

Report on illegal gambling



One of the Danish Gambling Authority's supervisory tasks is to monitor the illegal gambling market in Denmark. Thereby, we ensure protection of players and a well-regulated market for those operators, who provide licensed gambling activities in Denmark.

Content

Purpose and introduction	2
Summary	3
1. Background information about illegal gambling	4
1.1 When are gambling activities offered illegally?	5
1.2 Which games require a licence?	5
1.3 When is the gambling activity aimed at Denmark?	5
1.4 Mediation and promotion of games without a required licence	6
1.5 The Danish Gambling Authority's sanction options	6
2. The Danish Gambling Authority's work 2012 - 2019	7
2.1 2012	8
2.2 2013	8
2.3 2014	8
2.4 2015	9
2.5 2016	9
2.6 2017	9
2.7 2018	9
2.8 2019	10
3. The Danish Gambling Authority's work in 2020	11
3.1 Searches for potentially illegal websites	12
3.2 From video gaming to gambling	12
3.3 International cooperation	12
3.4 Lotteries at pubs	13
3.5 Illegal gambling during a pandemic	13
4. Illegal gambling in the land-based sector	14
4.1 Gaming machines and betting terminals	15
4.2 Poker without a licence	15
4.3 Charity lotteries.....	15
5. Future plans on illegal gambling	16
5.1 Future initiatives	17
6. Annexes	18
6.1 Annex 1: Overview of the number of reports and requests we have sent since the online gambling market was partially liberalised in 2012:.....	19
6.2 Annex 2: Published statistics from H2 Gambling Capital:.....	20
6.3 Annex 3: Development in the gross gaming revenue (GGR) for betting and online casino	21

Purpose and introduction

This report is a follow-up on the report on illegal online gambling from 2019. The purpose is to continue to tell the public about the Danish Gambling Authority's work in relation to illegal gambling as well as explaining when gambling is considered illegally provided. The report provides a look back to the Danish Gambling Authority's work since the online gambling market was partially liberalised in 2012. Most focus is dedicated to the past couple of years.

One of the Danish Gambling Authority's supervisory tasks is to monitor the illegal gambling market in Denmark and thereby protect players and ensure a well-regulated market for those operators, who provide licensed gambling activities in Denmark. Thus, among other things, we focus on online providers that aim their gambling activities at Denmark without a Danish licence.

The first sections of the report will give an account of the rules in this area, as this is important to establish before moving on to the tasks that the Danish Gambling Authority have carried out in relation to illegal gambling.

Summary

Since the partial liberalisation of the gambling market in 2012, the Danish Gambling Authority have seen a decreasing number of websites that aim their illegal gambling activities at Denmark. However, the Danish Gambling Authority still find issues with websites with illegal mediation of gambling sites.

The Danish Gambling Authority assess that the decreasing number of websites with illegal provision of gambling activities indicates that the illegal gambling market in Denmark is limited.

This view is supported by figures published by H2 Gambling Capital (see annex 2). From this it may be established that Denmark has had an increasing channelling rate since 2012 in the online gambling sectors, and that Denmark is at the top compared to other European countries' channelling rates. The channelling rate expresses the share of the regulated market.

Other factors also indicate that the illegal gambling market in Denmark is limited. Among other things, the gross gaming revenue (GGR) for the regulated gambling market is increasing in general (see annex 3). There is also a stable number of licence holders in Denmark, among those are many of the big international operators.

The Danish Gambling Authority also spend resources on other types of illegal gambling such as skin betting, the blurred lines between gambling and video gaming, as well as raising awareness about illegal gambling.

Background information about illegal gambling

1

Background information about illegal gambling

The following sections shortly account for the rules that form the basis of the Danish Gambling Authority's work regarding illegal gambling.

1.1 When are gambling activities offered illegally?

Gambling is offered in violation of the Gambling Act if:

- The game is provided without a required licence from the Danish Gambling Authority, and
- the gambling provider aims its provision of gambling at Danish players

1.2 Which games require a licence?

The Danish Gambling Authority monitor the Danish gambling market to ensure that gambling activities are not offered against the rules of the Gambling Act. A licence to offer gambling activities in Denmark is required if:

- the participant must pay a stake (money or similar of an economic value),
- the participant, through the stake, has a chance of winning a prize (all kinds of prizes of economic value), and
- the game involves an element of chance.

1.3 When is the gambling activity aimed at Denmark?

The Danish Gambling Authority's definition of when an offer is aimed at Denmark takes as its legal basis the Danish Ministry of Taxation's response to the telecommunications industry in connection with the preparation of the Gambling Act that entered into force in 2012. Consequently, an offer is aimed at Denmark if one or more of the following elements can be found on the website:

- Danish language.
- Danish currency is an option.
- Payment methods that only work in Denmark is an option.
- Danish customer service.
- Steam as login.
- Gambling offers that are directly aimed at the Danish market due to their composition.

Although none of the above conditions are met, direct marketing to Danish players is also considered aimed at the Danish market.

Particularly regarding skin betting, on February 2018, the court ruled that websites that use Steam as login are considered aiming their gambling activities at Denmark. The ruling is available on the Danish Gambling Authority's website.

1.4 Mediation and promotion of games without a required licence

It is against the Act on Gambling to mediate or promote gambling providers without a licence. In this case, it is relevant if the mediation/promotion is aimed at the Danish market.

1.5 The Danish Gambling Authority's sanction options

When the Danish Gambling Authority become aware of a website with illegal gambling activities or illegal mediation, we send a request to the owners of the website in which we state the violation and order them to stop the illegal provision or the illegal mediation.

In many cases, the dialogue based on the request is sufficient to end the violation.

In cases where the violation is not ended, we do not hear from the owners, or we can-not find the owners, we may have the website blocked at the Danish internet service providers via the district court.¹

In addition, we can report the owners behind the website to the police, after which the responsibility for the further process is passed to the police.

¹This does not apply to websites with illegal mediation.

**The Danish Gambling
Authority's work 2012 -
2019**

2

The Danish Gambling Authority's work 2012-2019

The following sections look back at the Danish Gambling Authority's work in relation to illegal gambling.

2.1 2012

When the partially liberalised gambling market opened on 1 January 2012, the Danish Gambling Authority sent requests to several websites that were found through searches and reports.

Most of the gambling providers that were contacted quickly complied with our request, however, during 2012, it was necessary to take a bailiff's court action to have a total of 20 websites blocked.

2.2 2013

In 2013, the Danish Gambling Authority sent fewer requests than in 2012. Most of the traditional gambling operators were aware of the new Danish gambling legislation and were compliant. On the other hand, there were several cases that required a more thorough assessment of whether the games required a licence, and if the gambling activities were aimed at the Danish market.

At the end of the year, the Danish Gambling Authority reviewed all websites from providers that had previously received a request since the first requests were sent in January 2012. During this examination, the Danish Gambling Authority found that several blocked websites were no longer aimed at the Danish market, consequently we initiated a process to lift the blocking of these. Unfortunately, there were also a few websites, that were previously compliant, which again in some ways were aimed at the Danish market.

2.3 2014

In 2014, the Danish Gambling Authority, in cooperation with the anti-fraud unit at the Danish Tax Agency, optimised our automatic search processes based on the experiences from the previous years, and we were thus able to search the Internet more thoroughly.

This meant that several of the websites found were not traditional gambling sites, but websites that mediated access to websites with illegal gambling activities, these are also called affiliate sites.

Consequently, the Danish Gambling Authority have contacted both the owners behind the websites in question and the owners of the websites with illegal gambling activities that are illegally promoted and referred to.

In addition, the Danish Gambling Authority completed a new round of blocking where five websites were blocked.

2.4 2015

During 2015, the Danish Gambling Authority focused on websites that mediated access to illegal gambling websites. As with the previous years, a search for potentially illegal gambling websites was carried out.

The result of the search followed the tendency from earlier, which shows that we found fewer websites with illegal provision of gambling and more websites with illegal mediation.

In 2015, as done in 2013, the Danish Gambling Authority reviewed the websites on which a violation was previously found. The review showed that the websites the Danish Gambling Authority had previously contacted, e.g. through petitions, blockings, dialogue, had not changed their status, and therefore it was not necessary to take any further measures.

2.5 2016

In March 2016, a search of potentially illegal websites was conducted in cooperation with the Danish Tax Agency's anti-fraud unit. In March 2016, the search resulted in only two websites which offered gambling activities aimed at Denmark without a licence. In addition, it found several websites which the Danish Gambling Authority assessed to be illegally mediating illegal gambling.

2.6 2017

Similar to the previous years, a search for illegal websites was conducted in cooperation with the Danish Tax Agency's anti-fraud unit. The Danish Gambling Authority initiated a case on blocking which involved six skin betting sites. Furthermore, in 2017, many resources were dedicated to examining new issues such as skin betting and loot boxes.

2.7 2018

In 2018, there was a great focus on skin betting. In February 2018, the court ruled in favour of the Danish Gambling Authority and stated that six skin betting sites must be blocked. The court took the view that the games required a licence, and that the web-sites' gambling offers were aimed at Denmark because they used Steam as login. In addition, 18 websites that offered illegal gambling were blocked.

The Danish Gambling Authority also established a cooperation with Facebook. There-by, the Danish Gambling Authority had a new opportunity to report illegal content on Facebook directly to the team at Facebook concerned with illegal gambling. In this way, we have had four Facebook groups offering illegal gambling closed in 2018.

In addition to this, the work on optimising the searching for illegal websites continued in cooperation with the Danish Tax Agency's anti-fraud unit.

2.8 2019

In 2019, 25 websites providing illegal gambling activities were blocked. The Danish Gambling Authority's successful cooperation with the Danish Tax Agency's anti-fraud unit remains. The searches from the anti-fraud unit is a useful tool for monitoring the market of illegal gambling.

In 2019, there was a focus on the blurred lines between video gaming and gambling. In 2019, the Danish Gambling Authority started offering presentations on the blurred lines between video gaming and gambling to schools, associations, etc. Our offer was well-received, and the Danish Gambling Authority held presentations at several occasions.

Moreover, the Danish Gambling Authority have participated in an international cooperation focusing on the blurred lines between video gaming and gambling. Denmark and 18 primarily European countries signed the declaration to examine the blurred lines that occur when elements from gambling are incorporated in video games. The cooperation resulted in a report that concluded that the area requires a continued focus.

The Danish Gambling Authority's work in 2020

3

3.1 Searches for potentially illegal websites

In 2020, the Danish Gambling Authority in cooperation with the Danish Tax Agency's anti-fraud unit completed five searches for potentially illegal gambling websites. This is two searches more than the previous years. The extra focus on searches in 2020 will result in more blockings of websites in 2021.

The searches remain an important tool in the Danish Gambling Authority's work to monitor illegal gambling activities, as it provides unique searching opportunities and efficiently covers a great number of websites. The Danish Gambling Authority has developed its own searching system in relation to skin betting sites, as these websites in many ways differ significantly from the websites targeted by the traditional search.

16 websites offering illegal gambling were blocked in 2020. A new case concerning blockings of websites has been sent to the courts. It is expected that the cases will be concluded in 2021.

3.2 From video gaming to gambling

On a national level, video gaming and gambling among children and young people receive great attention. In June 2018, a political majority in the Danish Parliament entered into an agreement on new measures against compulsive gambling. One of the initiatives the contracting parties agreed on was a research project on young people's relation to and potential addiction to video gaming.

In this connection, the Danish Gambling Authority have initiated a research project with VIVE (the Danish center for social science research).

The purpose of the project is to examine the role that gambling plays in relation to young people's video gaming. The project will focus on online gambling and in particular on how children and young people relate to elements related to gambling in online video games. The research project will provide a scientifically based and systematic insight into how video gaming is part of children and young people's everyday life and how the addition of gambling related elements in video games and in various platforms (e.g. computer, smartphones, tablets, PlayStation) affects the gaming experience and everyday life in general. The significance of microtransactions (purchases for small amounts in the games) and how these affect the gaming experience.

The Danish Gambling Authority have contributed to the description of the project's content and it is expected that the research project is completed in 2021 with a report.

3.3 International cooperation

The international cooperation has been greatly affected by the COVID-19 situation. However, the Danish Gambling Authority have contributed to international projects on the concerns about video gaming/gambling. For example the Danish Gambling Authority have participated

in a virtual seminar with other jurisdictions with the purpose of having a constructive discussion laying the foundation for a research project.

3.4 Lotteries at pubs

The Danish Gambling Authority have received reports about provision of illegal lotteries at pubs. The lotteries observed at pubs are of very different character. Among others, we have observed lotteries, where the player buys a scratch card with the opportunity to win a beer. Another often seen type of lottery is a game, where the player buys one or more numbers and where a draw is held on a given time and day for the amount in the pool. The winnings thereby depend on the number of participants and whether the pool has been won any of the previous weeks. Most of the lotteries observed have a prize between DKK 500 and 5000. In 2020, the Danish Gambling Authority extended its supervision of illegal gambling at pubs.

3.5 Illegal gambling during a pandemic

Especially during the first lockdown of Denmark in spring, the Danish Gambling Authority observed an increase in bingo-events. Several of the events were held with a focus on social aspects such as increasing the sense of unity – particularly in the local communities. A game is, as mentioned earlier, covered by the Gambling Act's requirements for a licence if there is a stake, an element of chance and a chance of winning a prize. The purpose of the Gambling Act and the licence requirement is that gambling must be offered in a fair, responsible and transparent manner to ensure the protection of players, including protection of problem gamblers and minors. This is an important task we continually work to ensure, and therefore the Danish Gambling Authority spent resources on providing guidance about the rules for holding bingo events.

Illegal gambling in the land-based sector

4

4.1 Gaming machines and betting terminals

In case the Danish Gambling Authority become aware of a possibly illegal installation and operation of poker and gambling machines or betting terminals, the matter is reported to the police. We are always available to assist the police if needed.

In 2020, the Danish Gambling Authority have been involved in in cases concerning 27 gambling premises, where poker or gaming machines were operated or installed without a licence. By request from the police, we have prepared statements about violations of the gambling legislation to the police.

4.2 Poker without a licence

Poker without a licence is a violation of sections 203 and 204 of the Criminal Code and not the Act on Gambling. The police have the authority to perform on site supervisions at premises without a licence, but the Danish Gambling Authority may offer to assist at such supervisory inspections. In 2020, the Danish Gambling Authority have assisted the police three times. If the Danish Gambling Authority become aware of illegal poker clubs, we inform the police of the matter.

4.3 Charity lotteries

In 2020, the Danish Gambling Authority continued a supervisory project on bingo halls, which was initiated in 2019.

The Danish Gambling Authority have completed 104 inspections of associations that have held bingo events. Due to COVID-19, it was not possible for the Danish Gambling Authority to conduct on-site inspections in 2020, which is why the inspections were conducted via hearings without a prior on-site inspection.

In 2020, we sent 20 reports to the police concerning illegal charity lotteries. The reports were spread across police districts all over Denmark.

After the completed inspections in 2020, the Danish Gambling Authority have found that several associations do not comply with the conditions for holding charity lotteries in closed associations, as the Danish Gambling Authority assess that more of the associations' purposes exclusively or primarily is to hold charity lotteries. The associations primary activity for its members is thereby to hold bingo events.

The Danish Gambling Authority still assess that there is an increased interest in the rules on charity lottery, including an interest in modernising these. The project continues in 2021.

Future plans on illegal gambling

5

5.1 Future initiatives

The Danish Gambling Authority will continue its cooperation with the Danish Tax Agency's anti-fraud unit, as the searches are a useful tool in identifying illegal gambling sites. In the future, we will also have a greater focus on this type of inspection, as it has proved very efficient. At the same time, we will focus on the search for illegal skin betting sites as well as the addition work on the concerns about video gaming and gambling. When restrictions in relation to COVID-19 are lifted, we hope to continue to offer presentations to schools and associations about video gaming and gambling.

Annexes

6

6.1 Annex 1:

Overview of the number of reports and requests we have sent since the online gambling market was partially liberalised in 2012:

	Websites found via se- arch	Reports	Requests	Internet blockings
2012	180	71	46	20 (12 & 8)
2013	7	73	23	0
2014	280	122	12	5
2015	0	74	40	0
2016	246	29	21	0
2017	328	25	31	0
2018	742	10	22	18
2019	559	36	15	10
2020	1.317	13	127	9
I alt	3,659	453	337	62

Skin betting

Overview of the number of reports and requests for skin betting sites:

	Websites re- viewed	Reports	Requests	Internet blockings
2018	95	9	17	6
2019	110	6	4	15
2020	248	3	33	7
I alt	453	18	54	28

6.2 Annex 2: Published statistics from H2 Gambling Capital:

The channelling rates for 2020 have only been published as estimates.

It appears from the graph below that Denmark has a high channelling rate in the online gambling sector² compared to the rest of Europe. This means that Denmark is one of the countries where the share of the market which is regulated is very high.

Kanaliseringsgrad på onlinemarkedet														
2016			2017			2018			2019			2020e		
Land	%	Nr.	Land	%	Nr.	Land	%	Nr.	Land	%	Nr.	Land	%	Nr.
Storbritannien	98%	1	Storbritannien	98%	1	Storbritannien	98%	1	Storbritannien	98%	1	Storbritannien	98%	1
Danmark	82%	2	Tjekkiet	87%	2	Tjekkiet	90%	2	Tjekkiet	93%	2	Italien	97%	2
Bulgarien	79%	3	Danmark	84%	3	Danmark	87%	3	Sverige	88%	3	Danmark	95%	3
Belgien	79%	4	Belgien	82%	4	Belgien	85%	4	Danmark	88%	4	Tjekkiet	93%	4
Ungarn	76%	5	Bulgarien	81%	5	Ungarn	84%	5	Italien	86%	5	Sverige	91%	5
Italien	74%	6	Italien	81%	6	Italien	84%	6	Ungarn	86%	6	Rumænien	89%	6
Tjekkiet	74%	7	Ungarn	80%	7	Bulgarien	83%	7	Rumænien	84%	7	Spanien	88%	7
Finland	71%	8	Tyrkiet	74%	8	Spanien	80%	8	Bulgarien	84%	8	Portugal	86%	8
Frankrig	71%	9	Spanien	74%	9	Tyrkiet	78%	9	Belgien	83%	9	Ungarn	85%	9
Tyrkiet	69%	10	Frankrig	73%	10	Grækenland	77%	10	Spanien	82%	10	Tyrkiet	84%	10

H2 Gambling Capital has changed the channelling rate for some countries in relation to previous accounts – including Denmark – due to improved data.

Thus, Denmark has an estimated channelling rate of 95 % in 2020. the remaining part of the market of 5 % covers both the illegal market and the Danish players who gambling with foreign gambling sites that do not target the Danish market.

² It should be noted that H2 Gambling Capital in their statements assume that the land-based market is regulated and it therefore is most suitable to use statements for the online market.

6.3 Annex 3: Development in the gross gaming revenue (GGR) for betting and online casino



