases, however, these orders have not been enforced due to missing enforcement agreements with the respective countries (for example Malta). No information can be given about why payments stopped due to interests worthy of protection. An individual evaluation of the 146 investigations into the allegation "unauthorised organisation of gambling" that were conducted in Lower Saxony between December 2011 and August 2018 showed that there was no legally binding conviction in any case.

*Further details:*

#### **Printed Matter 18/1860 State Parliament of Lower Saxony**



## Research

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*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.*

### **Where Lies the Harm in Lottery Gambling? A Portrait of Gambling Practices and Associated Problems**

Costes et al. compare a group of exclusive lottery players with gamblers who resort to other types of games as well. To this end, data from two representative surveys from France (n = 15,635) and the Canadian province Québec (n = 23,896) gathered between 2009 and 2013 were evaluated. According to the article, the group consisting of exclusive lottery players in France make up 71.2% and in Québec, 61% of all gamblers. Among non-exclusive lottery players, lotteries are the most popular type of game. According to the data of the study, the exclusive lottery players are less likely to smoke on a daily basis or consume illegal drugs. The share of problematic gamblers is smaller in this group. In France, however, many of the exclusive lottery players show peculiar or problematic gambling behaviour. They primarily resort to quick lottery forms that accept higher stakes. The authors conclude that future studies must differentiate more clearly between different user types. Especially quick lottery forms bear a high risk potential.

Sources:

[Journal of Gambling Studies](#)

### **Too big to jail: Match-fixing, institutional failure and the shifting of responsibility**

The author of the article sheds light on the institutional context in which sports manipulation takes place and which, according to them, has been heavily neglected. For his investigation, he uses a multi-method approach, in which he analyses documents and interviews both athletes and officials from the field of professional South Korean football as well as motorboat racing. The focus lies on these two types of sport as during recent years, they have faced major manipulation scandals and are among the most popular disciplines in South Korea with respect to sports betting.

His thesis says that the system or the institutional design of professional sports leads to manipulation. It should rather question the institutional support of the sports betting market. According to the author, institutional failure is compensated by shifting responsibility for fraud onto individual players, who are held primarily responsible for the integrity of the sport. However, according to the author, responsibility is a political attribution process legitimised by institutional power. Institutional responsibility is thereby shifted to the moral of the individual actor, as institutions cannot be held accountable for the fraud.

Sources:

[International Review for the Sociology of Sports](#)





### **It's all about gains: Risk preferences in problem gambling.**

In a quasi-experimental study, Ring et al. examined various risk preferences of problematic gamblers on the basis of data from a total of 78 subjects. To first estimate their gambling behaviour, the subjects were interviewed. Then, they were put into three different groups (problematic gamblers, regular gamblers, and a control group with people gambling rarely or never). Subjects then had to absolve a string of tests in form of decision situations. These different experiments showed that problematic gamblers resort to riskier types (safe payout vs. lottery) more frequently.

The authors conclude that in light of prevention, previous nearly obligatory information pertaining to gain probabilities for games of chance are insufficient - especially for problematic gamblers as they tend to overestimate small to medium chances of winning. The authors state that for prevention, it would be more sensible to provide information pertaining to the probability of losing.

Sources:

**Journal of Experimental Psychology**

### **Connecting with a Slot Machine: Social Exclusion and Anthropomorphization Increase Gambling**

By means of two experiments, the authors analysed the effects of social exclusion of subjects on the use of slot machines. To this end, they found 72 or 109 research subjects, who do not gamble regularly and who had to absolve the respective experiments. Among other things, the first experiment shows that the subjects who had to recall a painful social situation, gambled for a longer period compared to the control group. In a second run, the situation was manipulated so that subjects felt socially excluded. They were then confronted with slot machines which were presented once with human characteristics and once as a mere machine. Socially excluded subjects, who gambled at slot machines with rather human characteristics, gambled significantly longer than the control group. The authors conclude that to better prevent gambling addiction, presenting slot machines with human characteristics is key.

Sources:

**Journal of Gambling Studies**





## Feuerlein Symposium on Care Research in Addiction Therapy

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In Germany, care research has played a minor role. For this reason, the talks at the Feuerlein Symposium on 18 October in Heidelberg were ever more interesting. Andrea Wöhr represented the Gambling Research Center at the event. Among others, Prof. Dr. Georg Schomerus (University of Greifswald) gave a talk called “Not me! Stigmata as Barriers in the Treatment of Addicts”. Stigmata-based opinions hinder addicts to recognise own or others’ addiction problems and have negative impacts on therapy demand. Concomitantly, they influence the self-esteem of those affected which entails implications for their optimism regarding therapy.

*Links:*

[Programme of the Symposium](#)

## Participating in the Round Table on Gambling

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On 23 October 2018, staff members Andrea Wöhr and Marius Wuketich took part in the Panel “Gambling” organised by Evangelische Gesellschaft Stuttgart. On the one hand, the panel discussed the current state of regulation focussing on the Technical Guideline for Slot Machines (TR 5) in light of commercial slot machines. All participants unanimously agreed that the Technical Guideline will bring about significant changes to the industry, which different actors will evaluate in diverging ways. On the other hand, the new study by Hayer et al. on the OASIS exclusion scheme was presented and discussed. During breaks and after the event, there was room for exchange with colleagues from different subject fields.

## Nationwide Working Group on Gambling Addiction

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On 22 November 2018, the Gambling Research Center visited the meeting of the nationwide Working Group on Gambling Addiction in the Ministry of Social Affairs and Integration of Baden-Württemberg.

The Working Group discussed with the plenary about current developments in gambling regulation. In addition, there was a review and outlook on the action day against gambling addiction as well as an exchange of experiences on the training courses for providers.



## Dates

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12-13 March 2019

### **16<sup>th</sup> Symposium on Gambling**

Organisers: Gambling Research Center  
Stuttgart

3-5 April 2019

### **24<sup>th</sup> Addiction Treatment Forum in Tübingen**

Organisers: University Hospital Tübingen Department of Addiction Medicine and  
Addiction Research, Landesverband für Prävention und Rehabilitation (BWLV),  
Tübinger Förderverein für abstinente Alkoholabhängige e.V.



## **Impressum:**

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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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