

What is illegal betting and how can it be stopped?

An introductory overview for governments, law enforcement, sports bodies and other stakeholders

Prepared by the Asian Racing Federation
Anti-Illegal Betting Taskforce



Contents

1. The scale of illegal betting;
2. Trends, risks and issues in illegal betting;
3. Initiatives to prevent and combat illegal betting

Defining illegal betting

“Any sports betting activity whose type or operator is not allowed under the applicable law of the jurisdiction where the consumer is located” – *Macolin Convention, Council of Europe*

**White
market**

- Betting operators licensed to operate in all jurisdictions in which they take bets; act as responsible corporate citizens

**Grey
market**

- Licensed in at least one jurisdiction but take bets in areas where betting product is illegal

**Black
market**

- Unlicensed in any jurisdiction and by definition organised criminal groups

KEY POINT:

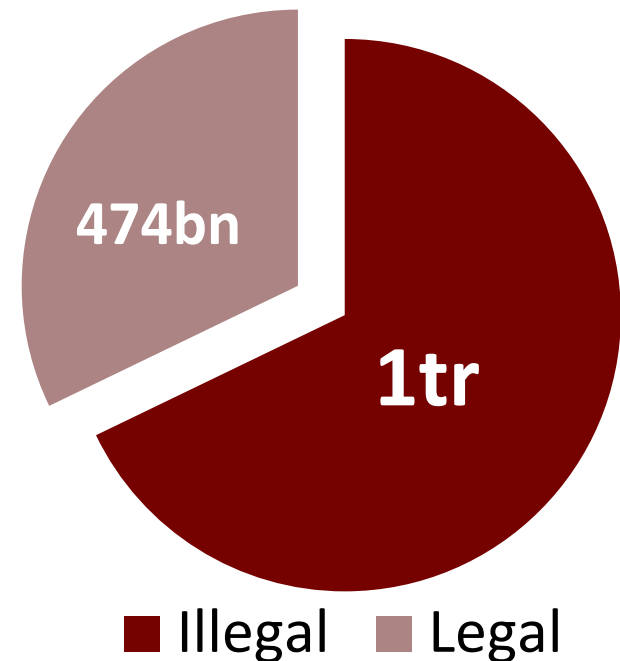
Illegal betting takes place in both grey and black markets, which often overlap

Illegal betting's global scale

Annual global illegal betting turnover is at least the same as legal

- Estimates put illegal market turnover between **USD500 billion to USD1 trillion a year**;
- By contrast, 2017 global legal turnover was USD474 billion;
- Global illegal betting turnover is therefore estimated to be the same to double-the-size of global legal betting turnover

Global betting markets:
Estimated annual turnover
(USD)



Illegal betting has now moved online

- Illegal betting operators → illegal betting website agents;
- Illegal bet placement → instant messaging;
- Illegal betting transactions → e-payment providers;
- Illegal betting avoidance detection → mirror websites & VPN

Illegal betting's move online has opened up emerging threats such as:

- Betting exchanges;
- Cryptocurrencies as medium of exchange;

Illegal betting is more appealing

The commercial attractiveness of illegal betting operators *will always be* higher than that of their legal counterparts because they can offer:



Better pricing

Easier availability of credit

Wider variety of products & markets

Stronger online product distribution

The transnational nature of online illegal betting hampers enforcement

Criminal syndicate in Hong Kong / Macau uses crime proceeds to fund illegal betting website

Servers and technology staff in Taiwan

Licence, business registration and call centre staff in Philippines

Customers from across Asia

Where does the crime take place?



Effectively tackling illegal betting

Allow legal markets to compete against illegal betting operators to maximize social good

- New betting products, enhance existing bet offerings, improve user experience
- Review tax regimes, payout rates and operational efficiencies

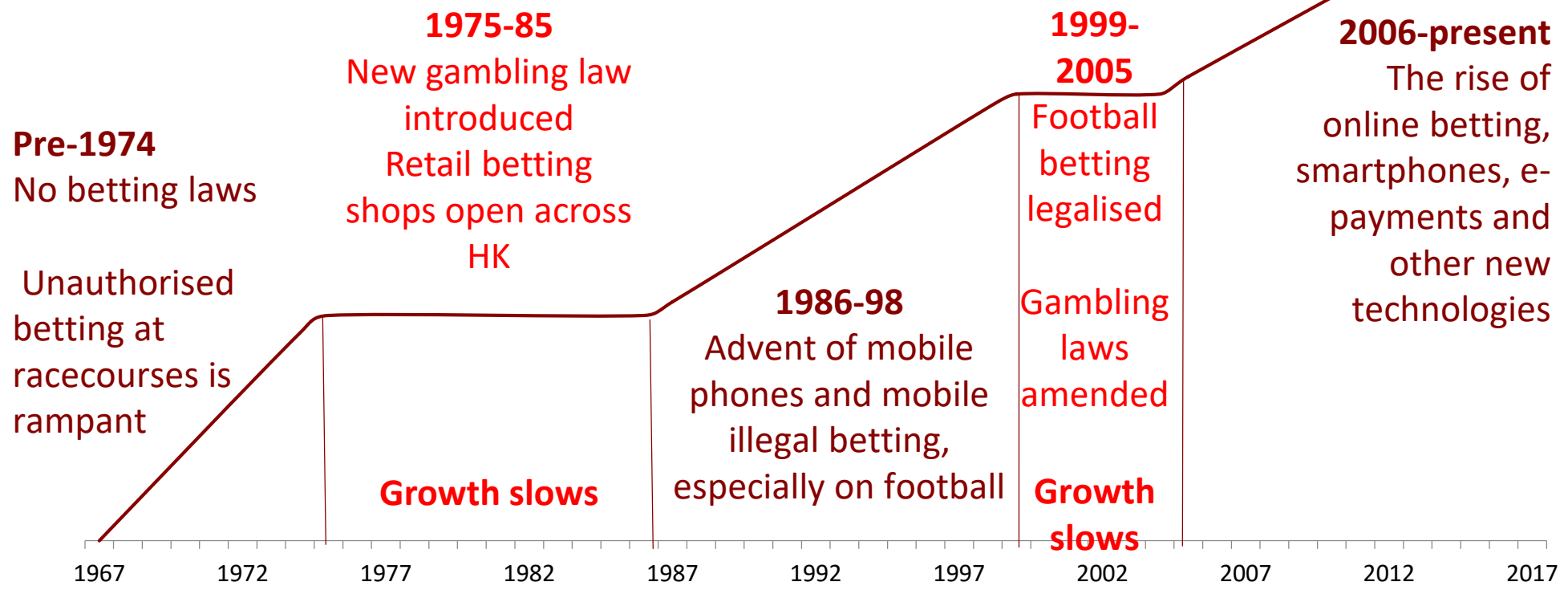
Enhance stakeholder education and collaboration

- Improve understanding of betting grey/black market distinction
- Educate stakeholders of the negative impacts of illegal betting
- Promote methods by which stakeholders can help combat illegal betting

Case study: How Hong Kong's legal market competes against illegal operators

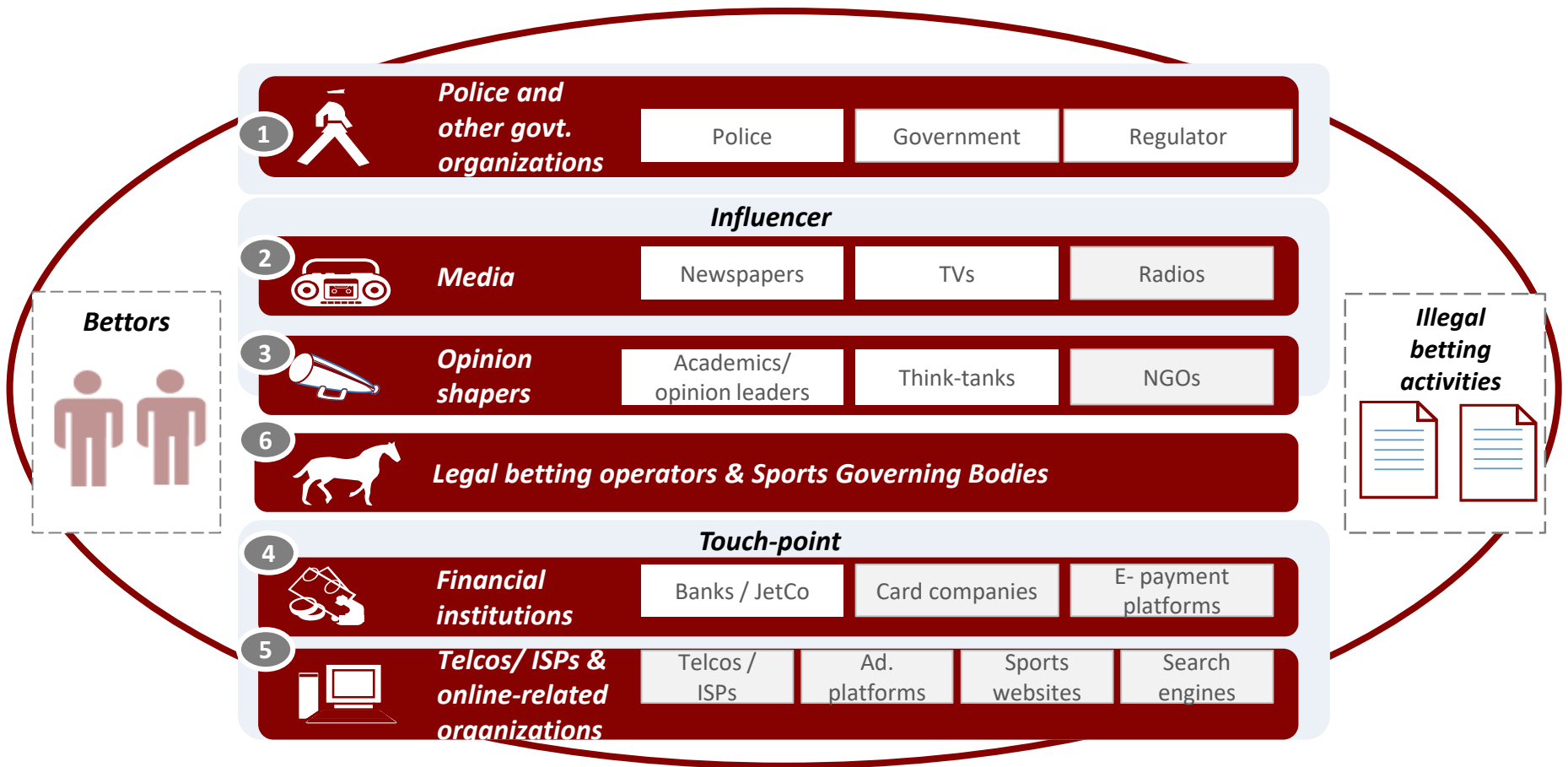
Enhancing product coverage is key

Hong Kong illegal betting turnover, 1967-2017



Joint enforcement efforts and stakeholder collaboration are vital

Key stakeholders in fight against illegal betting:



A four-pronged approach to tackling illegal betting is recommended

Element	Purpose	Method
Enhance product coverage	To ensure supply of legal betting product meets public demand to minimize loss to illegal betting	Highlight negative impacts of illegal betting and need for wider regulated product range
Research into illegal betting markets	Enhance internal and external understanding of illegal betting risks	Stakeholder education
Aiding enforcement action against illegal betting operators	Disrupt illegal betting operations	Proactive & regular information sharing with law enforcement agencies
Close collaboration between local and international stakeholders	Share expertise and intelligence	Proactive stakeholder liaison locally and internationally via dedicated networks