



WEEK 11

FRIDAY 19 MAR 2021

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**GAMBLING COMMISSION
CEO NEIL MCARTHUR
RESIGNS AFTER 15 YEARS
WITH THE REGULATOR**



LIVE: 24TH MARCH

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GAMBLING COMMISSION CEO NEIL MCARTHUR RESIGNS AFTER 15 YEARS WITH THE REGULATOR

THIS WEEK

- Flutter to list FanDuel shares?
- US sports betting revenue round-up
- AGA projects March Madness volumes
- EFL chairman rules against sponsorship ban

GUEST COLUMN:

- PartnerMatrix



Gambling Commission CEO Neil McArthur has announced he will leave the regulator after 15 years with the body.

McArthur joined the GC in 2006 and became CEO in 2018, with the regulator attributing the “strengthening of protections against gambling harms” during his tenure.

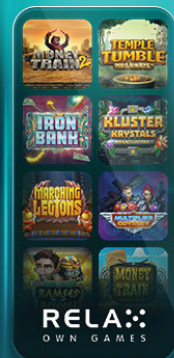
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THIS WEEK IN NUMBERS

\$1bn

March Madness is the first ever US sporting event to project 10 figures in legal wagers



2019

When Betway first signed a deal with Berlin International Gaming. The operator this week renewed that esports partnership



\$2.8bn

Reported cost of Vietnam's new integrated resort, to open on 21 April, located on Phu Quoc



€5.0m

Fee that LeoVegas completed for the acquisition of sports betting firm Expekt (£4.3m)



\$34m

Average daily rate of Macau's gambling revenue for the week of 8-14 March



However, with the UK Gambling Act review upcoming, criticism had been aimed at the GC from a multitude of directions.

While the industry felt fines from the regulator were too heavy-handed, campaigners for safer gambling have conversely argued the Gambling Commission doesn't do enough to protect players.

The GC wrote: "During Neil's tenure, the Gambling Commission has gone through a significant period of change as it equips itself to meet the challenges of regulating a rapidly changing and increasingly digital gambling market. Neil has overseen strengthening of protections against gambling harms, through the banning of gambling on credit cards; through enhanced age verification checks; and, most recently, through new requirements to build in protections to the design of online products. He has led moves to ensure that those impacted by gambling harms have their voices heard in the Commission's decision making, culminating in the recent establishment of the Lived Experience Advisory Panel. Over the last 12 months, Neil has also successfully navigated the organisation through the challenges that the global pandemic has brought."

McArthur said: "I am proud of everything the Gambling Commission has achieved during my 15 years with the organisation.

"We have taken significant steps forward to make gambling fairer and safer and I know I leave the organisation in a strong position to meet its future challenges.

"With a review of the Gambling Act underway now feels the right time to step away and allow a new chief executive to lead the Commission on the next stage in its journey."

Chairman of the Gambling Commission Bill Moyes, added: "On behalf of the Board I would like to thank Neil for his many years of commitment and service to the Gambling Commission. A lot has been achieved during his time here and Neil can rightly feel proud of the organisation's progress during his tenure as chief executive."

The Gambling Commission will begin the process of recruiting a CEO for an interim period.

While a long-term successor is appointed, ongoing deputy CEO Sarah Gardner and COO Sally Jones will jointly become acting CEO.

GI Verdict: While some may be surprised by the timing of McArthur's departure, with the UK Gambling Act Review due later this year, it may make sense now more than ever for the executive to depart.

As stated, the Gambling Commission has faced criticism from anti-gambling campaigners for not doing enough to protect players. Whereas fines are regularly issued, there is some concern that genuine change is not being encouraged.

At the same time, the industry is often quick to push back against any new regulations or punitive measures put in place by the regulator, leaving it criticised from all sides.

Most recently, the UK gaming industry was also hit by what some claim to be the biggest case ever to affect the nation's gamblers. Football Index, the previously much-lauded stock exchange for footballers, has now gone into administration and punters who invested thousands believe the operator "changed the goalposts" in an incredibly unfair manner.

Where the Gambling Commission comes into play here is many feel the regulator was wrong to have licensed Football Index, via parent company Bet Index, in the first place if it didn't understand the model it used.

Many believe the model was doomed to fail from the get-go, while the Commission's removal of the company's gambling licence after it had gone into administration seems a futile gesture, given the damage has already been done.

It's difficult to know exactly how much of a part this episode played in McArthur's resignation but it is certain to have been a factor.



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131%

Year-on-year rise in Delaware online gaming revenue for February as the Delaware Lottery reported \$751,291 for the month



\$87m

Amount for a proposed expansion of Rivers Casino that Des Plaines Council has agreed to



75%

Capacity for Pennsylvania casinos as of 4 April, thanks to a ruling from Governor Tom Wolf



FLUTTER ENTERTAINMENT CONSIDERS LISTING FANDUEL SHARES

Flutter Entertainment, owner of Paddy Power, Betfair, Sky Bet and PokerStars, is considering taking its US sports betting business FanDuel public.

It wants to list a small number of shares and is giving this idea serious consideration. According to reports, Flutter investors are displeased with the company undervaluing FanDuel.

Investors feel Flutter is trading FanDuel at a discount compared to US rival DraftKings. In 2020, DraftKings earned \$644m in revenue, while FanDuel generated \$967m.

Flutter has sent out an announcement in response to press speculation about unhappy investors, making it clear a final decision hadn't been made as of yet.

The operator said: "Flutter regularly evaluates its organisational and capital structure

to assess how best to position itself to deliver upon the group's strategy.

"Options including the listing in the US of a small shareholding in FanDuel are being considered but no decision has been made at this time. Should a decision be made to proceed with a listing in due course, an announcement will be made as appropriate."

Flutter invested in FanDuel only three years ago. In December last year, it spent £3.2bn (\$4.47bn) on FanDuel, which increased its stake from 57.8% to 95%.

GI Verdict: Flutter issued the statement in response to media reports that emerged over the weekend suggesting the operator was considering its options regarding FanDuel.

The situation implies a major decision is pending, but this time it will be Flutter that will want to be in control of the manner in which it is announced.

PENNSYLVANIA, NEW JERSEY AND MICHIGAN SPORTSBOOKS POST FEBRUARY GAINS

February was a bumper month for sports betting in Pennsylvania, New Jersey and Michigan.

In their first full month of operation, Michigan's online sportsbooks took \$301.9m in wagers, placing the new market fifth in the nation for take. The state also became only the third to take \$75m in online casino gross receipts in a single month.

February's figures showed a slight dip in per-day average betting from January's opening blitz, falling from \$11.5m to \$10.8m, and total gross sports betting receipts fell from \$13.3m to \$9.5m.

Such is little cause for worry, however, with bettor enthusiasm clearly high. When the \$23.7m in bets placed at retail casinos are taken into account, Michigan sportsbooks took in \$325.6m in bets through February. Online casinos and poker verticals also posted strong results, generating \$79.7m in receipts, up from \$29.4m in January.

Farther out on the east coast,

Pennsylvania sportsbooks took in \$509.5m of wagers through February for a year-on-year increase of 55%.

Sports betting handle was down from the all-time record \$615.3m wagered in January, while revenue was \$16.4m, a 247% increase from February 2020.

Given continued restrictions on everyday life, online wagers naturally accounted for the lion's share of spend; 92%, or \$469.7m of the month's sports betting handle.

In New Jersey, sports betting handle was up 50% year-on-year to \$743m, with revenue climbing some 172% on February 2020 to \$46m.

As was largely the case across the country, these impressive figures failed to match the highs of the previous month. The state's sportsbooks saw a significant drop from the \$959m wagered in January, and revenue was down 48% from the record high of \$83m.

Online wagers accounted for 93%, or \$689m, of the monthly handle, while retail sportsbooks generated \$54m of wagers.

THE WEEK IN QUOTES

"The reason online casinos are not subject to the 'casino acts' in the IR Development Act is because online casinos are illegal in the first place. There are provisions on casino acts in the existing IR Development Act, but it does not include online casinos and they are not subject to this regulation."

Hachiro Okonogi, chairman of the Liberal Democratic Party's National Public Safety Commission, explains that the opening of Integrated Resorts in Japan will not pave the way for online gaming legislation

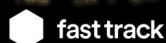
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“The speed at which Argentina is re-regulating is very positive and we are looking forward to supporting our partners as they enter this newly regulated and exciting marketplace.”

Play’n GO chief risk and compliance officer Sissel Weitzhandler after the slots provider secured accreditation from the Buenos Aires gambling regulator, LOTBA

“Her extensive experience across a comprehensive range of corporate issues, and deep knowledge of the gaming industry’s unique regulatory and compliance standards will be vital assets for our business going forward.”

Everi CEO Michael Rumbolz on the company’s appointment of Kate Lowenhar-Fisher as executive vice president, chief legal officer – general counsel, and corporate secretary

AGA EXPECTS OVER 47M MARCH MADNESS WAGERS

The American Gaming Association (AGA) is expecting 47.4 million Americans to wager on the 2021 March Madness tournament.

The total number of bettors is projected to be similar to 2019’s figures, but the amount placing bets through an online sportsbook are expected to be dramatically higher.

AGA research found that 17.8 million Americans plan to bet on the event through an online platform, an increase of 206%, while 8.3 million expect to bet at a physical sportsbook, up 79% from 2019.

The Association further projects that 36.7 million bettors will fill out a bracket, a drop of 8% from 2019, and 30.6 million will place more traditional bets on this year’s tournament, up from 17.8 million in 2019.

In the past two years, interest in college basketball has also been on the rise. The AGA reports that 42% of fans said they followed college basketball more closely this season,

with 70% of those attributing their increased attention to the increased availability of sports betting.

Bill Miller, president and CEO of the AGA, commented: “The sports betting landscape has changed dramatically since 2019 and as a result, tournament betting has transformed. With more legal, regulated options than ever before, millions of customers now have safer ways to enjoy all the fun and suspense only March Madness provides.”

In the last two years, 65.4 million more Americans across 13 new legal jurisdictions have gained the ability to legally place sports wagers, and results from active states have shown initial participation to be high.

GI Verdict: February’s giant Super Bowl market set the tone for American wagering, and it would seem certain March Madness will follow suit. The legal player base has increased dramatically in the past two years. There seems little reason to expect anything other than a record-breaking tournament for bookmakers.

GI
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TAKING STOCK

SHARE PRICES COVER THURSDAY
11 MARCH TO THURSDAY
18 MARCH (10:45AM GMT)

Flutter Entertainment ↑ 6%
16,825 GBp

Entain ↑ 4%
1,543 GBp

Elys Game Technology ↑ 10%
6.25 USD

MGM Resorts ↑ 5%
41.23 USD

Caesars Entertainment ↓ 5%
96.04 USD

EFL CHAIRMAN RULES AGAINST GAMBLING SPONSORSHIP BAN

Rick Parry, chairman of the English Football League (EFL), has warned that banning gambling sponsorship would be detrimental to smaller clubs.

The UK Government will review gambling legislation in the coming weeks, and anti-gambling groups have highlighted football sponsorships with betting companies contributing to the rise in gambling addiction.

But Parry feels this is unnecessary and would only lead to smaller clubs losing revenue. "There's no evidence to suggest banning sponsorship will reduce the prevalence of problem gambling," he said.

He added that the EFL, which is sponsored by Sky Bet, will submit a case to the review that will look to prove the rise of problem gambling isn't associated with football sponsorships.

The global pandemic has impacted sports globally, with even the largest franchises losing revenue from the lack of fans in stadiums. However, no one has felt this impact more strongly than smaller clubs.

With ticket sales down, small clubs

don't have global fan bases to recover like other larger clubs. According to Deloitte, ticket sales were more than one-fifth of total revenues from Championship clubs in 2018-19.

Parry says the banning of gambling sponsorships can lead to a loss of more than £40m (\$56m) in revenue, a sum he says clubs across the EFL can't afford to lose.

A total of 24 clubs in the Championship have gambling companies as a shirt sponsor, and imposing a ban on them would be catastrophic, according to Parry.

GI Verdict: The Government review of the 2005 Gambling Act looks set to come down hard on the industry as a whole, with football undoubtedly set to be massively impacted due to its reliance on gambling sponsorship.

Given the evidence surrounding just how crucial such sponsorship is to smaller football clubs throughout the EFL, Parry certainly has a valid point. Whether or not the Government will take heed of such a perspective is another matter entirely.



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FEBRUARY REVENUE REPORTS: KS, ME, NM

Fantini Research provides gaming revenue reports for the month of February in the states of Kansas, Maine and New Mexico.

KANSAS

TOTAL GAMING	REVENUE(M)	ANNUAL CHANGE (%)
Boot Hill Casino (BUKS)	\$3.252	-6.64
Kansas Star (BYD)	\$13.573	-16.22
Kansas Crossing	\$2.233	-28.64
Hollywood Casino (PENN/ISCA)	\$9.269	-33.37
Total	\$28.327	-22.86

MAINE

ALL-SOURCES GAMING	REVENUE(M)	ANNUAL CHANGE (%)
Hollywood Bangor (PENN)	\$3.388	-21.15
Oxford (CHDN)	\$4.461	-40.10
Total	\$7.849	-33.17

SLOTS	REVENUE(M)	ANNUAL CHANGE (%)
Hollywood Bangor (PENN)	\$3.037	-14.37
Oxford (CHDN)	\$3.831	-36.99
Total Slots	\$6.868	-28.66

TABLE GAMES	REVENUE(M)	ANNUAL CHANGE (%)
Hollywood Bangor (PENN)	\$0.351	-53.21
Oxford (CHDN)	\$0.630	-53.90
Total Table Games	\$0.981	-53.66

NEW MEXICO	REVENUE(M)	ANNUAL CHANGE (%)
Racetracks	\$0.196	-99.15

PARTNERMATRIX

The affiliate marketing specialists from PartnerMatrix discuss how to turn your affiliate channel into a game changer



In the span of just a few decades, affiliate marketing underwent so many transformations

that currently its results must be deciphered by tracking, and extracting, complex and relevant data flows between the parties involved. It is a complex landscape that operators need to make sense of in order to know where the real value lies. In other words, operators need to be able to discern the data that really matters in terms of profitability and turn affiliate marketing into a game changer for their businesses.

How did we get here? Some 10 years ago, the pay-per-click programs were ruling the land, and traffic was mostly measured and paid for in quantity, not quality parameters. Yet the impressive increase in the number of website visitors did not necessarily translate into a similar revenue increase.

Bounce rate was one of the culprits. Yes, affiliates made users click, but they rarely made them stay. Which meant they were serving both irrelevant content to potential players, as well as irrelevant traffic to the online gaming businesses. The reasons could be so many, starting from something as simple as a geographical mismatch between acquired traffic and the area where a casino or sports betting business operates.

Something had to change, and online gaming affiliate marketing had to be measured relevantly against the income it generated.

A CHANGE OF OPTICS ON CONVERSION: MEASURE WHAT YOU GET

The first real shift in how online gaming approaches affiliate marketing came with redefining conversion. Today, it's no longer about the clicks. The game changers were the cost per acquisition and revenue share models. And the winners are operators and affiliates alike.

The first ones get to pay for potential players that actually make a commitment with their websites, going much further beyond a click that might be irrelevant. The latter, provided they perform, are evaluated on much more objective criteria and are some of the best paid marketing affiliates compared to other industries, with the average CPA in online gaming between \$0.50 and \$20. It's an expensive marketing channel, but nevertheless one of the best performing, with ROI rates also higher than in most industries.

THE RIGHT AFFILIATES FOR YOUR BUSINESS: WHO DELIVERS THE RESULTS

"Who are the right affiliates for my website?" is a question one hears all the time in the industry. Getting to the right answer, though, is perhaps a matter of asking another more important question: Who are the customers you target?

Before operators send affiliates to "shop" for them, it makes more sense to know what they need to get. Start with that and work your way backwards, figuring out where your potential players are, where do they spend their time online and what other interests they have. Based on that, you'll have a surprisingly generous list of affiliate websites, communities, bloggers and social media groups to choose from.

Want to target younger generations of legal age? You will most probably find them on streaming platforms like Twitch or YouTube Live, or others dedicated to online gambling live streaming. So go ahead and find the streamers that have the audience you desire as players and get them aboard your affiliate marketing program.

AFFILIATE MARKETING TECH: HOW IT TIES IT ALL TOGETHER

If there's one thing operators should ask from your affiliate marketing tech, it's to simplify everything for them. That means obtaining everything they need on a single platform they can make their own, from stats, traffic analyses and real-time data to creating affiliate programs, grouping affiliates and managing payments.

Making sure affiliate marketing programs are correctly organised and measured is complex enough in itself, so the software should be the support that streamlines everything and provides transparent data to enable operators to make the best decisions.

Ultimately, the affiliate management platform sets the bar for your affiliate marketing results. The toolset it offers can limit or empower your affiliates to deliver what your brand needs, and also enable operators to get relevant and transparent data.

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