



## **Swedish Government consultation on enhanced player protection measures during Covid-19**

**May 2020**

### Introduction

GVC is one of the world's largest international sports betting and gaming operators. The company is listed on the London Stock Exchange and provides both online and land-based gambling services to millions of customers across the world. We operate several leading brands such as bwin, Ladbrokes, Coral, Sportingbet, and Party Poker. The group has offices in more than 20 locations across 5 continents, employing more than 25,000 people worldwide. GVC holds gambling licences in more than 20 international jurisdictions (including Sweden, UK, USA, Australia, Denmark, France, Spain and Italy).

In Sweden, GVC has been awarded gambling licences for its Bwin and Party Casino brands and has been active in the re-regulated market since January 2019. We are also a member of the Swedish Online Gambling Association (BOS).

GVC would like to thank the Swedish Government for the opportunity to respond to this consultation, and we hope that our input proves helpful as it seeks to develop appropriate regulations to protect players during the unprecedented challenges of Covid-19. We remain at its disposal for any future discussions or follow up questions that may arise from this response.

### Comments on the specific proposals

We should begin by emphasising that GVC fully supports the Swedish Government's overarching objectives of ensuring that all players are protected from harmful gambling behaviour, and even more so during the ongoing Covid-19 crisis. For this reason, GVC has further strengthened its responsible gambling procedures by adding two new markers of harm to our existing player monitoring algorithm to help us identify potentially harmful patterns of gambling during the pandemic. Along with a number of social responsibility initiatives across a number of our core markets (e.g. voluntary advertising bans, targeted information campaigns, charitable fundraising), GVC has been at the forefront of the industry's response in these challenging times.

However, we strongly believe that there is a right and wrong way to approach responsible gambling at this time. We feel that that targeted, proportionate and pragmatic actions, such as those outlined above, can augment the existing frameworks that we already have in place. We do not feel sweeping, reactionary and arbitrary restrictions imposed by Governments will help promote safer gambling and that, in many cases, they will actually prove counter-productive and merely exacerbate the problem for the most vulnerable.

With this in mind we cannot support the proposals put forward by the Swedish Government and urge it to reconsider its position on this matter. Our rationale for opposing to these measures is as follows:



**1. One-size-fits-all monetary restrictions are not effective measures and will harm channelling rates and undermine responsible gambling efforts.** Unfortunately, the Swedish Government appears to have given little consideration to the fact that not every player's financial means are equal; while a weekly deposit limit of 5000 SEK is a very large amount to many recreational players, it is not to wealthier or more sophisticated gamblers. The absence of any flexibility here means that some players will be encouraged to seek the gambling opportunities that they want elsewhere outside of the regulated sphere and in the black market. This is not only bad for the Government's 90% channelling objective (the Swedish Gambling Authority and a recent Copenhagen Economics study both conclude that the current rate is already in the range of 80-85%) and taxation revenues, but it is damaging from a consumer protection point of view since most unlicensed operators will not provide the duty of care and responsible gambling support that Swedish-licensed operators are obliged to (e.g. integration with Spelhaus.se). Moreover, players will still be free to register and play with multiple operators where they will be able to cumulatively deposit in excess of the limits that have been proposed (a practice that is already common in Sweden due to the prohibition of retention bonuses). So not only can the spending limits be easily circumvented by shopping around (in both the regulated and non-regulated market), this rendering them largely obsolete, they run the risk of pushing the small minority of potentially vulnerable players away from the safety net provided by the regulated market and into the unregulated black market.

Furthermore, it is worth pointing out that some players may still be able to lose in excess of the 5000 SEK limit if they have high account balances as and when these changes come into effect. There could also be scenarios whereby a player deposits up to 5000 SEK, wins, withdraws and then is unable to play for the rest of the week. This will also have the effect of encouraging players to sign up with multiple operators (potentially unregulated operators as well as other regulated ones).

**2. The proposals appear arbitrary, unjustified and lack a robust evidence base.** In the absence of a credible research base or clear justifications, we struggle to see why the Government is proposing limits of 5000 SEK on weekly deposits and 100 SEK on sign-up bonuses. Moreover, some of the examples from other European countries that have been used to justify the Government's proposals are not comparable. For instance, the 500 EUR restrictions that have been put forward in Belgium are in no way linked to the Covid-19 crisis (they were included in a 2018 Royal Decree) and can also be increased beyond this level provided players can prove that they can afford it; no such flexibility is proposed in Sweden. In Spain, the Covid-19 restrictions that have been introduced will only be in place as long as the state of emergency is in place; in contrast Sweden (which has not declared a state of emergency or indeed a lockdown) has chosen to extend these measures until the end of the year.



The main justifications for the measures appear to be a purported increase in harmful gambling behaviour (something which GVC has not seen) and an increase in registrations to online casinos. Whilst we share the view that many players have moved towards online casino and poker given the absence of sports betting opportunities, we do not see how this warrants across-the-board limitations on spending and playing duration across all products. It should also be pointed out that two of the main consequences of the crisis for gambling companies have been a) a massive reduction in overall revenues (e.g. gambling spend by consumers) as per the profit warning announced by GVC in March 2020<sup>1</sup> and b) a huge fall in advertising and marketing spend, including in Sweden<sup>2</sup>. In the context of both of these points, we are further surprised that the Government has decided to take such draconian, and potentially damaging, measures at this time.

### Questions and clarifications

We also have some specific questions and clarifications which we would like to raise:

1. How will players be treated who have already reached the proposed deposit thresholds in the 7-day period preceding the start of the new restrictions? Will the new restrictions only need to be considered as of 1<sup>st</sup> June, or should they have any retrospective effect?
2. We feel that the proposed transition period (or absence of it) does not give operators time to make the necessary technical, product and reporting changes that will be required. Moreover, given we cannot expect clarity on the proposed changes until mid-May at the earliest following this period of consultation, in reality operators may have just a week or two to carry out the necessary work once the proposals are confirmed. We urge the Swedish Government to take this into account and allow a transition period to allow operators reasonable time to make the necessary adjustments to their systems.
3. No reference is made to how the proposed changes impact the technical regulations that operators are already required to comply with. For example, operators are required to produce reports for all players that have set log-in time limits (8 kap. §6) meaning this function will need to be changed due to the proposed changes. Similarly, operators must offer the functionality to set log in time limits (9 kap. §11). This could also mean a change to this functionality is required and we may need to conduct “*a risk and vulnerability analysis*”. As such, it does not seem that the government’s proposals take into account the Technical Regulations, and that the proposed changes are not merely “*minor adjustments as suggested*” but could require substantial changes to data collection, back-office and front end, all of which would need testing. We would also appreciate guidance on how this impacts our annual certification audits due at the end of June.

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<sup>1</sup> <https://www.stockmarketwire.com/article/6831880/GVC-warns-on-profits-as-coronavirus-triggers-cancellation-of-sports-events.html>

<sup>2</sup> <https://calvinayre.com/2020/04/22/business/sweden-online-gambling-advertising-spending-cuts/>



4. We also feel there are several inconsistencies contained in the document meaning there is a lack of legal certainty in the proposals. For example, in the summary section and in Section 3.1 it states that the weekly deposit limit applies to the “*gaming account*” and is set in the context of a rise in purported more harmful online gaming and online casino products (inferring sports betting is not more harmful). Yet section 1.1 subsection 3 seems to indicate that the deposit limit applies to all types of gambling. In Section 1.1 subsection 5 it states that “*If a player chooses to extend the login time, the change shall take effect at the next turn of the month, but no earlier than after 72 hours.*” This is inconsistent with the “*Reasons for the proposal*” section of Section 3.2 which states “*If on the other hand, a player chooses to extend the login time, the new login time shall enter into effect no earlier than 72 hours from the expiration of the current login time*”.

### Conclusion

GVC takes the view that, although clearly well intentioned, the restrictions outlined in this proposal will actually be counter-productive and could have a potentially damaging impact on consumer protection. The proposals will prove ineffective, will lead to a further fall in channelization rates and push players to unregulated offers. Moreover, we feel the proposals are not based on robust evidence and little consideration is given to the practical and technical changes that operators will be required to make. As such, we would recommend the following:

1. The 5000 SEK deposit limit should be scrapped. Instead, players should continue to play with the deposit limit which they felt is appropriate for them and which can be decreased at any time. At the very least, if the Swedish Government insists on a definitive deposit limit, this should be evidence based and should allow players to increase this, provided they can provide proof that they have the financial means to do so.
2. The mandatory playing limit should be replaced by clear prompts for players to voluntarily set their own personal playing time-limits. Experience shows us that mandatory time limits often result in players setting very high limits so they don't need to worry about fulfilling/amending such requests in future, rather than carefully considering a time limit on their own terms.
3. The proposed cap on welcome bonuses should be scrapped entirely. With no retention bonuses allowed under the current rules, welcome bonuses are one of the very few mechanisms that allow licensed operators to compete with the much higher unregulated bonus offerings.
4. More clarity and consideration needs to be given to the transition period allowed for operators to make the necessary system changes once they are confirmed. At present, there are a number of issues that need clarifying and it will be almost impossible for operators to make the technical changes before 1<sup>st</sup> June deadline once they have eventually been confirmed.

**For any additional questions or follow up information, please contact David Foster,  
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