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THIS WEEK

- **Mixed week for Sky Betting and Gaming**
- **ESSA and UEFA agree anti match-fixing deal**
- **Galaxy/Wynn share deal receives regulatory approval**

GUEST COLUMNIST:

- **Mike Reaves, CEO and Co-Founder, Cashbet**
- **Tom Mitchell, B2B Director, RISQ**

WEEK 13

FRIDAY 30 MAR 2018

UKGC ANNOUNCES NEW ONLINE GAMBLING STRATEGY

Commission aims to make gambling online safer



UK gambling industry watchdog, the Gambling Commission has announced a new raft of additional regulations covering online gambling with the aim of safeguarding children online.

Among the new batch of regulations are the banning of operators from providing free-to-play demonstration games until a player's age has been verified, improving the speed and effectiveness of current age verification processes and ensuring that operators set limits on player spending until affordability checks have been safely conducted on that player.

Other proposed changes include: addressing unacceptable marketing & advertising, improving complaints and dispute procedures while at the same time strengthening the requirement to interact with players who may be ▶



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THIS WEEK IN NUMBERS



The proposed maximum amount of casino visits Japanese residents will be able to make in a week



The percentage change to VAT in Belgium for online gambling companies that has been annulled following a legal challenge from Kindred Group

experiencing or are at a risk of developing gambling related problems.

Announcing the proposals, Neil McArthur, Gambling Commission Chief Executive, explained the need for the new action plan: "Britain has the largest regulated online gambling market in the world and we are continually looking for ways to make it even fairer and safer for consumers.

"The proposals we have announced today are intended to protect children better, reduce the risks to vulnerable consumers and build on the measures we already impose on operators to know their customers and intervene at an earlier stage before consumers experience harm."

It is a buoyant period for the UK Gambling industry, which has increased its profits by 10% in the last year, reaching a staggering £4.7bn, which in itself is partly thanks to an increase in online gambling participation which now stands at 18.3% of the population, up from 15.5% in 2014. Tracey Crouch, Secretary of state for

Sport said: "We are committed to ensuring the gambling industry is safe and sustainable. These proposals for additional regulations will strengthen the controls already in place and further safeguard children and vulnerable people from the risks of online gambling."

So, will these new regulations make the industry safer for vulnerable or at risk individuals or is it just a sticking plaster over a much wider problem: access by children to gambling websites?

Steve Donoughue offers his thoughts: "These new measures are like car safety belts, motorcycle crash helmets and maximum alcohol levels for driving. They are designed to protect the individual from harm due to the activity they are partaking in. Is there evidence for the measures, do the benefits outweigh the costs or is the increasingly politicised Commission just pandering to whichever moralist organisation shouts loudest?"

Sentiments which are largely echoed by GBG CEO Warwick Bartlett who adds: "The UKGC needs to clearly define what is expected of operators rather than

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\$10.1m



The amount of money seized by the United States Justice Department from the Pojoaque of Pueblo following a long standing compact dispute

\$8M



The amount spent by the Horseshoe casino in Maryland to acquire nearby buildings for future expansion

||| \$17.5bn |||

The newest estimate released by Morgan Stanley for Macau's market wide GGR in 2018



The number of Paddy Power's local betting shops that can be sent a customer's image and contact information as part of their new electronic self exclusion process

€2.6m

The cost of LeoVegas' acquisition of Malta based World of Sportsbetting ltd



\$502m

The jackpot on offer in the US Mega Millions lottery, the country's 10th largest ever



wishy washy statements like 'protect children' 'help addictive gamblers' At the moment we see after an event interventions where the operator was unsure in the first place what was expected of them.

"The measures introduced by operators are going to be time consuming for players who are not at risk, and they may be put off. You can liken it to going through security at airports, time consuming, very annoying, but necessary. Except that for safe gamblers this whole process is totally unnecessary."

KEY POINTS

- UKGC announces new regulations for online gambling
- Measures strengthening age verification announced
- Commission aims to make online gambling "safer"

CONTRASTING FORTUNES FOR SKY BETTING AND GAMING

A week of ups and downs for industry heavyweight

It was a week of contrasts for sports betting operator Sky Betting and Gaming, who announced a 47% increase in the group revenue on Monday, only to be hit with a Gambling Commission penalty package of £1m on Wednesday, following its failure to protect vulnerable customers.

Announcing their half year interim report for 2017/18 on Monday, the company detailed group revenue totalling £339m, primarily led by a 58% growth spike in the revenue of Sky Bet, which grew to £210m and the revenue from Sky Gaming which grew more modestly by 31%, rising to £117m.

The Yorkshire based gambling company also pointed to favourable sports results, coupled with a significant increase of total customers, up 19% to 2 million, leading to its huge increase in revenue. SBG also raised their EBITDA by 92% to £118m further cementing the period as an incredibly successful one for the group.

However on Wednesday, the business found itself on the wrong side of the UKGC who issued it with a £1m penalty package following an investigation which revealed three separate instances of it failing to protect vulnerable customers.

The first was where 736 self-excluded customers managed to open duplicate

accounts allowing them to continue to gamble between November 2014 and 2017, the second breach occurred when around 50,000 previously self excluded customers incorrectly received marketing material, either in the form of emails, texts, or mobile phone app push notifications.

Its final breach of regulations occurred when 36,748 self-excluded customers did not have their funds transferred back following the closure of their accounts.

As part of the penalty package agreed with the UKGC, Sky Betting and Gaming will pay a penalty package of £1,008,600, which includes a payment of £750,000 to charities for responsible causes in lieu of a financial penalty.

Responding to the Gambling Commission's announcement by issuing a statement on the company's website, Richard Flint, Chief Executive of Sky Betting & Gaming, said: "We have always taken responsible gambling and player protection very seriously but this incident showed that we needed to do more."

ESSA AND UEFA AGREE ANTI MATCH FIXING DEAL

Organisations stand shoulder to shoulder against corruption

International sports betting integrity body ESSA has announced the signing of an information-sharing agreement with European football governing body UEFA, aiming to strengthen UEFA's crusade against match-fixing in football.

As a part of the agreement, ESSA and its membership of 25 leading sports betting operators will support UEFA's efforts to identify attempted match manipulation by using the ESSA alert platform, which monitors, reports and tracks suspicious betting activity around the globe.

UEFA has developed and financed a number of initiatives designed to safeguard the integrity of the beautiful game and its President, Aleksander Čeferin, has made it clear on several occasions that UEFA has a zero-tolerance approach to match-fixing.

Among these is the operation of a betting fraud detection system (BFDS), which monitors and analyses betting activities on about 32,000 matches in Europe each year, in both UEFA and domestic football competitions.

ESSA holds positions on match-fixing and betting policy forums at the European



The drop in fourth-quarter net profit by Greek gambling giants OPAP



The number of no and yes votes in Slovenia's National Council's veto of a bill that would have allowed online sports betting in the country



The estimated final acquisition cost of Ladbrokes Coral by GVC Holdings, a deal which was greenlit by the high court earlier this week

Commission, Council of Europe, the International Olympic Committee (IOC) and is currently involved in a series of anti-match-fixing projects.

Speaking about the agreement UEFA's Managing Director of Integrity, Emilio Garcia said that: "We are delighted that ESSA will be teaming up with UEFA in our mission to eradicate the manipulation of matches from football, and the exchange of information between trusted partners is a key milestone in this fight."

ESSA Secretary General Khalid Ali added: "This agreement is further proof of our ongoing commitment to helping all sports authorities maintain the highest levels of integrity."

the transaction could not go ahead.

The news alleviates fears that the transaction could be blocked by Macau regulators as a result of Wynn Resorts being closely linked with Wynn Macau, the operator of several competitors to Galaxy Entertainment Group within Macau, possibly stopping the \$975m deal.

Paulo Martins Chan, director of Macau's Gaming Inspection and Coordination Bureau (DICJ) outlined the organisations stance on the acquisition when he told reporters: "I want to stress that the party that was selling shares was Wynn Resorts in the U.S, not Wynn Macau. Therefore, Galaxy Entertainment is only indirectly holding shares of Wynn Macau.

"The law also states clearly that we allow a Macau gaming concessionaire to conduct such type of investment if they are indirectly holding no more than a certain percentage in another Macau licence holder."

The final hurdle for the acquisition now will be the Nevada Gaming Control Board who are also considering the move but have yet to comment further. ◀

GALAXY/WYNN DEAL RECEIVES APPROVAL FROM MACAU REGULATORS

IR developer receives first approval of Wynn share acquisition

Regulators in Macau have greenlit integrated resorts developer Galaxy Entertainment Group's recent acquisition of 5.3 million Wynn Resorts shares, stating that they saw no reason that

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NV, LV STRIP RISES

Nevada gaming revenues exceeded \$1 billion for the second straight month in February.

The state's year-over-year growth of 7.68% was its best since August. The same is also true for the Las Vegas Strip, which rose by 11.37%.

February was boosted by the timing of Chinese New Year, which fell in January last year, as evidenced by the 82.53% spike in baccarat revenues.

Play volume was also strong, with baccarat drop on the Strip up more than 58%

Looking at January and February, combined Nevada revenues rose 2.60% year-over-year.

US STOCK UPDATE

Most US stocks remain below their 52-week highs, with the exception of the recently IPO'd AGS and casino management system supplier Table Trac.

Company	Change (%)	Share Price
Table Trac	+1.96	\$2.60
AGS	+2.55	\$22.48

Market	Revenue (\$m)	Year-over-year Change (%)
NEVADA	1.018BN	+7.68
LAS VEGAS STRIP	603.494	+11.37
Clark County	888.773	+7.65
Downtown LV	53.205	+2.84
North LV	22.945	-0.43
Laughlin	45.117	+4.62
Boulder Strip	63.825	-1.03
Mesquite	10.625	-1.50
Balance of County	89.563	-1.07
LAS VEGAS LOCALS MARKET	176.333	-0.97
Washoe County	64.874	+5.60
Reno	48.036	+6.74
Sparks	10.150	+2.57
North Lake Tahoe	1.876	-6.08
Balance of County	4.812	+6.04
SOUTH LAKE TAHOE	19.862	+32.03
Elko County	23.528	+0.67
Wendover	16.352	+3.71
Balance of County	7.176	-5.65
CARSON VALLEY AREA	8.113	+2.71
OTHER AREAS	12.763	+6.59



TOM MITCHELL

RISQ'S B2B
DIRECTOR

TAILORING JACKPOTS FOR THE BEST FIT

Despite our planet being better connected and more interdependent than ever before, just a quick glance at the news headlines reminds us that we are still a long way from a fully functional global civilization. The online gaming world is a

microcosm of this, with competing regulations, cultural mores, ideas and norms intervening at awkward intervals to build barriers to entry in multiple jurisdictions, even for recognised western companies.

The trend is particularly prevalent right now when it comes to lotteries, with international appetite and availability varying wildly. At RISQ, where one of our core competencies is risk management for the bet-on-lotteries sector, we have dedicated our development to creating a flexible platform that can effortlessly adapt to the requirements of a particular market or product package, with the most tailored solutions around.

A one-size-fits-all strategy simply doesn't do the job, even if you're going into a territory where you might expect more cohesion. For example, Latin America and Africa both hold huge potential, especially in the lotteries sector, where players' proclivities appear aligned to engage with small-stakes-big-win games than any other form of betting proposition. Indeed, Google's top-ranked country for the search term "jackpot" is Kenya.

That said, what works in Kenya (where leading gaming operators have witnessed excellent growth) doesn't apply across the border in Tanzania, whose transition to a market economy has slowed to gain traction.

Move west to Ghana and Nigeria (two more countries readied for bet-on-lottery growth) and we see escalating smartphone adoption rates and progressive legislation fuelling the fires of possibility. However, mobile-betting opportunities become more limited elsewhere in Africa where mobile interfaces are still more simple than smart.

Africa, like Latin America, also houses some of the world's fastest-growing economies. Take Kenya again, and their lottery-draw-loving public.

Not only is the scope for bet-on-lotteries enormous, but it's also attractive to western operators because of the exchange rate. For example, a very modest £70,000 jackpot translates into a 10 million-shilling jackpot in Kenya - and it's a similar story in LatAm with the peso. So customised jackpot size should inevitably scale with the end user's perception of value.

In other words, another key to market is unlocking which jackpot size speaks to players in any given territory. There's no point ramping up the payout, when the player engagement and volume is already there at lower levels.

At the end of the day, risk management strategy is the cornerstone of any jackpot solution, and this strategy must be elastic across jurisdictions. RISQ's capacity (in conjunction with our state-of-the-art Jackpot RNG) to structure tailored jackpots and pay tables that have flexible suitability for operators also lends trust and credibility to the prospect of winning that largest industry prize funds, all backed by A-rated insurers.

RISQ's capacity to tweak jackpot size in real-time based on player behaviour, even adding a tiered prize system, which scales with the level entries, maximises the chances of a winning trigger.

We live in a real-time industry where operators and providers can react to consumer characteristics, so embracing this behavioural data allows us to be proactive in our solutions, and hugely enhances the inherent ability of jackpots to stimulate behaviour across global markets, be they emerging or established.

When it comes to the jackpot products themselves, it's also vital to consider the competition in all regions. Be it a lottery draw via an RNG, a jackpot slot or a scratchcard, you should always profile the product portfolio available in any given territory and match yours up robustly against it, in order that the players have the appropriate range of options at their disposal. After all, while no choice is a bad thing, too much choice can often be confusing or unnecessary, and our partners need to continue to differentiate.

RISQ's ability to offload liability without cross-network reliance allows us to offer huge jackpots. However, our provision of insurance and hedging facilities also extends to tracking exchange-rate fluctuations across the planet, and executing currency-exchange at optimized levels.

There's an ocean of opportunity out there when it comes to jackpots, above all when some of these offerings are primed to thrive in increasingly regulated markets. The trick is to structure your solution correctly, understand the regulatory frameworks and cultural leanings, and tailor and localize your product offering accordingly.

GUEST COLUMNIST:



MIKE REAVES

CEO AND CO-FOUNDER, CASHBET

MEETING THE POTENTIAL OF CRYPTO

Mainstream awareness of the disruptive potential that cryptocurrency holds in the world of payments has grown considerably in recent months, with news outlets devoting an ever-increasing number of column inches to the subject. The fluctuations in the price of and regulatory landscape concerning Bitcoin have understandably drawn much of the public interest, with many central banks and national regulators weighing in to have their say on a trend that has skyrocketed in coverage over recent months.

With this in mind, it is clear to see that blockchain payment methods are turning an increasingly large number of heads within the sphere of online gaming. Cryptocurrency holds huge disruptive potential for the entire industry, with online gaming and crypto two of the fastest growing, most highly demand-driven markets in the world today.

Transactional speed is a significant factor in its favour, facilitating a slicker experience with payments and removing a frictional layer from the traditional online gaming experience. Transparency and verifiability are also real, tangible benefits conferred by cryptocurrency that online operators and providers can take advantage of in new and innovative ways. Confidence in the legitimacy and fairness of payments is something players across online casino and sportsbooks are hugely influenced by, and it is an area that can make great strides in enhancing.

While interest is growing, it is fair to say that we are still a little way away from mainstream adoption, with limited resources available to bring those operators interested in implementing cryptocurrency transactions up to speed. However, awareness is growing, and this is something we at CashBet are committed to actively promoting.

Indeed, it holds true that there are challenges inherent in this, as there are with any disruptive new strand of technology. Provably fair, auditable cryptocurrency casino systems have until now been notable in their rarity, while legacy iGaming platforms are in large part ill equipped for the optimisation required to integrate the channel.

We hold our platform services to the highest standards, licensed through the UK Gambling Commission and the Alderney Gambling Control Commission. We are committed to pursuing the same levels probity with CashBet Coin. By leveraging the rich potential of blockchain technology against our leading, patented iGaming platform, we can instil justified player trust in our provably fair systems, all facilitated through a coin that provides tangible benefits to our players, partners and investors. We recently penned a landmark deal to become the cryptocurrency partner of and a payment method across Greentube's GameTwist platform, and we will look to capitalise on this agreement with further decisive commercial progress in the coming months.

Having concluded our first ICO pre-sale on 20 February 2018, we are well underway with the process of providing a better crypto casino playing experience, with comprehensive content distribution channels and a white label solution capable of delivering a consistently intuitive and high-quality crypto iGaming experience.

MAKING YOURSELF HEARD

Of course, with a marketplace for ICOs that is becoming increasingly crowded, it is more important to invest time and resources in marketing efforts, to ensure that both investors and the gaming industry at large are not only seeing your message, but taking it on board. This kind of activity has the potential to take many forms, be that in carefully targeted advertising, or eye-catching partnerships, and its importance as the cryptocurrency landscape gathers more and more attention.

At CashBet, we put this front and centre of our thinking in signing the world's first cryptocurrency partnership with Premier League football club Arsenal. Forging a lasting and mutually beneficial relationship with one of world football's true giants has been instrumental in the success of our ICO thus far, with the full public sale set to begin on 10 April 2018.

The partnership has been of immense benefit in helping CashBet Coin to stand out from the crowd, and will continue to assist us greatly in boosting global brand awareness of the coin through Arsenal's extensive digital and social media platforms, as well as through the creation of bespoke content with the help of Arsenal's world famous players.

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