



The Gambling Research Center of the University of Hohenheim

Newsletter February 2018

15th Symposium on Gambling of the Gambling Research Center of the University of Hohenheim

The Symposium on Gambling provides profound insight into current issues pertaining to gambling. It will take place on 21 and 22 March at the Gambling Research Center of the University of Hohenheim. The event will raise controversial questions regarding for example the future of the lottery monopoly or whether gambling regulation should be organised on the national or federal states level. Issues on how to regulate sports betting or how to counteract illegal providers will also be addressed. Other topics encompass prevention of gambling addiction, gambler exclusion, and prevention of money laundering. Finally, the relevance of block chain technology for the gambling sector will be discussed.

For further information or to register for the event (until 28 February), please refer to:

<https://gluecksspiel.uni-hohenheim.de/symposium2018>

Current State of the Second Amendment of German Interstate Treaty on Gambling

As Schleswig-Holstein, North Rhine-Westphalia, and Hesse have not ratified the Second Amendment of the German Interstate Treaty on Gambling, the treaty has not entered into force. For this reason, renegotiations are urgently needed. Renegotiations provide the grounds for comprehensive and future-oriented regulation.

Already in October 2015, Hesse established five "Guidelines for a Modern Gambling Regulation in Germany". In a current joint motion, the Christian Democrats (CDU) and the Green Party in Hesse's Parliament demand a review of the German Interstate Treaty on Gambling. The motion is based on these five guidelines.

In this motion, they demand, among other things, the legalisation of online gambling by means of licencing, the cancellation of quantitative restrictions with regards to sports betting concessions, the establishment of a public service to enforce regulation on the internet as well



as the setting up of a gambler exclusion scheme on the national level that is applied across different types of games to meet current challenges posed by the gambling market. On that note, we have to wait and see, whether the Conference of Minister Presidents will soon discuss first solutions to swiftly impose coherent, nationwide, and especially contemporary (online) gambling regulation.

Prof. Tilman Becker is the Managing Director of the Gambling Research Center. In October 2016, he outlined the current situation and offered detailed recommendations on how to improve gambling regulation:

1. The current legal form of the German Gambling Commission must be questioned. With respect to the Constitution, the Bavarian Constitutional Courts of Bavaria and Hesse are challenging the German Gambling Commission as the highest supervisory body.
2. The model of general interest that concern lotteries organised by the state and non-profit organisations is tried and tested. It symbolises a social consensus that has been established in the course of the last centuries. Eventually, in terms of European law, current regulation concerning the lottery market stem from society's socio-cultural preferences (and not from economic considerations pertaining to efficiency).
3. To counteract illegal secondary lotteries, examinations and adaptations in light of criminal and tax law are necessary. Tax evasion is adding up to hundreds of millions of euros. No levies for charitable causes are collected.
4. Based on the German Interstate Treaty on Gambling of 2008, there are established standards that pertain to youth and gambler protection. For some points, we see room for improvement to better meet the targets set by the German Interstate Treaty on Gambling with particular focus on legal differentiation. As proposed by Hesse, it would be reasonable to apply an exclusion scheme across all types of games with significant risk of addiction.
5. For online sports betting, youth and gamblers should benefit from the same protective measures that are applied for concession-based online lotteries: Implementation of an exclusion scheme, development and implementation of social concepts, training for staff, appointment of prevention consultants, identity checks, stakes and loss limits, obligation for providers to inform about pathological gambling behaviour, etc.
6. It is necessary to scientifically evaluate social concepts and their implementation particularly for types of games with high risk potential. On the other hand, they seem disposable with regards to social lotteries.
7. Regarding sports betting, the number of licences should not be limited. However, all legal requirements concerning youth and gambler protection must be applied and enforced for licencors - even if they are tolerated.
8. We must not accept illegal online casino games or linkings between tolerated illegal providers and illegal gambling offers.



9. Permitting online slot machines, if politically motivated, should root in coherence and legal requirements concerning slot machines in arcades and pubs as well as in casinos.
10. Permitting online slot machines would bring about additional tasks for the Gambling Supervisory Authority. Before legalising online slot machines, an institution working across federal states should be considered.
11. Online poker in its current form should under no circumstances be legalised. Free choice of table will incentivise gamblers to resort to collusion, fraud, and manipulation.
12. Banning multiple concession schemes and the minimum distance rule entails considerable problems. Social benefit of these measures is not proportional to social costs. The locations of arcades and sports betting businesses should be subject to building legislation. However, gambler and youth protection should be subject to gambling regulation.
13. An independent certificate for arcades would surely help to ensure that providers abide by regulation, but is no panacea. Organisations that issue certificates should be accredited by independent third parties.
14. In light of youth and gambler protection, slot machines in pubs must be discussed critically. A string of measures would be realistic: a complete ban on slot machines in pubs, stricter requirements for technical features, or individual-based play cards. The same requirements in terms of youth and gambler protection should take effect in arcades.
15. First and foremost, a Gambling Commission that works across federal states as a gambling supervisory authority must be established. Concurrently, participation of federal states needs to be safeguarded. This Commission should primarily focus on regulating online games of chance. Assigning technical tasks to institutions such as TÜV or the Federal Institute of Metrology would be realistic. Experiences with such Commissions gathered in other European countries should be evaluated to find the best organisational form with legal validity.

Sources:

[Request from the parliamentary groups CDU and Alliance 90/Greens in the Landtag of Hesse](#)
[Article in Zeitschrift für Wett- und Glücksspielrecht](#)
Gambling Research Center
Ministry of Justice, Security, Tax, Finance in Saxony

UK Multi-Operator Self-Exclusion Scheme is hardly efficient

As revealed by BBC reporter Rob Cave working undercover, the multi-operator self-exclusion scheme, initiated by the UK Gambling Commission in 2017, is not very effective. Originally, the instrument aimed to enable addicted gamblers to self-exclude from betting shops close to their homes or working places. The reporter pretended to be a gambling addict and opted



himself out from 21 betting shops in the city of Grimsby. However, he succeeded to place a bet in 19 out of 21 betting shops. A simple poster with name and picture of the excluded gambler does not seem to work perfectly. The Association of British Bookmakers admitted that the system was not perfect and that improvements were necessary. The UK Gambling Commission is observing the behaviour of the branch with regards to this topic very critically.

Sources:

BBC
Gambling Commission UK

Statistics on Gambling in the UK and Germany in Comparison

The UK Gambling Commission published new statistics regarding the regulated gambling market in the UK in January 2018. The report summarises developments between April 2014 and March 2017. Almost in accordance with international trends, the market sees moderate and continuous growth in all areas. Growth amounts to 2% with respect to gross gaming earnings which are adding up to about 15.6 billion euros. The non-terrestrial field (internet, television, telephone, etc.) grew the most with 10.1% regarding gross gaming earnings. Thus, the non-terrestrial market share amounts to about 34%. However, the official statistics provide no data on the non-regulated market. We assume that after the market was liberalised, it has barely played a role. For 2015, the German Gambling supervisory authorities of federal states register gross gaming earnings amounting to 10.4 billion euros in the regulated market. In the same year, the share of the non-regulated market already added up to 18% of the overall market. This corresponds to 2.3 billion euros of gross gaming earnings. This year, the overall market grew by 8%. However, this was mainly due to the non-regulated market.

Developments are thus similar in both countries (moderate grow, mainly in the non-terrestrial field). Nonetheless, consequences differ strongly. While in the UK, the powerful Gambling Commission can ensure more or less safe gambling, German gamblers who want to gamble online have to resort to illegal foreign providers with all entailed dangers (fraud, bad gambler protection, etc.). In addition, the German state loses tax worth hundreds of millions. We have to wait and see, whether legislators will finally wake up to avert further damage to gamblers and tax authorities as well as to establish modern and coherent regulation on the gambling market.



Sources:

Gambling Commission UK
Gambling supervisory authorities of the Federal States

Report on Online Study causes Confusion

In early January 2018, different press reports presented a study conducted by polling institute INSA CONSULERE on behalf of Forum der Automatenunternehmer. In this study, the polling institute asked 1,566 individuals online in December 2017. It probably used a so-called convenience sample, also called random sample, which does not make representative statements on the overall population. A share of 54% said they had played a slot machine once. Different press reports (e.g. Presse Augsburg) presenting this study referred to a report by dts, a press agency. Dts reported about roughly 5 million German citizens that gamble at slot machines on a regular basis and other 5 million German citizens who gamble occasionally. All this was reported on the basis of 1,566 interviewed internet users. Comparing these figures with the ones provided by the Federal Centre for Health Education, we find a substantial discrepancy. Considering all slot machines in casinos, we reach a 12 month prevalence amounting to 3,4% of the population between the age of 16 and 65 for 2015. Only lifetime prevalence comes close to the aforementioned figures. The press should thus check their presented figures in terms of plausibility as well.

Sources:

Forum der Automatenunternehmer
Federal Centre for Health Education
Presse Augsburg

Australia and UK introduce new Gambler Protection Programmes

Australia envisages the introduction of two new programmes to protect gamblers in 2018. By December, it wants to implement a self-exclusion register for online betting. The exclusion scheme will be available for all phone and web based platforms. Gamblers decide on the time period themselves. However, the minimum amount of time is three months. Longer time



periods are possible. To remove the exclusion, gamblers must provide documents certifying that they visited addiction counsellors. Moreover, after lifting the exclusion, gamblers must go through a seven day cooling-off period before they start gambling again. In addition, gamblers must actively contact every single provider to reactivate their accounts.

Furthermore, by July 2018, Australia aims to establish a voluntary pre-commitment scheme for online betting. A pre-commitment limit will be mandatory. However, other limits are optional for operators. Limits should be binding to prevent further gambling after reaching a limit.

By early 2018, Great Britain and Northern Ireland want to introduce a national self-exclusion scheme for online gambling. The programme will be called GAMSTOP, work across platforms, and complement the already existing exclusion scheme where gamblers can self-exclude from single providers. This means that all operators of online gambling must be part of GAMSTOP and continue to administer their individual exclusion data sets. Thereby, gamblers who do not want to use the nationwide exclusion-scheme can still exclude themselves locally. A GAMSTOP exclusion lasts for at least six months. If gamblers want to gamble after exclusion, they have to approach every single operator and go through a process to lift the exclusion. After another 24 hours, gamblers can again engage with games of chance.

Sources:

[Department of Human Services Australia](#)
[Gambling Commission UK](#)

Sweden opens up Gambling Market

The Swedish Government aims to enforce a new Gaming Act as well as a new Gaming Tax Act for offline and online games of chance as of 1 January 2019. In future, international providers of games of chance shall receive five year licences from the Swedish Gambling Supervisory Authorities. At the same time, illegal gambling offers will be punished more severely, a legal framework will be established to legally offer gambling products, and different payment providers will have to cancel payment flows to foreign gambling providers. Currently, only state-run provider Svenska Spel can offer online games of chance in Sweden. However, illegal foreign providers already hold great market shares in many other countries (such as



Germany) lacking regulation concerning their online gambling market. Thereby, Sweden joins international trends of liberalising (online) gambling markets.

Sources:

Government Office of Sweden

Gambling is not on top of the EU agenda

In a press statement in early December 2017, the European Commission announced that all ongoing criminal proceedings concerning breach of gambling contracts will be stopped. The Commission thus foregoes available instruments to support the EU single market in this area. It generally refers to the autonomy of national efforts to efficiently regulate the gambling sector and refers appellants to national courts to enforce their legal rights. Consequently, the European Commission will not champion coherent European regulation concerning online gambling. We expect that the great differences and all entailed downsides between member states will prevail.

Sources:

European 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.

Money over Misery: Restrictive Gambling Legislation in an Era of Liberalization

In a political science case study, Carsten Jensen compared gambling regulation development in Denmark and Norway. Although social structures and political systems are almost identical in both countries, gambling regulation has developed in opposite directions during the last years. Denmark has liberalised its market in line with international trends. Norway, however, has done the exact opposite by almost completely restricting access to games of chance.

The author explains the differing developments with the amount of gambling income for the state. In 1992, Norway adopted rationalisation reforms. Since these reforms, one third of gambling income has automatically been earmarked for civil society, namely, sports, culture, and science. Consequently, there is no direct tax income from gambling for the state which is why preventing gambling addiction prevailed as number one priority in the political discourse in Norway. According to the analysis, these are the grounds for which the priority to strive for improved public health replaced the priority to strive for income in Norway. The answer to the question, what model will prevail, mainly depends on the amount of direct income for the state from gambling and the public discourse on issues such as health dangers of gambling in connection to discussions on tobacco and the dangers of smoking.

Sources:

Journal of European Policy Studies

Digitising Games of Chance

A study recently published by Handelsblatt Research Institute sheds light on the effects of the social transformation, currently known as "digitisation", on games of chance. It was conducted by means of a survey that is representative of the German population and that deals with the use of (online) games. Firstly, the study introduces the key words digital transformation and their effects on society and businesses. Secondly, the study discusses various changes



brought about by this transformation in the area of gambling. It then draws conclusions for the gambling sector as well as regulation. These encompass more recent phenomena such as e-sports betting, fantasy sports betting, or social gambling. Moreover, the paper discusses the increasing engagement with gambling by means of mobile devices and the growingly important role of platforms. Topics relevant for the future are also included in the discussion. These involve different applications of block chain technology and the use of virtual reality.

By means of a international comparison and economic data, authors of the study are able to demonstrate the already existing relevance of the online gambling market. Different case illustrations present the effects of different regulatory approaches on the online market. They show that, despite the prevailing almost factual ban on online gambling in Germany (except for state lotteries), there is a relevant, non-regulated online market that makes up 87% of the online market. Paradoxically, illegal foreign providers of online casinos, poker, and sports betting are the major providers of the sector. Due to their intensive advertising, consumers think they are legal. Germany and Brazil serve as negative examples. However, there are significantly promising developments in the UK and in Denmark as both countries have taken comprehensive measures to liberalise their online markets. Thereby, they successfully channeled illegal games towards legal offers. In both countries, a powerful regulatory authority in forms of a Gambling Commission ensures legality and gambler protection.

The authors further criticise German regulatory authorities harshly as they are not enforcing the currently effective online ban on several types of games. By legalising online games of chance, they hope to channel the nonetheless high demand for legal offers. With new modern technology, this would support gambler protection and bring about positive fiscal effects. They call for effective regulatory authorities that observe the gambling market continuously and are flexible enough to react to developments.

Sources:

[Handelsblatt Research Institute](#)

Male Students and Apprentices are extremely vulnerable to (Online) Gambling

A survey among students and apprentices conducted in Berlin by Fachstelle Suchprävention shows that a large share (32.9%) of all 1,607 students had engaged with games of chance. The largest shares prevail among male students (39.4%) and apprentices (43.3%). 7.6% of students and 13.8% of apprentices surveyed said they had engaged with games of chance during the last 30 days. In terms of problematic gambling behaviour, the survey finds a significant gender and migration effect. Male people and people from an immigrant background revealed that they showed signs of problematic behaviour such as gambling "in secret" and gambling "longer than initially planned". Slot machines are particularly popular among students. Male students especially enjoy sports betting.

Sources:



Fachstelle für Suchprävention des Landes Berlin

Consumer Engagement with and Perceptions of Offshore Online Gambling Sites

Gainsbury et al. focus on gamblers that commit to illegal (non-licensed) online casinos - a group which has barely been evaluated scientifically. Australia generally has a liberal gambling market. In terms of online games of chance, however, regulation is very restrictive. In 2012, the authors already surveyed 3,199 online gamblers in Australia about online games of chance. Respondents were invited via Google, social networks, and other websites to take part in the survey. Questions of the survey regarded topics such as gambling behaviour, online gambling, knowledge about legality of online offers, and problem gambling. The authors compared online and offline gamblers and conducted a logistic regression to learn about relevant factors that influence the choice between legal and illegal offers. Gamblers using illegal websites differ in terms of demographics from users of legal websites (e.g. they are more often of male gender and younger). Moreover, gamblers resorting to illegal websites tend to experience gambling problems more often. The authors predict a sustainable demand for online gambling. In their opinion, legislators should thus consider liberalising online gambling.

Sources:

[New Media and Society](#)

Controlling the Illusion of Control: a grounded Theory of Sports Betting advertising in the UK

By means of a grounded theory evaluation of 102 sports betting advertisements that were published by 21 UK betting brands between 2014 and 2016, the authors Hibai Lopez-Gonzalez, Ana Estévez and Mark D. Griffiths show the narratives used in these spots. The applied narratives are used to display situations and characters in such a way to make betting seem normal. According to their analysis, all evaluated sports betting advertisements have a single core narrative. On the one hand, advertisements aim to display the perceived risk of betting in a minimised way by for example using humorous scenes or famous people. On the other hand, they intend to show the perceived control of the bettor by emphasising the importance of expert sports knowledge. The authors conclude that the use of the control subject or similar narratives in sports betting advertisement must be subject to regulatory checks by the respective supervisory authorities.

Sources:

[International Gambling Studies](#)

Personality Biomarkers of Pathological Gambling: A Machine Learning Study



Cerasa et al. published a trailblazing study in the newest edition of the Journal of Neuroscience Methods. By means of machine learning and artificial intelligence, 19 authors of the study searched for means to predict the development of gambling disorders. For their analysis, the authors gathered the big five personality factors from 40 clinical patients with gambling-related disorders and no other disorders as well as from a control group consisting of 160 healthy people. By propensity score matching, the CART method (Classification and regression trees), the support vector machine method (SVM), and differentiation of personality factors, almost 80% of cases were predicted correctly as people with gambling-related disorders. Such methods raise new and exciting possibilities to identify people at risk.

Sources:

Journal of Neuroscience Methods



Industry Interests in Gambling Research: Lessons Learned from other Forms of Hazardous Consumption

In their latest article, Cowlshaw and Thomas show that the tobacco and gambling industry use similar means to influence scientific findings and regulatory efforts. The authors express a clear desideratum and a lack of discussion pertaining to the influences of the gambling industry on gambling research. They provide examples to draw parallels. These encompass, among other things, the selective research funding of the gambling industry or similar institutional structures in forms of think tanks. Based on the literature, they provide two arguments against the industry's selective research funding. On the one hand, the damage caused by games of chance is purposely underestimated as damage to families remains unconsidered. On the other hand, the focus is shifted towards the individual and their responsibility with regards to responsible gambling. Thereby, regulatory means to minimise damage by e.g. limits on stakes or restrictions on advertisements fall by the wayside. For this reason, the authors call for further research, an open-minded approach towards the issue as well as a general increase in independent public funding to promote basic research into games of chance.

Sources:

Addictive Behaviors



At the 7th Expert Conference on Gambling & Gambler Protection in Vienna

The Federal Ministry of Finance in Vienna organised the 7th Expert Conference on Gambling & Gambler Protection on 23 January. The event focused on links between gambling and criminality. Ms Alexandra Puhm (Gesundheit Österreich GmbH) summarised the current situation and data regarding gambling-related crime. Representatives of the financial police said it was difficult to check illegal games of chance. In this vein, they increasingly face organised crime. Other items of the agenda concerned Responsible Gambling, Social Gambling at young age, and the use of apps for treating addiction disorders.

For more information, refer to the websites of the [Federal Ministry of Finance](#).

Glücksspielhelden and Survey on Online Gamblers

In our last newsletter (December 2017), we informed about the Leverkusen-based law firm Lenné and their work. The firm helps online gamblers to reclaim financial losses made in illegal online casinos from payment service providers (Paypal, credit card companies, etc.).

Another service provider stepped up its commitment in this regard, namely, the web portal www.gluecksspielhelden.de. This service provider first tries to find out-of-court arrangements in favour of online gamblers. If they do not succeed, they call in contract lawyers for the subsequent judicial proceedings. While German regulatory authorities seem to have little control over foreign illegal online casinos, the strategy to legally urge payment service providers to waive all claims seems to bear fruit for local consumer protection.

In cooperation with Lenné and Glücksspielhelden, the Gambling Research Center recently kicked off a research project in the form of an online survey to analyse online gamblers, their gambling behaviour as well as their game preferences. If you are an interested online gambler, see the following link to find the questionnaire:

https://ww2.unipark.de/uc/online_gluecksspiel/



Sources:
Lenné Law Firm
Glücksspielhelden



Dates

21-22 March 2018

Symposium on Gambling

Organisers: Gambling Research Center

University of Hohenheim

23-25 April 2018

ICBA 2018 - 5th International Conference on Behavioral Addictions

Organisers: University of Duisburg Essen, Hannover Medical School, ISSBA

Cologne

22-25 May 2018

23th Hamburg Addiction Therapy Forum

Organisers: University of Hamburg

Hamburg

27-29 June 2018

Symposium "Gambling addiction: Science, Independence, Transparency"

Organisers: Lucerne University of Applied Sciences and Arts and cooperation partners

Freiburg/Schweiz

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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