



international betting
integrity association

IBIA response: Notification
of Gaming Regulations and
Technical Specifications for
online games of chance
- 2019/657/GR (Greece)

April 2020



1. The International Betting Integrity Association (IBIA)¹, a not-for-profit body representing the betting integrity interests of many of the largest licensed retail and online betting operators in the world, would like to draw your attention to a number of issues and concerns with regard to the notified law covering the regulation of online games of chance in Greece (2019/657/GR)². In particular, the draft law's adverse impact and its compatibility with European Union (EU) law.³
2. The association and its members welcome the decision of the Greek government to update the regulation and licensing of online gambling, but have concerns regarding the proportionality, effectiveness and the underlining reasoning behind some of the proposals and the impact of accompanying provisions (e.g. taxation). In particular, the adverse impact on the attractiveness of the product Greek licensed betting operators will be able to offer to consumers relative to offshore operators from an online gambling framework that includes:
 - a) high level of taxation imposed on licensed betting;
 - b) expensive betting licensing fees (Regulations - Article 3);
 - c) unjustified betting product restrictions (Regulations - Article 11);
 - d) discriminatory online age restrictions (Regulations - Article 2); and
 - e) lack of sports betting integrity provisions.
3. The Greek government states that the aim of the regulations is to “adopt the most up-to-date practices and techniques” in an effort to “ensure compliance and prevent crime” as well as meeting the “specificities, complexity and risks arising from the number of businesses operating in the online gambling market, and to protect social and public interests.”⁴
4. Whilst IBIA welcomes aspects of the regulations, most notably the general opening the market and the ability for all betting operators to apply for a licence and to operate in Greece, the association contends that there is clear evidence from other jurisdictions that the approach proposed will in fact deter many betting operators from being licensed in the market.
5. Taking the fiscal issues first, IBIA believes that a high level of taxation and expensive licence fees are, on their own, each a deterrent to operators applying for betting licences in Greece. As a combination, they pose a significant threat to the success of the regime in attracting operators and the resulting lack of oversight of the market and related adverse fiscal and social impacts.
6. Evidence shows that the type and level of taxation significantly influences the size and product availability of the licensed betting market and is an important driver of market growth, structure and consumer attraction. As such, the taxation of betting is a key determining factor for many betting operators when considering whether to apply for a licence in that market.
7. Whilst it is welcome that Greece has chosen to maintain a gross gambling revenue (GGR) tax approach, as opposed to a turnover tax model, the 35% GGR rate⁵ is particularly high (Figure 1). Tax is not directly covered in the regulations, but the success of those provisions is inevitably linked and the high taxation rate is expected to have a negative impact on licence applications and product pricing and, as a result, on the attractiveness of the Greek market to consumers.

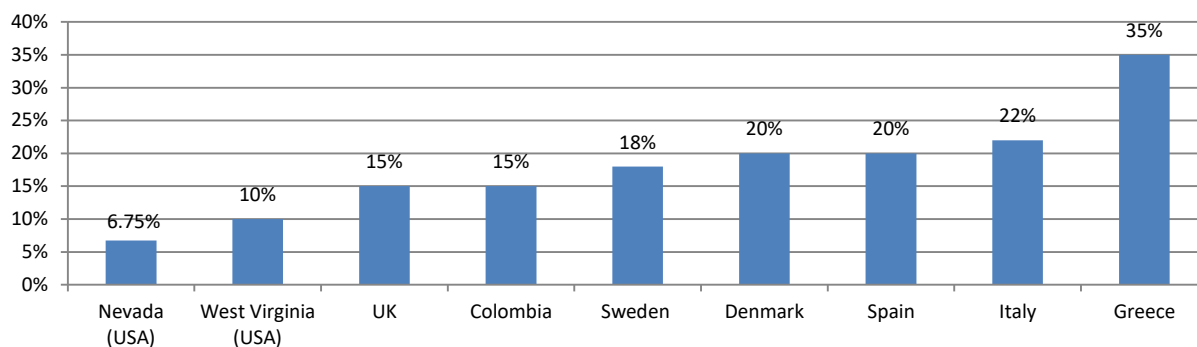
¹ <https://ibia.bet/>

² <https://ec.europa.eu/growth/tools-databases/tris/en/search/?trisaction=search.detail&year=2019&num=657> & <https://calvinayre.com/2020/01/08/business/greece-submits-igaming-regulations-to-european-commission/>

³ https://europa.eu/european-union/law_en

⁴ <https://ec.europa.eu/growth/tools-databases/tris/en/index.cfm/search/?trisaction=search.detail&year=2019&num=657&mLang=EN>

⁵ <https://www.igamingbusiness.com/news/greece-approves-fixed-35-tax-rate-online-gaming-operators>

Figure 1: Examples of GGR Betting Taxation Rates Worldwide

Source: H2 Gambling Capital, March 2020

8. The approach to taxation directly impacts the rate of consumer activity channelled to the regulated market. Those in the 10-20% GGR range have 'high to very high' levels of channelling of consumers to their regulated operators (as opposed to offshore operators), with the UK (15% GGR) and Denmark (20% GGR) estimated to have consumer channelling rates of 95% and 90%.⁶
9. Those countries also have larger numbers of licence applications and choice and competition to attract and retain consumers within the licensed market, which is what the Greek authorities are striving to achieve. In line with this approach, the Swedish Government determined to set the tax rate of its new licensed online betting market (operational from January 2019) at 18% GGR.⁷
10. The approach was supported in a report by Copenhagen Economics which determined that "a tax-rate of online gambling which gives both a high channelling rate as well as high (Swe. "goda") tax revenues lies within the range of 15 to 20 percent of the gross gambling revenue (GGR)."⁸ Sweden saw 87 licence applications approved by August 2019, with 45 for sports betting.⁹
11. It is also important for the attractiveness and viability of a market that any licence fees are proportionate and based on the necessary administrative costs of proper market regulation. Licensing fees should not be used as a means to impose an unjustified revenue raising tool, and in effect an additional means of taxation, which would deter operators from seeking a licence.
12. The online betting licence fee (€3m for seven-year licence) that the Greek authorities propose is prohibitive relative to other jurisdictions. In Denmark, for example, the application fee for a five-year betting licence is DKK 285,800 (around €38,000) along with an annual fee depending on the size of operator's revenue ranging from DKK 57,200 to 5,143,000 (around €7,500 to €689,000).¹⁰
13. This approach is used in many other countries: the British Gambling Commission's application fees for online betting licences (with no expiry date) range from £2,200 to £19,333 (around €2,500 to €22,000) with annual fees, depending on operator revenue, of £2,256 to £471,142 (around €2,500 to €532,500).¹¹ Malta,¹² Sweden,¹³ Spain¹⁴ and others employ a similar model.

⁶ <https://www.rga.eu.com/wp-content/uploads/REPORT-Regulation-of-online-betting-market-in-Poland.pdf> Pages 19, 20 and 21.⁷ <https://www.lotteriinspektionen.se/en/press-contact/notes-archive/information-about-applying-for-a-licence/>⁸ <https://www.copenhageneconomics.com/dyn/resources/Publication/publicationPDF/8/368/1478078895/copenhagen-economics-2016-licensing-system-for-online-gambling.pdf> p.4⁹ <https://www.spillemyndigheden.se/licensansokan/bolag-med-spellicens/>¹⁰ <https://www.spillemyndigheden.dk/en/betting/how-to-obtain-a-licence> & <https://www.spillemyndigheden.dk/en/fees-betting-and-online-casino>¹¹ <https://www.gamblingcommission.gov.uk/for-gambling-businesses/Do-I-need-a-licence/Operating-licences/Remote-betting-host-real-events.aspx> for annual fees of £1 billion or greater = £471,142 plus £100,000 for each complete additional £500 million of annual gross gambling yield above £1 billion¹² <https://www.mga.org.mt/regulatory/mga-licencee-register/fees-taxation/>¹³ <https://iclg.com/practice-areas/gambling-laws-and-regulations/sweden>¹⁴ [https://uk.practicallaw.thomsonreuters.com/9-635-1228?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&bhcp=1](https://uk.practicallaw.thomsonreuters.com/9-635-1228?transitionType=Default&contextData=(sc.Default)&firstPage=true&bhcp=1)

14. The approach proposed by the Greek authorities in relation to licensing fees is out of line with international norms. IBIA supports the approach adopted in many other countries with a much lower initial payment and then revenue-based annual payments, rather than an excessive one-off fee which will be much more difficult to budget for, especially for many smaller operators.
15. IBIA does not believe that the burdensome licensing fee proposed and high taxation in Greece will prove successful in attracting operators or to maximising the consumers channelling to that market. There is a clear danger that many consumers will continue to be attracted to betting products in other more fiscally advantageous markets, negating Greek regulatory measures.
16. IBIA is also concerned about the adverse impact from potential betting product limitations and discriminatory player age restrictions. With regard to the former, the regulations ban betting exchanges and also provide that operators seek approval to offer certain bets. They also prohibit events banned by the Professional Sports Committee or other competent authority.
17. This raises the potential for there to be significant product restrictions further harming the attractiveness and viability of the market. Betting exchanges, for example, are licensed in many other jurisdictions¹⁵ and there is no evidence justifying the prohibition of this product. IBIA contends that all betting products should be regulated to promote consumer channelling.
18. In addition to the development of a suitable regulatory and fiscal structure for sports betting, it is fundamental to the viability of the market that licensed operators are able to offer a wide range of sports betting products; imposing restrictions invariably leads to consumers seeking those banned products through other markets, including unregulated offshore channels.

Figure 2: Age restrictions for online gambling in the EU and UK

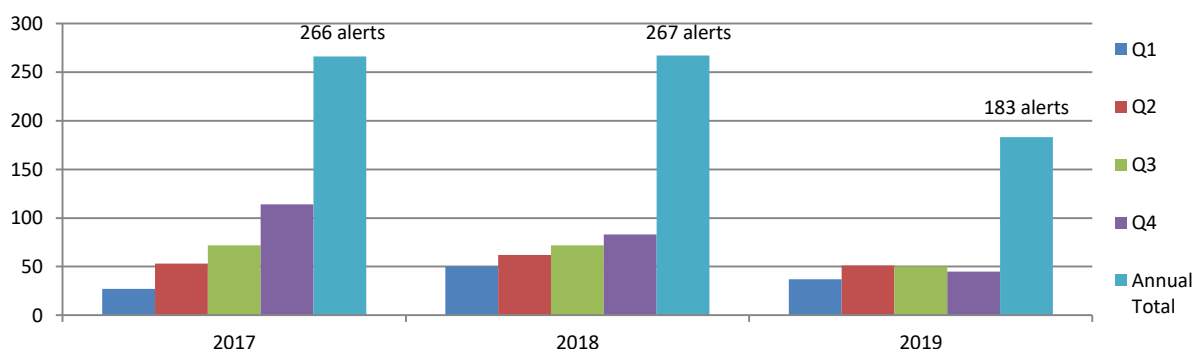
	Minimum age for online gambling	Exceptions
Austria	18	
Belgium	18 for sports betting	21+ for casino games
Bulgaria	18	
Croatia	18	
Cyprus	18	
Czechia	18	
Denmark	18	
Estonia	18 (Toto / sports betting)	16+ for lotteries / 21+ for casino games
Finland	18	
France	18	
Germany	18	Some State casinos require 21+
Greece	21	
Hungary	18	
Ireland	18	
Italy	18	
Latvia	18	
Lithuania	18 (general)	21+ for category A games and table games (for casino games)
Luxembourg	18	
Malta	18	
Netherlands	N/A	Online gambling is prohibited
Poland	18	
Portugal	18	
Romania	18	
Slovakia	18	
Slovenia	18 casinos, online, slots	No restrictions on other types of gambling.
Spain	18	
Sweden	18	
UK	18	16+ for online lottery & instant-win games

Source: European Gaming and Betting Association (EGBA) – March 2020

¹⁵ UK, Sweden, Denmark, Italy, Spain and Romania

19. IBIA supports the Betting and Gaming Council's (BGC) opposition to the player age restrictions in Greece, which prohibits consumers aged under 21 from accessing online gambling, noting that:
 - a) it precludes adults aged 18-21 (as determined by the Greek Civil Code) from accessing online gambling;
 - b) is inconsistent with other EU countries (Figure 2) where the general approach is to prohibit under 18s;¹⁶ and
 - c) is discriminatory as it favours OPAP's products, which can be accessed by customers 18 years or older (betting in OPAP premises) raising EU competition law concerns.
20. We urge the Commission to request that Greece remove the competitive advantage provided to OPAP and to ensure that there is a level playing field between all operators concerning the age prohibition of consumers and gambling products, and to imposing the international norm of 18. In a global marketplace, any disproportionate prohibitions will harm consumer channelization.
21. There is clear evidence that a limitation on choice and competition in general will not sufficiently meet the needs of modern-day consumers who are able to readily access products in other markets. Operators in those other markets will be operating in a more fiscally advantageous framework and will be able to offer consumer more favourable product prices and choices.
22. Removing the attractiveness of the offshore market and increasing regulatory oversight must be a key objective for any licensing model. However, the burdensome licensing and taxation costs proposed by Greece aligned with product restrictions are likely to have a detrimental impact on the market and the consumer oversight and protection capabilities of the regulatory authority.
23. Finally, IBIA notes that there is a worrying lack of any detailed betting integrity provisions in the regulations. Maintaining the integrity and credibility of the market is of paramount importance. IBIA understands that Greece is considering ratifying the Council of Europe Convention on the Manipulation of Sports Competitions,¹⁷ which is welcome, but that integrity provisions can and should be placed in the regulations in line with the Convention and other best practice models.
24. IBIA's international monitoring and alert system reported 716 alerts of suspicious betting to the during 2017-19 (Figure 3) covering 15 different sports; that included 22 alerts on sporting events in Greece.¹⁸ It highlights the need for robust and effective betting integrity arrangements in the notified regulations and that includes cooperation with international bodies like IBIA.

Figure 3: IBIA Suspicious Betting Alerts Reported 2017 to 2019



Source: International Betting Integrity Association data, February 2020

¹⁶ <https://www.egba.eu/news-post/new-study-europeans-are-not-fully-protected-by-eu-rules-for-online-gambling/>

¹⁷ <https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/215>

¹⁸ <https://ibia.bet/resources/>

25. Indeed, a range of integrity measures are readily available and employed by various regulatory authorities, including: obligation for operators to report suspicious betting; information sharing; voiding suspicious bets; suspension of betting markets. However, the model in operation in the UK is widely seen as one of the most effective and is an example of best practice in this area.
26. The legislation provides for specific integrity provisions to counteract sports betting corruption, including the regulator's ability to: issue codes of practice (Section 24); prosecute offences (Section 28); exchange information (Section 30 and Schedule 6); an offence of cheating (Section 42); require the provision of information (Section 88); and to void bets (Section 336).¹⁹
27. It is also increasingly recognised that there is clear value from operators being part of a wider international integrity alert and monitoring system, which also feeds data into the appropriate authorities. This adds an additional layer of protection both for operators' own businesses and also the licensed framework and its operational integrity capacity and associated reputation.
28. The Gibraltar Gambling Commissioner actively encourages its licenced betting operators to join "properly structured and organized information sharing/alert mechanisms for managing suspicious bets" in its Remote Technical and Operating Standards documentation.²⁰ The majority of Gibraltar's licensed internationally active betting operators are members of this association.
29. The German state of Schleswig-Holstein has required its betting operators to join an integrity monitoring body and this is also part the wider German licensing regime in the amended State Treaty.²¹ The US state of New Jersey includes a similar stipulation and the Netherlands draft legislation also requires operators to be a member of an international monitoring system.²²
30. These approaches support the European Commission funded Betmonitalert report which strongly recommends that public authorities should oblige all of their licensed betting operators to be "part of a betting monitoring system".²³ Both the Betmonitalert alert report and the Netherlands legislation specifically refer to this association as a best practice example.
31. The Review of Australia's Sports Integrity Arrangements similarly recognises this association (in its previous guise as ESSA) and promotes that sports betting operators licensed in Australia "participate in a 'detect and disrupt' real-time monitoring and analysis of suspicious wagering activity", anticipating a model similar to IBIA's alert and monitoring system.²⁴
32. Article 165 of the Treaty of the Functioning of the European Union states that it should support Member States to protect the fairness and integrity of sport.²⁵ The European Commission Expert Group on Match-Fixing has also set out a range of integrity best practices.²⁶ IBIA contends that the Commission should therefore encourage Greece to include betting integrity provisions in its online gambling regulations to protect the market, sports and consumers from corruption.

¹⁹ http://www.legislation.gov.uk/ukpga/2005/19/pdfs/ukpga_20050019_en.pdf

²⁰ https://www.gibraltar.gov.gi/new/sites/default/files/HMGoG_Documents/RTOS%20Final%20Version%201.0.2012.pdf Page 40

²¹ <https://www.gesetze-bayern.de/Content/Document/StVGStV-21> & https://www.im.nrw/sites/default/files/media/document/file/160129II_Leitlinien%20Sportwetten_.pdf

²² <https://kansspelautoriteit.nl/nieuws/nieuwsberichten/2020/maart/voortgang-wet/> Article 4.7 and related sections in the Explanatory Memorandum (Translated from Dutch to English)

²³ http://ethisport.com/wp-content/uploads/2017/06/Betmonitalert_Design-NB-DEF-2-06-2017.pdf Page 7

²⁴ [https://www1.health.gov.au/internet/main/publishing.nsf/Content/63F0A5D7BDA5A0B5CA2582CF0005E6F9/\\$File/HEALTH-RASIA-Report-Acc.pdf](https://www1.health.gov.au/internet/main/publishing.nsf/Content/63F0A5D7BDA5A0B5CA2582CF0005E6F9/$File/HEALTH-RASIA-Report-Acc.pdf) page 91 and footnote 160

²⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12016E/TXT&from=EN>

²⁶ <https://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetailDoc&id=28471&no=1>



Members



Affiliates

