

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





To being legalized all
around the world.

- 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



Regulatory responses to legalization of gaming


- Regulation is sequestered in separate jurisdictions
- Different & conflicting responses to regulatory challenges
- No 'gold standard' for regulation
- Regulatory functions are applied differently





Gaming regulation vs regulation of other sectors

- Gaming regulation is comparatively unique
- Primarily aimed at legitimizing & decriminalizing previously illegal activity
- Financial & other regulation aim to correct market imperfections



Gaming regulation vs regulation of other sectors

- As only governments can legalize/decriminalize gaming it always comes with a 'prize tag'
- Governments always want something in exchange for political & social risks of legalization (e.g. tax income, jobs, investment)

Geopolitical Landscape

- Competency to legalize & regulate is a matter of subsidiarity
- 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

- Fractured nature is consequence government policies
- 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

- Knowledge is unevenly distributed around the world
- No single platform exist for all stakeholders to converse
- Independence, competition & conflicts of interest complicate cooperation
- More ideas and concepts than resources to find and implement solutions



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



PAI GOW POKER
2 POSITIONS AVAILABLE

BLACKJACK -
FULL TABLE

— PROGRESSIVE SLOTS
JACKPOT: \$ 8,141.50

— MEGABUCKS
JACKPOT: \$ 24,789,334

— SPIN & WIN
GROUP PLAY

THE FUTURE OF GAMING IS HERE

ARCADE
BAR

OUTRAGE YOUR FRIEND

PREMIUM SLOTS —
POSITIONS AVAILABLE

INTERACTIVE TABLE TOPS —
TABLE 3 LOOKING FOR PLAYER

HANDHELD GAMING
- MOBILE PHONE

- HANDHELD GAMING
- TABLET DEVICE

ROAD RACE RICHES
PROGRESSIVE SLOT

SKILL ZONE MIDWAY

HEADS UP DISPLAY: ON

- HOLOGRAPHIC SLOTS
- BOXING MODE

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
CO		✓	✓						✓
DE		✓						✓	✓
FL	✓			✓		✓	✓	✓	✓
IL						✓		✓	✓
IN						✓		✓	✓
IA						✓	✓	✓	✓
KS	✓		✓			✓	✓	✓	✓
LA	✓		✓	✓		✓	✓	✓	✓
ME			✓				✓	✓	✓
MD	✓	✓			✓	✓	✓	✓	✓
MA		✓	✓		✓	✓	✓	✓	✓
MI	✓		✓			✓		✓	✓
MS				✓				✓	
MO		✓	✓					✓	✓
NV				✓		✓		✓	✓
NJ	✓					✓		✓	✓
NM		✓	✓	✓			✓	✓	✓
NY	✓	✓	✓	✓	✓	✓	✓	✓	✓
OH							✓		✓
OK				✓			✓		✓
PA	✓	✓	✓	✓	✓	✓	✓	✓	✓
RI		✓		✓			✓	✓	✓
SD			✓						✓
WV					✓			✓	✓

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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