Integrity of online gambling

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The Committee on the Internal Market and Consumer Protection adopted, by 32 votes to 10

an own-initiative report drafted by Christel **SCHALDEMOSE** (PES, DK) on the integrity of online gambling.

The report indicates that rules governing on-line gambling should not be laid down by the EU, as Member States are quite capable of regulating the industry themselves. A minority of Members disagreed strongly and will submit an alternative report in plenary.

The report highlights that, in accordance with the principle of subsidiarity and the case law of the European Court of Justice, Member States have a **right to regulate their gambling markets** in accordance with their traditions and cultures in order to protect consumers against addiction, fraud, money-laundering and match-fixing in sports, as well as to protect the culturally-built funding structures which finance sports activities and other social causes in Member States. It stresses that gambling services are to be considered as an economic activity of a very special nature due to the social and public order and health care aspects linked to it, where competition will not lead to a better allocation of resources, which is the reason why gambling requires a multi-pillar approach. The report emphasises that a **pure Internal Market approach is not appropriate** in this highly sensitive area, and requests the Commission to pay particular attention to the views of the European Court of Justice regarding this matter. It endorses the work that has started in the Council under the French Presidency addressing issues in the field of online and traditional gambling and betting, calling on the Council to continue holding formal discussions about a **potential political solution** as to how to define and tackle problems arising from online gambling.

Members call on Member States to cooperate closely in order to solve the social and public order problems arising from cross-border online gambling. EU institutions should cooperate closely with the Member States in the fight against all unauthorised or illegal online gambling services offered and to protect consumers and prevent fraud, and there should be a **common position** on how to do this.

Fraud and other criminal behaviour: the growth of online gambling provides increased opportunities for corrupt practices such as fraud, match-fixing, illegal betting cartels and money-laundering. The report calls on Member States to ensure that sports competition organisers, betting operators and regulators cooperate on measures to tackle the risks related to illegal betting behaviour and match-fixing in sport and explore the establishment of a workable regulatory framework to protect the integrity of sports. Highlighting that sports bets are a form of commercial exploitation of sporting competitions, it recommends that Member States protect sporting competitions from any unauthorised commercial use, notably by recognition of a sport organisers right, and put in place arrangements to ensure fair financial returns for the benefit of all levels of professional and amateur sport. Members call on the Commission to examine whether it is possible to give competition organisers an intellectual property right (some sort of portrait right) over their competitions.

Prevention of consumer detriment: the majority opinion in committee states that online gambling is likely to give rise to risks to consumers and that Member States may therefore legitimately restrict the freedom to provide online gambling services in order to protect consumers. MEPs draw attention to the growing concern about young people's ability to access online gambling opportunities, both legally and illegally, and point out that young people in particular may have trouble differentiating between the concepts of luck, fate, chance and probability. They urge Member States to address the key risk factors which may increase the likelihood of a (young) person developing a gambling problem, and to find the

tools to target those factors. MEPs stress that parents have a responsibility to prevent under-age gambling and gambling addiction by minors. Members also support the **development of standards for online gambling regarding age limits**, a ban on credit and bonus schemes to protect vulnerable gamblers, and so on. They suggest examining the possibility of introducing a maximum amount that a person can use for gambling activities per month, or of obliging online gambling operators to make use of prepaid cards for online gambling to be sold in shops. The report considers that self-regulation regarding the advertising, promotion and provision of online games is not sufficiently effective and therefore emphasises the need for both regulation and cooperation between the industry and the authorities. It urges Member States to cooperate at EU level to take measures against any aggressive advertising or marketing by any operator of online gambling, including free demonstration games.

Code of Conduct: the committee feels that a Code of Conduct may still be a useful supplementary tool for achieving some public (and private) objectives but it a Code ultimately remains an industry-driven, self-regulatory approach and can therefore only serve as an addition to, not a replacement of, legislation.

Monitoring and research: the Commission is asked to do the following:

- initiate research on online gambling and the risk of developing a gambling addiction;
- examine the role of advertising and marketing (including free online demonstration games) in encouraging, directly or implicitly, under-age young people to gamble;
- study the economic and non-economic effects of the provision of cross-border gambling services in relation to integrity, social responsibility, consumer protection and matters relating to taxation.

The report stresses the importance for the Member State of the residence of the consumer to be able effectively to control, limit and supervise gambling services provided on its territory.