

Online gambling in the internal market

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The Committee on the Internal Market and Consumer Protection adopted the own-initiative report drafted by Jürgen CREUTZMANN (ADLE, DE) in response to the Commission's Green Paper on online gambling in the Internal Market.

Recalling the growing economic importance of the online gambling industry, the take from which was over EUR 6 billion, or 45% of the world market, in 2008, Members welcome the fact that the Commission has taken the initiative of launching public consultation in connection with its Green Paper on online betting and gambling. They also welcome the Commission's clarification of the fact that the political process initiated by means of the Green Paper is in no way aimed at deregulating/liberalising online gambling.

According to Members, **efficient regulation of the online gambling sector** should in particular:

- channel the natural gaming instinct of the population by **restricting advertising** to the level that is strictly necessary in order to direct potential gamblers to the legal provision of services, and by requiring all advertising for online gambling to be systematically coupled with a message warning against excessive or pathological gambling,
- **combat the illegal gambling sector** by strengthening technical and legal instruments for identifying and sanctioning illegal operators, and by promoting the legal provision of high-quality gambling services,
- guarantee **effective protection for gamblers**, with specific attention to vulnerable groups, in particular young people,
- **preclude risks of gambling addiction**, and ensure that gambling is proper, fair, responsible and transparent,
- ensure that specific measures are promoted to **guarantee the integrity of sporting competition**,
- ensure that **part of the value of bets** goes to sports and horse-racing bodies,
- ensure that a **considerable proportion of government revenue** from gambling is used for publicly beneficial and **charitable purposes**, and
- ensure that gaming is **kept free from crime, fraud** and any form of money laundering.

Subsidiarity principle and European added value: Members emphasise that any regulation of the gambling sector is subject to, and must be underpinned by, the subsidiarity principle, given the different traditions and cultures in the Member States. They reject, accordingly, any European legislative act uniformly regulating the entire gambling sector, but nonetheless take the view that, in some areas there would be clear added value from a coordinated European approach, in addition to national regulation, given the cross-border nature of online gambling services.

The report recognises the **Member States' discretion in determining how gambling is organised**, while observing the basic EU Treaty principles of non-discrimination and proportionality. Members respect in this context the decision by a number of Member States to ban all or certain types of online gambling or to maintain government monopolies on that sector, in accordance with the jurisprudence of the Court of Justice, as long as they adopt a coherent approach.

Members stress, on the one hand, that providers of online gambling should in all cases respect the national laws of the countries in which those games operate and, on the other hand, that Member States should retain the exclusive right to impose all the measures they deem necessary to address illegal online gambling in order to implement national legislation and exclude illegal providers from market access.

Whilst noting that that the principle of mutual recognition of licences in the gambling sector does not apply, the report stresses that in keeping with **internal market principles**, Member States should open up the online gambling sector to competition for all or certain types of online gambling must ensure transparency and make non-discriminatory competition possible.

Members take the view that a **pan-European code of conduct** for online gambling should address the rights and obligations of both the service provider and the consumer.

Cooperation among regulatory bodies: the report calls for cooperation among national regulatory bodies to be considerably expanded, giving them a sufficient remit, with the Commission as coordinator, to develop common standards and take joint action against online gambling operators which operate without the required national licence. Members call for closer cooperation and better coordination among EU Member States, Europol and Eurojust in the fight against illegal gambling, fraud, money laundering and other financial crimes in the area of online gambling.

The report emphasises the need to address the protection of customer accounts opened in connection with online gambling in the event of the service provider becoming insolvent. It asks the Commission to support consumers if they have been affected by illegal practices and to offer them legal support. It recommends the introduction of pan-European uniform minimum standards of electronic identification.

In order to effectively protect consumers, especially vulnerable and young players, from the negative aspects of gambling online, the EU needs to adopt **common standards for consumer protection**. Members emphasise, in this context, that control and protection processes need to be in place before any gaming activity begins and could include, inter alia, age verification, restrictions for electronic payment and transfers of funds between gambling accounts and a requirement for operators to place notices about legal age, high-risk behaviour, compulsive gambling and national contact points on online gambling sites.

Gambling and sport: the need to ensure integrity: the report notes that the risk of fraud in sports competitions – although present since the outset – has been exacerbated since the emergence of the online sports betting sector and represents a risk to the integrity of sport. Members call for a **common definition of sport fraud and cheating** should be developed and that **betting fraud should be penalised as a criminal offence** throughout Europe.

The committee calls for:

- instruments to **increase cross-border police and judicial cooperation**, involving all Member States' competent authorities for the prevention, detection and investigation of match-fixing in connection with sport betting;
- a **framework for cooperation with organisers of sports competitions** to be considered with a view to facilitating the exchange of information between sports disciplinary bodies and state investigation and prosecution agencies, by setting up, for example, dedicated national networks and contact points to deal with cases of match-fixing.

The report calls on the Commission and Member States to work with all sports stakeholders with a view to identifying the appropriate mechanisms necessary to preserve the integrity of sport and the funding of grassroots sport.