Online gambling in the internal market

2012/2322(INI) - 10/09/2013 - Text adopted by Parliament, single reading

The European Parliament adopted by 572 votes to 79, with 61 abstentions, a resolution on online gambling in the internal market.

Parliament stresses that gambling is not an ordinary economic activity. Given the special nature of the online gambling sector, **the protection of human health and consumers** should be the main guiding principle when EU-level recommendations and national legislation are made. In this context, Parliament considers that, in order to ensure a high level of consumer protection, in particular for those **consumers who are the most vulnerable**, it is appropriate to ensure a fair and legal offer of gambling services defined by each Member State in compliance with Union law might. It warns that gambling can lead to dangerous addiction, which is an issue that would **need to be addressed in any legislative proposal for the sake of consumers**.

The resolution calls for a series of actions from Member States and the Commission, as appropriate, to:

- take action against illegal gambling offered from within Member State territories;
- ensure a high level of consumer and health protection in the Union;
- continue to explore measures at EU level to protect **vulnerable consumers**;
- oblige operators working with a licence from the Member State to carry the logo, trustmark of the regulatory authority in a prominent fixed position on its website;
- stop the practice whereby companies based in one Member State market online-gambling services – for example via satellite-TV or advertisement campaigns – in another Member State in which they are not licensed to offer such services;
- ensure operators are obliged to display clear, prominent and explicit **warnings to minors** stating that it is illegal for them to engage in online gambling;
- carry out, in a coordinated manner, further studies to understand problem gambling;
- explore the possibility of EU-wide interoperability between **national self-exclusion registers** so that any customer self-excluding or surpassing their gambling limits at one gambling operator has the opportunity to be automatically self-excluded from all other licensed gambling operators;
- consider implementing a **compulsory third-party identification control** in order to exclude minors or persons using fake identities from playing;
- ensure gambling operators are obliged actively to promote the **use of self-restrictions** at the time of registration as well as in cases of repeated losses.

Common standards: Parliament takes the view that common standards for online gambling should address the **rights and obligations of both the service provider and the consumer**, ensuring a high

level of protection for citizens and consumers, in particular minors and other vulnerable persons, and the prevention of misleading and excessive advertisements. It encourages the European gambling operators' associations to develop and adopt self-regulatory codes of conduct.

Parliament recommends the introduction of **uniform, pan-European common security standards for electronic identification and cross border e-verification services**. It calls for registration and identification procedures to be streamlined and made more efficient, notably in order to ensure efficient identification mechanisms and to **prevent multiple accounts per player and access by minors to online gambling websites**. It also recommends the exchange of best practices between Member States on enforcement measures – such as on establishing white and black lists of illegal gambling websites, jointly defining secure and traceable payment solutions, and considering the feasibility of blocking financial transactions – in order to protect consumers against illegal operators.

Parliament goes on to call on Member States and on operators to encourage **responsible advertising** in relation to online gambling. It asks the Commission to include **common minimum standards that provide sufficient protection for vulnerable consumers** containing clear warnings to minors.

For minors, the resolution particularly recommends: (i) introduction of school courses aimed at young people on the best uses of the Internet; (ii) effective measures to raise awareness of the risks of gambling addiction; (iii) defining a non-harmful format for advertising, and preventing people under 18 from gambling and combating problematic and compulsive gambling.

In terms of legal action, Member States are asked to only authorise operators who fulfil at least the following requirements and are thus considered to be legal:

- the operator **must have a licence** which gives it a right to operate in the Member State of the player;

- the operator is not considered to be illegal under the law applicable in any other Member State.

Compliance with EU law: Parliament recognises that with due regard to the principle of subsidiarity, Member States have the right to determine how the offer of online gambling services is organised and regulated in accordance with their own values and pursued objectives of general interest, while observing Union law. The Commission is asked to continue to monitor and enforce compliance of national laws and practices with EU law, in cooperation with the Member States, and to launch infringement procedures against those Member States that appear to breach EU law. All legislation must be proportionate, consistent, transparent, and non-discriminatory.

Parliament wants the Commission and Member states to be more ambitious and draw up **coordinated measures and strategies**, with a view to addressing the social costs and harmful effects of gambling activities. Those Member States that choose to open up their online gambling sector must provide for a **transparent and legally certain licensing application procedure** based on objective and non-discriminatory criteria, in full compliance with EU law and with sufficient and strict citizen and consumer protection.

Administrative cooperation: recalling the Commission initiative to set up an **expert group** on gambling in order to share best practice and and information on establishing a common system on identification of players as well as technical measures, Parliament asks the Commission to include experts specialised in problem and pathological gambling in expert groups and consultations. Stressing the need for **cooperation and exchanges of best practices** among national experts from the social and health spheres, Members encourage the Member States to work in close cooperation with the Commission and with each other to coordinate steps to **combat the unauthorised supply of cross-border gambling services**.

At the same time, it stresses the importance for the expert group to work towards more transparent and simplified procedures that remove unnecessary administrative burdens on Member States that could unnecessarily increase costs for legal online operators in those countries which choose to open up their markets. It believes that steps should be taken to bring **national tax regimes for gambling services into line with one other** in order to prevent disproportionate tax concessions from fostering a proliferation and concentration of online gambling services.

Money laundering: Parliament recalls that online gambling is a **non-cash-based environment** and that – given the dependency on third-party financial service providers – **additional safeguards against money laundering are needed**. It calls on the Commission, the Member States and the expert group to take effective action against money laundering. The resolution welcomes, in this respect, the proposal to extend the provisions of the Anti-Money Laundering Directive to include all forms of gambling. It emphasises that solid registration and unambiguous verification systems are key tools in preventing any misuse of online gambling, and advantage can be taken of online bank and credit-card verification systems.

Integrity of sports: Parliament deals with the problem of **match-fixing**, taking account of its transnational nature. It notes that match fixing occurs in both the offline and the online gambling markets and that, in the majority of cases, online betting-related match-fixing occurs through gambling operators established in **unregulated markets outside the EU**.

Against this background, Parliament calls for the following principal measures:

- the **strict regulation or the prohibition**, after an evaluation conducted at the level of each Member State, of dangerous forms of gambling
- a code of conduct, containing a **general ban** on all staff involved in sporting events **from placing bets on their own matches or events;**
- the adoption at national level of effective measures to prevent conflicts of interest, notably by avoiding wagers of all stakeholders from the world of sports on betting organised on competitions in which they are involved;
- **ban all forms of live sports betting** since these have proved to be very vulnerable to match-fixing and therefore pose a risk to the integrity of sport;
- an obligation for cooperation on suspicious activities with Europol and Eurojust;
- the creation of a global platform for exchange of information and best practices and in the coordination of joint prevention and enforcement actions;
- ensure that the fraudulent manipulation of results for financial or other advantage is prohibited by establishing as a criminal offence any threat to the integrity of competitions;
- take action at EU level against unregulated online gambling and to **support the fight against match-fixing.**

Parliament recommends that sporting competitions should be protected from any unauthorised commercial use, notably by recognising the **property rights of sports event organisers**.

It calls on sport federations and gambling operators to include, in a **code of conduct**, a ban on betting on so-called negative events, such as yellow cards, penalty kicks or free kicks during a match or event and to ban all forms of live sports betting since these have proved to be very vulnerable to match-fixing and therefore pose a risk to the integrity of sport. In this regard, Parliament calls on the Commission to install a European alert system for betting regulators in order rapidly to exchange information about fixed sporting events.

Lastly, Parliament welcomes transnational education projects to combat match-fixing on a global level.