# Gaming Regulation around the World: Best Practices for Ethical & Socially Responsible Regulation

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# State of Global Gaming Regulation

- Historical perspective
- Reasons for gaming regulation
- Regulatory responses to legalization
- Gaming regulation vs other form of regulation
- Geopolitical & Constitutional landscapes
- Challenges facing gaming regulators & industry
- Obstacles in dealing with regulatory challenges
- The role of academe



# **Historical Perspective**

- From vice to 480 billion US dollar industry (GGY)
- 152 Countries where gaming is legal
- Compound annual growth rate of 8%
- Part of hospitality & entertainment services sector





From being permitted in two or three jurisdictions in 50's and 60's







 New jurisdictions continue to open up (e.g. Latin America, Eastern Europe, Russia, East Asia)









#### Reasons for Legalizing Gaming

- Very different in each jurisdiction
- Generally derived from government objectives
  - Generating taxes
  - Need for increased investment
  - To stimulate tourism and services industries
  - Employment creation
  - Additional funding for social and charitable causes
  - Protection of consumers against unlawful practices
  - Response to public concerns for young and vulnerable
  - Consumer demand













 Competency to legalize & regulate is a matter of subsidiarity

# Geopolitical Landscape

 Generally devolved to lower levels of government (e.g. state, provincial, regional & even local authorities)

 True of US, Canada, Australia, South Africa, Europe and some larger EU member states.....

Some jurisdictions compete with each other

# Constitutional & Social Landscape

- Free market approach vs monopolistic government owned/controlled approach
- Single vs multiple channels to markets (i.e. terrestrial & online)
- Restrictive vs unrestrictive approach to markets
   (i.e. betting, lotteries, casino, bingo, racing, fantasy games, virtual games, P2P)

#### Unintended consequences for Regulation

- Fragmented global regulatory ecosystem
- Lack of a singular approach to regulation (often within countries)
- Lack of common standards



#### Unintended consequences for Regulation

- Lack of common practices (e.g. licensing, compliance & enforcement)
- Little or no mutual recognition & reciprocity
- Little prospect for 'passporting' of approvals



### Advent of online gaming in 1990's

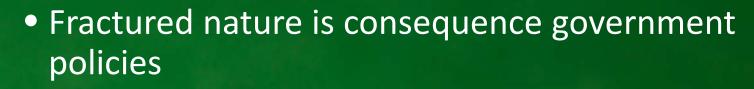
- Expectation of less division & greater level of reciprocity
- Cross-border technology
- The exact opposite occurred
- Barriers aimed at protection went up
  - Value of licence in face of illegal competition
  - Tax income
  - The rights of the consumer
- Enforced through advertising requirements;
   ISP, financial & other forms of blocking;
   Geo-fencing; blacklisting, etc







# It is Easy to Criticize Regulators



 Government policies are driven by different political & economic outcomes

Regulators are, after all, creatures of statute

In fact, gaming regulators should be congratulated





# Common Challenges Facing Regulators



# New Developments Posing Challenges

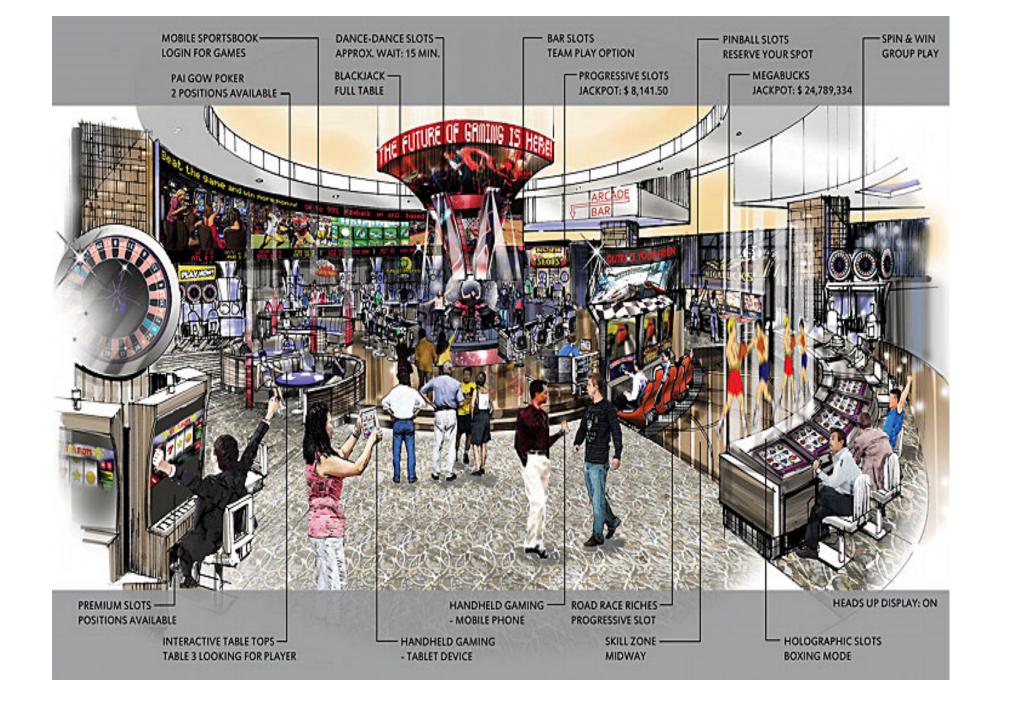
- Increased popularity of cryptocurrencies for payment
- Digital technology promoting efficiencies (e.g. Block Chain)
- New funding models (e.g. P2P lending, crowd funding)
- New generation games (e.g. DFS, eSports, skill-based games)
- New technological advances in game play (e.g. virtual reality gaming)
- The gaming experience of the future











#### **Questions Facing Gaming Regulators**

- What does risk-based regulation mean?
- Does regulation stifle innovation?
- Do regulators have a role to promote innovation?
- What is the tax elasticity of gaming sector?
- To what extent does gaming cause harm? How to measure harm? Is measuring harm more useful than prevalence?
- What is best practice for ethical & socially responsible regulation



#### **OVERVIEW OF STATUTES AND REGULATIONS (AS OF AUGUST 2016)**







	Advertising Disclosures	Alcoholic Beverage Restrictions	Credit Restrictions	Employee Training	Financial Instruments Restrictions	Property Signage	Responsible Gaming Plan Required	Self- Exclusion	Treatment and Research Funding
со		1	1						1
DE		1						1	1
FL	✓			<b>✓</b>		1	✓	1	1
IL						1		✓	✓
IN						1		1	✓
IA						1	✓	1	✓
KS	✓		✓			1	✓	✓	✓
LA	✓		✓	<b>✓</b>		1	✓	✓	✓
ME			✓				✓	✓	✓
MD	✓	1			1	1	✓	1	✓
MA		1	✓		1	1	✓	1	✓
МІ	✓		✓			1		✓	✓
MS				✓				✓	
МО		✓	✓					✓	✓
NV				✓		1		✓	✓
NJ	✓					1		✓	✓
NM		✓	✓	✓			✓	✓	✓
NY	✓	1	✓	✓	1	1	✓	1	<b>✓</b>
ОН							✓		<b>✓</b>
ОК				✓			✓		✓
PA	✓	1	✓	✓	1	1	✓	1	✓
RI		1		✓			✓	✓	✓
SD			✓						✓
wv					1			1	✓

Source: American Gaming Institute, 2016

#### Obstacles to Addressing Challenges

- Existing debates are seldom accompanied by independent objective analyses
- New and existing jurisdictions often base policies & regulatory models on intuition instead of scientific findings
- Most international conferences are aimed at information sharing instead of identifying common issues requiring evidence based research & training
- Regulatory bodies neither have time nor resources to undertake research or train staff







# How can Academe help?

- Academic institutions normally do two things well:
  - To conduct independent objective research
  - To transfer knowledge through cutting-edge training & educational programs
- Academic institutions are known for ability to study problems in multi-disciplinary environment
- Academic institutions are known for offering a neutral environment for diverse interest groups to converse
- Academic institutions have access to decision-makers and consumers of tomorrow





#### Conclusion

- Differences in policies & regulatory approaches will continue to dominate gaming landscape
- Regulators should be encouraged to ask the question "Has gaming regulation, as it is currently practiced in my jurisdiction, outlived its utility and need?"
- Academe won't change the fragmented landscape but does offer a neutral environment, evidence based information & knowledge supporting decision-making based on best practices



#### Thank You!



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