



# WEEK 40

FRIDAY 7 OCT 2022

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**IN THIS WEEK'S ISSUE:  
MACAU DOWN 50%; PAF EXCLUSIVE**



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# WEEK 40

FRIDAY 7 OCT 2022

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## THIS WEEK

- UK CASINOS REJOIN ECA
- HOLLAND CASINO OPENS NEW LOCATION
- NEW YORK, NEW YORK... NEW YORK
- US CEOS REMAIN POSITIVE
- BONUS DATA FOR SWEDEN'S BLACK MARKET
- BILLIONAIRE'S CLUB FOR ODDSMATRIX

### GUEST INTERVIEW

Glen Goldstein,  
EVP, TransUnion



## HEAVY IS THE HEAD: MACAU GGR 50% DOWN FOR SEPTEMBER

## PAF EXCLUSIVE: PROTECTING OUR YOUTH



SLOTS, TABLE GAMES, AND MORE!



## Macau records yet another bad month as tight immigration controls continue to impact visitor numbers, but there may be hope on the horizon

▶ Macau was once the king of Asian gaming, but Covid-19 has caused the region's crown to slip.

Since the pandemic plunged Macau into lockdown, it has struggled to recover and China's zero-Covid policy has only exacerbated the city's woes.

But Macau seem primed for a comeback this summer, only for another outbreak to end any hopes of a quick recovery.

Now, even optimistic pundits don't predict a return to pre-pandemic revenue levels until mid-2023, and that's if there isn't another surge in Covid cases between now and then.

Macau's most recent results, meanwhile, suggest that it still has a long, long way to go. Gross gaming revenue (GGR) was MOP\$2.96bn (US\$370m) for September, a 50% decline year-on-year.

When stacked against pre-pandemic levels, this looks even worse. Before Covid, Macau's monthly GGR regularly exceeded MOP\$20bn.

However, since February 2020, the city hasn't even managed to break the MOP\$10bn mark, excluding May 2021.

On a nine-month basis, Macau's GGR is MOP\$31.81bn, a 53% decline from the first nine months of 2021, when the city generated MOP\$67.78bn.

February's figure of MOP\$7.75bn remains the highest total of 2022 so far, as well as representing the only month in which GGR grew year-on-year.

January's MOP\$6.34bn is second, followed by March's MOP\$3.67bn and May's MOP\$3.34bn. August, meanwhile, saw Macau generate MOP\$2.18bn; the second-lowest total of 2022 so far after July's MOP\$398m.

July GGR was down 95% year-on-year and 84% when compared to June. But in perhaps more devastating news, this was the region's worst monthly performance since the pandemic began – worse than any month on record.

These figures from Macau's Gaming Inspection and Coordination Bureau (DICJ) can be largely attributed to Covid-19 and, subsequently, strict health restrictions and immigration controls between the city and mainland China.

Macau's neighbour to the north provides more visitors than any other area, especially as quarantine-free entry for foreign arrivals has yet to return.

But Chinese visitors must still undergo a body temperature check and present a negative Covid test. Health officials in the People's Republic also encouraged citizens to stay put ahead of 'Golden Week.'

National Day takes place on 1 October every year and commemorates the formal establishment of modern China.

This then kicks off a period known as Golden Week; but due to the pandemic and China's strict crackdown, celebrations have been muted in recent years.

Cheng Wai Tong, Deputy Director of Macau's Government Tourism Office (MGTO), said between 20,000 and 25,000 visitors per day were expected to arrive starting on 1 October and lasting through 7 October.

However, while this would be an improvement over recent

years' daily arrival numbers, even 25,000 per day would constitute a considerable decrease when compared to pre-pandemic figures.

Pre-Covid, more than 100,000 visitors would regularly arrive each day. In September 2019 alone, the region averaged 108,000 daily visitors, in contrast to last month's 20,000. Tong also said that 25,000 daily visitors is an "optimistic scenario."

However, September's GGR total does represent a 36% month-on-month rise, perhaps presenting hope that Macau's fortunes will eventually turn around.

***"February's figure of MOP\$7.75bn remains the highest total of 2022 so far"***

Positive news came late last month when Chief Executive Ho Iat Seng announced that electronic visas (eVisas) and package tours would be reintroduced in November following discussions with China's Central Government.

These were suspended in January 2020 due to the pandemic, and their return could provide a major boost to Macau's ailing hospitality and leisure sectors.

The announcement that eVisas would be reinstated prompted shares in Macau casinos to rise; but while a welcome sign for operators, many investors will probably wait until November to see whether visitor numbers actually recover. For now, Macau's primary concern is building a foundation for growth, something it is likely hoping its new concessions will support.

Encouraging visitors to return and improving investors' confidence should be the region's two main goals, though actually achieving them is easier said than done.

An extravagant fireworks display to mark National Day perhaps best exemplifies the city's hopes for a brighter future, though the road ahead may be rough going. At a National Day reception, Seng expressed his belief that eVisas and package offers would inspire tourists to return, yet reiterated Macau's commitment to China's hard-line coronavirus policy. But can the city ever hope to recover – to regain its place as the king of Asian gaming – while pursuing zero-Covid policies?

**GI Verdict:** Naturally, the easiest conclusion to arrive at is that September was not a good month for Macau. Yet there were glimmers of hope. After overcoming yet another Covid outbreak, Macau can once more look to the future. The region has pinned its hopes on the return of visitors when it begins to reissue eVisas in November. But tourists from mainland China may have reservations about returning, especially as the Chinese Government continues to caution against travel. Investor confidence is also a precarious issue: how long can they hold out before abandoning Macau? After all, when *Gambling Insider* recently asked if now is the time to invest in Macau, 64% of our voters concluded a firm 'no.'

## TAKING STOCK

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Flutter  
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Entain  
1,147.50 GBp  5%

Kambi  
168.85 SEK  7%

Betsson  
68.95 SEK  7%

Catena Media  
23.35 SEK  0%

## PAF EXCLUSIVE: PROTECTING OUR YOUTH

This week, *Gambling Insider* spoke exclusively to Sverker Skogberg, SVP of Public Affairs at Paf, about the recent implementation and effects of its €10,000 (\$9,860) loss limit for 18–24-year-olds. Previously, operator Paf had imposed a €20,000 annual loss limit for all of its players. This had started with a €30,000 cap that gradually came down over time.

### Why did you implement the €20,000 loss limit, because you didn't have to?

Well, we do a lot of things that we don't have to. We want to try and be a leader in that respect. We're not always loved for it, because you can always ask the question 'are you ready to say no to some of your profit?' I think in the long run the industry can agree on certain rules, even national loss limits and standards which would be good for everybody, we have started with the philosophy of loss limits. It isn't just the loss limits, we have a big toolbox of responsible gaming tools, and all companies nowadays are, of course, talking about responsible gaming. But I would claim that Paf has one of the best toolboxes on the market, loss limits are a part of this, but we also have different player segments. We are trying to direct more players to the low spending group segments. Even in the long run, we as an industry should think about

the under €10,000 loss limit per year for everybody.

### With the €10,000 loss limit for the 18-24 age group, is it a case that gamblers in that bracket are not usually financially equipped to bet too much?

That's true. This should also be seen as a move to show that we are aware that young players are exposed a lot nowadays. We understand that young players should not be forced to see the marketing. But if they choose to play, they might not have the same ability to judge or the financial position to continue playing regularly, so that's why it is good that they are aware. It should be seen as an overall move that young players should be protected a bit more and looked at as an overall picture.

### Is there a future right now where you bring down the limit even further, perhaps to €5,000?

No, I wouldn't say that. The amount we have been talking about can be compared to an annual spend on a very expensive hobby like golfing or boating. That's why we set the limit there, as you should allow people to spend some money. I'm not saying we are going down that low, but it depends on what will happen in the industry and what others are doing. We can't do things like this alone all of the time.

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## “BREXIT REVERSED” FOR EIGHT UK CASINO OPERATORS REJOINING THE ECA

The European Casino Association (ECA) has announced that eight UK casino operators have returned as group members following Brexit.

The operators rejoined the group after an industry forum at Casino Baden in Austria, which saw the association approve membership to the returning companies, including Aspers Group, Crown Aspinalls, Genting Casinos UK, the Hippodrome Casino, Les Ambassadeurs, Mayfair Casino, Rank Group and Metropolitan Gaming.

Per Jaldung, outgoing Chairman of the ECA, commented on the returning operators: “It was a great disappointment when the UK left the ECA in 2020 and, from the outset, we have been working to bring them back.

“The UK has a thriving land-based gaming industry and we are extremely proud that our joint efforts have led to the successful re-entry of the UK as a full member of the ECA. UK casino operators have a lot to offer to the



network of continental European operators, and we are thrilled to extend our membership to include the UK.”

The move to rejoin the ECA was spearheaded by Hippodrome CEO Simon Thomas, who added: “I am delighted to be back in the fold of the European Casino Association. As the representative for the eight UK casino operators within the ECA, we are stronger together through shared experiences.

“As a full member, we will be capitalising on the knowledge base of the European land-based sector and the

incredible value it creates for its members. I’m delighted to be back as a member of the ECA and look forward to the next General Assembly at ICE London on February 7th.”

**GI Verdict:** Brexit has certainly had a major impact on many different industries and the gaming sphere has been no stranger to the various impacts of the UK leaving the European Union.

Given the expertise of the eight returning operators, the ECA will be grateful to have them back. The gratitude goes both ways, of course, with the operators more than glad to return.

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## HOLLAND CASINO OFFICIALLY OPENS UTRECHT LOCATION

Holland Casino has held a grand opening ceremony to officially inaugurate its property in Utrecht.

This was technically opened in September 2021 but, due to measures imposed in response to Covid-19, Holland Casino was unable to conduct its usual grand opening ceremony.

However, the Netherlands has since relaxed restrictions. As a result, more than 1,200 guests were present to witness recently appointed CEO Petra de Ruiter perform a Holland Casino tradition.

She placed the first roulette ball and spun the wheel to officially open the property in Utrecht; the latest of Holland Casino's 14 locations.

This kicked off a party themed around "shine bright like a diamond," during which guests were invited to sample drinks and snacks from the casino's restaurants, such as LX Fine Dining & Champagne.

Accompanying this were performances by Dutch opera star Maria Fiselier, as well as Dwight Dissels, a singer and former



contestant on The Voice of Holland.

De Ruiter, who took over as CEO from Erwin van Lambaart last month, remarked: "Since I started at Holland Casino on 1 September, I have personally experienced the hospitality of my colleagues.

"This festive evening was certainly no exception. Our people provide a safe and responsible range of games in a hospitable environment."

Alongside its 653 slot machines and 41 gaming tables, Holland Casino's newest location has its own power plant with heat-cold storage, as well as 700 roof-mounted solar panels and 62 charging points for electric cars.

With this in mind, De Ruiter added: "Holland Casino Utrecht is one of the most sustainable casinos in Europe."

**GI Verdict:** Holland Casino very much enjoys a lively party, and this one was even more special considering how long the venue had to wait to open properly.

The 14th venue couldn't have asked for a better start, with over 1,200 guests present for its opening. On any other new properties Holland Casino may consider opening, Director of Operations Noël Leise told *Gambling Insider* in June that the operator always assesses "where we would like to end up in 10-20 years from now."

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## THIS WEEK IN NUMBERS



10

Year contract for scratch ticket services signed between IGT and Texas Lottery Commission

5th

US state where Pariplay has secured an iGaming licence (Connecticut)



433

Grand Lotto jackpot winners in the Philippines, raising questions

## NEW YORK STATE GAMING COMMISSION APPROVES FIRST THREE BOARD MEMBERS

The New York State Gaming Commission has unanimously approved the first three members of the Gaming Facility Location Board.

Quenia Abreu, President and CEO of the New York Women's Chamber of Commerce, Vicki Been, a New York University law professor, former New York City Deputy Mayor and Commissioner of the New York City Department of Housing Preservation and Development, and Stuart Rabinowitz, former President of Hofstra University have all been appointed as board members.

The trio, along with two members that have yet to be named, will oversee the bidding process for New York's three remaining casino licences, which are expected to be awarded in New York City and the surrounding area. The panel will analyse any proposals for the licences, and will choose the three companies that will ultimately progress for final approval.

Gaming Commission Chair Brian O'Dwyer said the Gaming Facility Location Board will be granted the independence to do its work without interference.

Each licence will require the winner to pay a licensing fee of at least \$500m. Hard Rock, Wynn Resorts and Las Vegas Sands have reportedly been eyeing the licences in the hope of opening a casino in New York City, while two existing racetrack casinos – Resorts World New York City and Empire City Casino – are also expected to be in the race. A full licence would allow them to expand into live table games.

**GI Verdict:** By the looks of things, the board is in good stead to make a sensible decision, such is the experience Abreu, Been and Rabinowitz bring to the table. Each member had to meet many minimum qualifications by state law, including significant experience in finance or economics, so their positions are well warranted. But that doesn't mean they have an easy decision on their hands. As witnessed in the New York sports betting scene, where online sportsbooks have combined for \$11bn in handle so far this year, the state is hugely popular when it comes to gaming, meaning the potential licensees will be doing all they can to land a highly sought-after spot.



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**3**



Sports clubs in New South Wales who extended 'Reclaim the Game' partnerships

**NZ\$31.5m  
 (US\$18m)**

In gross betting revenue (GBR) reported by Tab NZ for August, 6% below budget



**56%**

Rise year-on-year in Virginia sports betting handle

## AGA: GAMING CEOS REMAIN POSITIVE

Gaming CEOs are positive about the industry's current business situation, according to the American Gaming Association's (AGA) Gaming Industry Outlook presented in partnership with Fitch Ratings.

Moreover, many CEOs are confident about future conditions despite persistent concerns about today's economic environment.

68% of executives surveyed said the present business situation is good, with 28% saying it is satisfactory, while 92% expect such conditions to continue or improve over the next three to six months. 38% said they expect future conditions to be better, with 8% saying conditions will worsen.

Furthermore, 65% of gaming CEOs named supply chain issues as a factor limiting operations, followed by inflation and interest rate concerns at 62%. 50% of executives identified both the uncertainty of the economic environment and the shortage of labour as impediments to business growth.

AGA President and CEO Bill Miller commented: "Our industry remains

cautiously optimistic – and has weathered this volatile economy – because of resilient consumer demand."

Moreover, 76% expect the pace of wage and benefit growth to continue to increase over the next three to six months, but there was a slowdown in expectations regarding the pace of hiring compared to earlier in 2022.

The AGA noted: "For gaming operators, future customer activity is a major question mark with expectations evenly split between expansion and contraction. Among gaming suppliers, half expect the sales of both new and replacement units to increase over the next two quarters, while none expected a decrease in sales.

**GI Verdict:** Unlike regions such as Macau, the US is seemingly on an upward trajectory, with the example of Nevada recently posting its 18th successive month in which revenue reached over \$1bn helping CEOs come to the conclusion that now is a time for optimism. The aforementioned issues of interest rates and inflation are, however, always unpredictable, meaning questions remain.

## THE WEEK IN QUOTES

*“With the rise of online gambling and sports betting advertising in Ontario – and across Canada – we recognised there was a need to help the public understand the sensationalised ads we’re seeing on TV don’t necessarily reflect reality.”*

**Shelley White, CEO of Canada’s Responsible Gambling Council (RGC), on a new campaign encouraging bettors to wager responsibly**

*“State-of-the-art lighting, sound and stage technology, coupled with intricate storytelling, glamorous costumes and large-scale puppetry will make Awakening and the Awakening Theater stand out as true innovations in theatrical entertainment and raise that bar for Las Vegas, once again.”*

**Wynn Resorts CEO Craig Billings on a new show premiering at Wynn Las Vegas in November**

## SWEDEN: SURVEY SUGGESTS BONUS OFFERS PULL PLAYERS TO UNLICENSED WEBSITES

Nearly a third of Swedes gamble online at least once per quarter, according to a survey commissioned by the country’s regulator. Spelinspektionen, the nation’s gambling authority, has published the results of a survey regarding Swedish adults’ online gambling habits. Data collection firm SKOP invited 10,994 people aged 18 or over to participate in the survey, of whom 4,408 responded.

Of these, 28% or 1,251 said they gamble online at least once per quarter, while 26% reported gambling online at least once per month and 15% at least once per week.

Most Swedes would seem to prefer licensed sites. Only 8% said they had played on an unlicensed website; 6% did so intentionally while 2% did so unintentionally.

But whether these respondents were all truly playing on non-regulated sites is questionable. They were asked to name which unlicensed websites they had visited, and several people named licensed platforms.

“Several of these, however, state gaming sites with a Swedish licence as they had to answer which sites without a Swedish gaming licence they played on,” said Spelinspektionen.

When asked how they had discovered these sites, meanwhile, most respondents (36%) claimed to have received a tip from another player, though 27% did suggest that advertising was responsible.

As to why some people choose to play on unlicensed platforms, the most common response was bonus offers. Others said they did so because they were blocked on Spelpaus. Most respondents (85%) were also aware of Sweden’s self-exclusion service Spelpaus, though only 9% had made use of it.

**GI Verdict:** This survey lends further credence to claims that a liberalised gambling sector could be the best way to force out grey market operators. By and large, channelisation efforts would appear to be working, but this data is cause for slight concern...



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## ODDSMATRIX FINALLY HITS €1BN

*“Having worked as a member of stable staff and had my first novice hurdle winner at Hexham, through to breeding, owning and selling horses all over the world, I hope that I am able to well represent licensed personnel.”*

**John Ferguson on his appointment to the board of the British Horseracing Authority (BHA)**

*“The inclusion of new entries into the US sports betting landscape, such as Sporttrade, marries well with our existing membership, providing a diverse and wide-ranging integrity protection of the burgeoning US sports betting marketplace.”*

**Khalid Ali, International Betting Integrity Association (IBIA) CEO, on Sporttrade becoming a member**

This week, EveryMatrix announced its sports product solution, OddsMatrix, had made a company record €1bn in turnover for 2022.

The huge figure, which was hit during OddsMatrix’s Q3, comes after the business narrowly missed out on the €1bn (\$992m) mark in 2021.

And, in more strong financial news for the business, its monthly turnover for the last two months was up by 100% annually, while its Q4 2021 report earlier in 2022 revealed a further record of €100m in revenue for OddsMatrix.

Hailing the achievement, Ebbe Groes, Group CEO of EveryMatrix, commented on the milestone: “Another stunning accomplishment for OddsMatrix and EveryMatrix as a whole. We’ll likely be hitting €200m turnover per month in Q4 2022. And the fast growth of volumes can be turned into even more feature investment, positively reinforcing the volume growth.”

**GI Verdict:** For EveryMatrix this is a big milestone, as one of its biggest brands

crosses the €1bn barrier for the first time. In 2021, when it narrowly missed out on the figure, Groes must have sat and thought if it was achievable in such a volatile time for the markets – Covid was still rampaging through Europe and vaccines had only just started to have any effect in suppressing the virus’ fatality rate.

However, in under a year, OddsMatrix has shown that consumers want to wager money like never before on sporting events, now knowing what a world without all major forms of sport looks like. On its Q2 results, Groes said: “Driven by our diverse product offering and strong client base, we saw yet another record number of new client wins in the quarter with 43 deals signed across all products. A 17% increase in gross profit, the best reflection of the underlying performance of the group, allows us to continue to invest in our future growth.”

So there is plenty to celebrate... now eyes will turn to the upcoming World Cup.

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LIVE CASINO



## COLORADO & MARYLAND – AUGUST REVENUE

Fantini Research partners with *Gambling Insider* to provide weekly gaming industry data.

This week, we look at total gaming revenue in Colorado and Maryland for August.

Colorado has seen significant year-on-year gains, posting revenue from retail up 153%, and revenue from online sources up 69%.

It was a different story in Maryland; revenue amounts were down across all verticals by 4%, largely down to a double-digit decline in revenue from table games.

## COLORADO AUGUST REVENUE

| SPORTS BETTING              | AUGUST REVENUE (M) | CHANGE (%) YEAR-ON-YEAR |
|-----------------------------|--------------------|-------------------------|
| Retail                      | \$0.582            | +152.67                 |
| Online                      | \$25.278           | +68.54                  |
| <b>Total Sports Betting</b> | <b>\$25.859</b>    | <b>+69.81</b>           |
| <b>Total Handle</b>         | <b>\$290.108</b>   | <b>+36.90</b>           |

## MARYLAND AUGUST REVENUE

| ALL-SOURCES               | AUGUST REVENUE (M) | CHANGE (%) YEAR-ON-YEAR |
|---------------------------|--------------------|-------------------------|
| Ocean Downs (CHDN)        | \$9.179            | +1.60                   |
| Live! (Cordish)           | \$56.834           | +0.60                   |
| Horseshoe Baltimore (CZR) | \$17.260           | -1.55                   |
| Rocky Gap (GDEN)          | \$5.142            | -4.13                   |
| Hollywood Casino (PENN)   | \$7.058            | -5.83                   |
| National Harbor (MGM)     | \$63.797           | -8.20                   |
| <b>Total</b>              | <b>\$159.270</b>   | <b>-3.72</b>            |



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## MARYLAND AUGUST REVENUE CONTINUED

| SLOTS                     | AUGUST REVENUE (M) | CHANGE (%) YEAR-ON-YEAR |
|---------------------------|--------------------|-------------------------|
| Ocean Downs (CHDN)        | \$8.224            | +2.40                   |
| National Harbor (MGM)     | \$39.336           | +3.13                   |
| Live! (Cordish)           | \$39.958           | +0.99                   |
| Rocky Gap (GDEN)          | \$4.741            | -2.70                   |
| Horseshoe Baltimore (CZR) | \$11.393           | -4.18                   |
| Hollywood Casino (PENN)   | \$5.911            | -9.73                   |
| <b>Total Slots</b>        | <b>\$109.563</b>   | <b>+0.47</b>            |

| TABLE GAMES               | AUGUST REVENUE (M) | CHANGE (%) YEAR-ON-YEAR |
|---------------------------|--------------------|-------------------------|
| Hollywood Casino (PENN)   | \$1.147            | +21.13                  |
| Horseshoe Baltimore (CZR) | \$5.867            | +3.99                   |
| Live! (Cordish)           | \$16.876           | -0.32                   |
| Ocean Downs (CHDN)        | \$0.955            | -4.77                   |
| Rocky Gap (GDEN)          | \$0.401            | -18.28                  |
| National Harbor (MGM)     | \$24.461           | -21.98                  |
| <b>Total Table Games</b>  | <b>\$49.707</b>    | <b>-11.81</b>           |

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**INTERVIEW**
**GLEN GOLDSTEIN,**  
*EVP AND HEAD OF DIVERSIFIED  
 MARKETS, TRANSUNION*

*Goldstein speaks to Gambling Insider  
 about TransUnion's new TruValidate Device  
 Risk with Behavioural Analytics system*

**Could we start by you giving an overview of your new fraud detection product?**

The overall fraud platform we provide has been in place for some time in a lot of different components. Things like identity validation and device reputation validation have all been with us for a while; and want to differentiate between what already existed vs the new pieces we're really excited about. We talk about device risk with behavioural analytics, and we've had device risk since a previous acquisition we made around five years ago.

The company was called Iovation, which was a leader in the space of identifying if devices like phones, computers etc, had been involved in fraud. Ones that had a differentiation in the market because of the depth and breadth of information that the technology could provide on the device, as to identify suspicious devices. We acquired them and integrated them into our platform a few years ago.

What is new is the piece we call behavioural analytics, which was made in a partnership we have with a company called Neuro-ID that we have fully integrated. Let me talk for a second about what behavioural analytics is, to differentiate it from behavioural reputation or behavioural biometrics. Biometrics and reputation are really about the technology getting to know you as you interact with your device. Over time it looks at the pattern of your keystrokes, cadence etc. That tech is good, but the challenge is when it's new and hasn't seen you before. Then it has to build up a database to say Mr X is behaving

similarly to how we have seen him act the last 10 times.

**How does it all pertain to gaming?**

Thinking about an industry like gaming, especially in the US where the growth rates are near-astronomical, you are dealing with a lot of customer on-boarding and new customers as new states open. In that case, behavioural reputation is not that helpful, and it leans towards giving too many false positives. You may come in having seen your favourite betting operator's ad, who has a very nice promotion that you want to take advantage of before the big game, but as you come in and are not recognised, the bias is to say 'uh-oh, this could be fraud.'

As you can imagine, for gaming companies today trying to get players on board quickly in response to direct advertising, that's a killer as they will just go to another site because the game starts in five minutes, and they want to make a parlay bet. The difference here in behavioural analytics is that it relies on a broader database of 6,000 analysts, 10 billion devices and 100 million fraud reports, looking at the behaviour that is associated with fraud. Even if the software doesn't know you when you're coming to access it as a new customer for the first time, it's watching your behaviour as you're interacting with the forms and mapping it to the behaviour of known good interactions and bad interactions.

That's why we call it behavioural analytics, because it is looking at the analytics of how anyone would interact. And what it gives you is a much stronger picture on day one. A lot of the reads you will get involve fraudsters displaying a very different kind of behaviour to that of a normal person, which is much easier to pick up. In that case, it is easier for us to remove false positives and read a transaction in the way this person is inputting data. That's really the value to the gaming companies. Our system allows companies to lean on the analytics in a way that biometrics and reputational data can't do, because it has to learn you. That's one of the reasons why, as we looked at the solution, we saw certain markets where it's very applicable – where gaming stands out because of the number of new customers coming into the market every day.

**Is there a lot of interest in the US for your system now you have announced it?**

Yes, absolutely. We just officially launched it last week and, despite our position in the global market, our experience

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in the US gaming market is relatively recent because it was all land-based before PASPA got overturned. Right when that happened, we had just integrated call credit in the UK, and that was the point when we looked at this market and said 'wow, this is going to take off.'

Obviously, the regulatory scheme in the US is much more Balkanised, in that you have to get licensed in every state. Our strategy has been to take everything we do in the UK and move that expertise over and then refine it for the US market as it grows. A lot of our early work has been in just getting the licensing state by state, and as you can imagine, that's taken a long period of time – but we're now in multiple states, and we're trying to get everywhere gaming is legal.

We've been having conversations with all of the biggest operators, a number of whom we have prior relationships with from our work in the UK. Historically, fraud has been a piece of the conversation. Responsible gaming has often been front and centre; specifically because operators in the US are learning about the European example of what happened with responsible gaming. They are quite keen not to repeat it.

**With the amount of data required for what you do, how do you keep the data safe?**

Great question. Obviously, we have quite a history in the UK since GDPR started there. Here, we've obviously been dealing with things like CCPA and GLBA, and the numerous other regulations. But the core of it for us is that we are one of only three major credit bureaus in the US.

TransUnion has been in business for over 50 years and, when you think about people's credit information, which is some of the most sacrosanct data that exists, we started with a very large investment around protecting people's data because of the nature of the data that we've dealt with. Obviously, all that infrastructure is directly applicable to what we do in the gaming space, but as the regulations came on in the last four years, our spend on data security and privacy has risen eightfold. It was one of those discussions internally where we're a trusted storer of people's data.

There's nothing worse than to breach that trust – I mean, you have one breach and it can ruin that business. Every time we have that question about data and data security protection, it tends to be an amazingly easy answer – which is 'more'. You almost can't spend too much, and the issue continues to be front and centre in the regulatory and consumer world. I would point to our history as a credit bureau and our 50 years of managing information.

But not just that, you cannot rest on your laurels. For us, it is the continued investment that we make, because that is our business – and it's not just for gaming, it's for every bank or person that pulls a credit report. The other thing – which is less well-known – apart from being one of the three major credit bureaus in the United States, we're also one of the few companies that has a public data business. That is all of the identity data which isn't governed by credit, its social security, bank numbers, phone numbers, all of that is equally as important in an online world; where that data is on the internet.



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## KAMBI CEO EXPANDS ON PENN SPLIT

In comments sent to *Gambling Insider*, Kambi CEO Kristian Nylén has divulged more details about Penn's recent decision to move away from Kambi's sportsbook.

### What are the main outcomes of this agreement with Penn?

The agreement gives both parties clarity and certainty on the future, ensuring the partnership can continue to be a success until the completion of the migration. Furthermore, it also provides Kambi with continued revenue until 2024, in addition to the fees set out in the press release.

### Will Penn migrate all online in Q3 2023 and what percentage of revenue is its retail business?

The exact timings of migration and when they will complete are questions for Penn. On the retail business, many of the numbers are public so it's fair to say retail makes up a material proportion of

the Barstool Sportsbook revenue. Around 25 Penn properties now have a Kambi sportsbook and they have been successful, not just inside the sportsbook itself, but in helping drive footfall to other amenities at the resorts.

### Why do you think there has been this trend towards vertical integration and do you think it will continue?

There has been a trend among some of the larger operators to own their own technology, but that doesn't mean to say they need or want to own all of it. In the main, these operators are seeking to complement in-house technology with high-quality, third-party sports betting products. As a prime example, bet365 recently said they were looking at outsourcing as a method to improve their sportsbook, which I feel is a good indicator for where the industry is headed.

Over time, I believe the proportion of products being outsourced by these vertically integrated companies will only increase, leaning more on high-quality providers such as Kambi to not only improve the quality of their sportsbook, but to increase their efficiency and profitability.

That said, most operators will still demand a high-quality turnkey solution, so our focus is on continuing to push the boundaries of our full sportsbook offer, while simultaneously making available standalone elements for those looking to raise the standard of their own sportsbook.

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