

EGBA Standards benchmark study Overview

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I. EGBA and responsible gaming

The European Gaming and Betting Association (“EGBA”) has always sought to promote consistent and comprehensive standards in relation to responsible gaming in the European online gaming industry. A key objective of the association is to ensure that its members operate and constantly seek to promote cross-border online gaming and betting activities in a highly responsible, secure and safe environment.

EGBA members are already committed to stringent legally binding regulations, controls and comprehensive licensing requirements imposed by their EU licensing jurisdictions.

In addition, EGBA members have developed and adopted on a voluntary basis a set of ambitious self-imposed standards to:

- Continue to drive change in the industry ahead of less dynamic legislative developments
- Enforce a consistent and high level of consumer protection across Europe

As a result, in 2007 EGBA members adopted a set of nearly 170 comprehensive standards to cover all aspects of online gaming and betting activities and associated services¹. As part of their membership criteria, EGBA members must comply with all standards. Compliance is verified by a compulsory annual audit carried out by eCOGRA, a leading independent standards and player protection body, which itself is annually subjected to a comprehensive quality assurance review by the audit firm KPMG in London.

II. Objective of benchmark study

Responsible gaming is a long-term commitment by the industry. In a fast changing online environment, constant monitoring of the best practices available is essential to allow swift updates and improvements to current business procedures. In preparation of its annual EGBA Standards revision, EGBA wanted to compare its current standards with those of other industry actors and in particular those of the leading gambling monopolies in Europe.

As a result, in May 2008 EGBA appointed eCOGRA to perform a benchmarking study of the main national monopolies against the standards imposed by EGBA on its members.

The purpose of the study was twofold:

- To have a better understanding of where EGBA Standards lie in comparison to other industry practices and to draw the necessary conclusions on current best practices, outstanding challenges and priorities

¹ The EGBA Standards are available at www.egba.eu

- To provide for the first time an independent, fact and evidenced-based comparative assessment of the tools and standards implemented by both private operators and national monopolies.

III. Methodology

For the purpose of this study, eCOGRA was able to compare the EGBA consumer facing Standards against those of 10 of Europe's leading gambling monopolies. These EGBA consumer facing Standards are those usually accessible to the general public and in particular those directly available to consumers.

The benchmarking study was primarily conducted on a manual (desk based) investigation and research on the practices implemented by national monopolies. The reporting of the findings was completed on a fact-finding basis and was separated into five different categories, namely where EGBA members:

- Match the practices implemented by national monopolies;
- Exceed the practices implemented by national monopolies;
- Could improve their practices based on the practices implemented by national monopolies.
- Or where the information inspected on the monopolies' side was considered as insufficient or
- Not applicable.

The study was conducted at a point in time (between July and September 2008) and therefore does not take into account changes that may have been affected subsequent to the review period.

The selected monopolies cover seven EU countries. They were selected because of the high level of promotion given to their responsible gaming standards. The selected national monopolies were:

1. Française des jeux – France www.fdjeux.com
2. Pari Mutuel Urbain- France www.pmu.fr
3. Svenska spel – Sweden www.svenskaspel.se
4. AB Trav och Galopp – Sweden www.atg.se
5. West lotto – Germany www.westlotto.de
6. Lotto Bayern – Germany www.lotto-bayern.de
7. Veikkaus - Finland www.veikkaus.fi
8. Danske Spil – Denmark <http://www.danskespil.dk/>
9. De Lotto/Toto – Netherlands www.lotto.nl
10. Jogos Santa Casa - Portugal www.jogossantacasa.pt

The scope of the study covers the following EGBA consumer facing Standards grouped under 9 main principles:

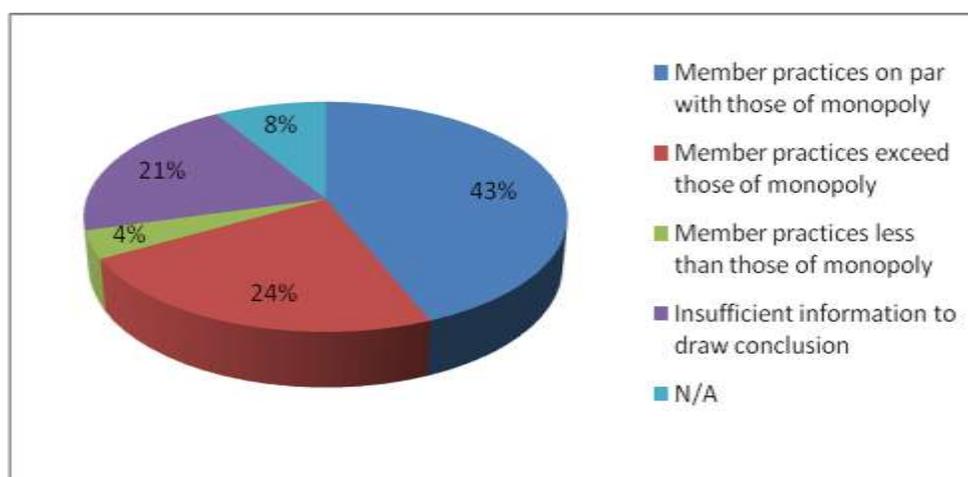
1. Promote Responsible Gambling and Betting
2. Know-Your-Customer and Prevent Underage Gambling and Betting
3. Zero Tolerance of Fraudulent and Criminal Behaviour
4. Protect Customer Privacy and Safeguard Information
5. Prompt and Accurate Customer Payments
6. Rigorous Independent Assessment of Product Randomness and Fairness
7. Ethical and Responsible Marketing
8. Commitment to Customer Satisfaction and Support
9. Responsible Practices Underpinned by a Safe, Secure and Reliable Environment

IV. General findings

The findings of the benchmarking study indicate that the majority (over two thirds) of the EGBA consumer-facing standards (hereafter referred as “EGBA practices”) benchmarked match or exceed those of the national gaming monopolies.

The results indicate that:

- **67%** of EGBA practices match or exceed those of monopolies;
 - **43%** match those of the monopolies
 - **24%** exceed those of the monopolies
- **4%** could be improved in comparison to the practices implemented by the monopolies;
- **29%** could not be benchmarked against those of the monopolies due to insufficient information available or accessible (21%), or as the practice was not applicable (8%)



1. Practices matching or exceeding monopoly practices

On average **67%** of EGBA practices match or exceed monopoly practices:

- With **73%** of EGBA practices matching or exceeding those of **Française des Jeux** and **Svenska Spel (highest rate)**
- And **63%** for **De Lotto, Lotto Bayern and Danske Spil (lowest rate)**

Monopolies	FDJ	Svenska Spel	PMU	West Lotto	Veikkaus	ATG	Jogos Santa Casa	Danske Spil	Lotto Bayern	De Lotto
EGBA matching monopolies	39%	49%	36%	54%	53%	39%	34%	41%	53%	36%
EGBA exceeding monopolies	34%	24%	35%	14%	15%	27%	31%	22%	10%	27%
Total	73%	73%	71%	68%	68%	66%	65%	63%	63%	63%

The main areas where EGBA members tend to exceed the practices of the monopolies are:

1) Responsible gaming information and tools

EGBA members provide players with a responsible gaming link on the homepage of their web sites to a page dedicated to responsible gaming tools (self-exclusion and cooling off options for players), protection measures (setting limits) and help for problem gaming (self-assessment test, helpline numbers, warnings). In addition, the responsible gaming page clearly indicates the process by which players can gain access to each of the tools and protection measures available.

2) Link to assist problem gamblers

The homepages of EGBA member web sites contain a link to an organisation that is qualified to assist problem gamblers.

3) Filtering programs

EGBA members provide information in their responsible gaming page on filtering programmes that may be used by parents to protect minors from accessing unauthorised web sites.

4) Dispute resolution mechanisms

Dispute resolutions mechanisms are readily accessible on the websites of EGBA members. Moreover, independent third parties are available to ensure independent mediation and timely resolution of complaints.

5) Annual compliance audit

EGBA members are subject to an annual audit by an independent third party to ensure continued compliance and enforcement of the EGBA Standards.

2. Practices subject to potential improvements

The findings of the benchmark study show **4%** of the total findings were in favour of the monopolies and there is scope in these areas for EGBA practices to be improved.

- **8%** of EGBA practices could be improved compared to those of **Lotto Bayern (highest rate)**
- Only **1%** and **2%** of EGBA practices are considered as falling short of **PMU** and **West Lotto's** practices
- **None of the EGBA practices are falling short of those of Jogos Santa Casa**, the Portuguese monopoly (**lowest rate**)

Monopolies	Lotto Bayern	FDJ	Veikkaus	Danske Spil	ATG	Svenska Spel	De Lotto	West Lotto	PMU	Jogos Santa Casa
Monopolies exceeding EGBA	8%	7%	5%	5%	4%	3%	3%	2%	1%	0%

EGBA practices which need to be further investigated for future improvements are mostly:

1) Account history

Two of the ten monopolies covered by the study provide players with access to their gaming and betting history for a period of up to one year. EGBA members currently provide players with access to their gaming and betting history for a minimum period of one month.

2) Inactive accounts

Three of the ten monopolies covered by the study have implemented a policy to ensure that funds left in inactive accounts are remitted to the player. In cases where EGBA members have in place policies to clear inactive accounts they have to specify in their terms and conditions the policy enforced, but the policies as such are different from one member to another.

3) ID and age verification

Monopolies tend to conduct age and customer verification through unrestricted use and access to data contained in their country's population register. In certain jurisdictions, this level of access to a country's data banks is not made available to EGBA members, who instead use leading third-party verification service providers.

3. Practices which could not be benchmarked due to insufficient information

The findings have shown that **21%** of EGBA practices could not be benchmarked against those of the monopolies due either to insufficient information being available or in inability to access the relevant data in order to reach a conclusion.

- **27% and 25%** of the EGBA practices could not be benchmarked against the practices of **Danske Spil** and **Jogos Santa Casa (highest rates)**
- **13%** of EGBA practices could not be benchmarked against the practices of the **FDJ (lowest rate)**

Monopolies	Danske Spil	Jogos Santa Casa	De Lotto	Svenska Spel	ATG	West Lotto	PMU	Lotto Bayern	Veikkaus	FDJ
Insufficient information	27%	25%	24%	22%	20%	20%	19%	19%	17%	13%

The findings were the most revealing in relation to the implementation of anti-money laundering policies where eCOGRA identified that **72%** of the consumer facing EGBA practices could not be benchmarked against those of the monopolies because no reference was made to these type of policies in either the monopolies' the terms and conditions, annual reports or codes of conduct.

EGBA members have implemented and enforced a number of measures to prevent any transactions connected to money laundering or other criminal activity. These measures include, among others:

- Appointing a person responsible for implementing and ensuring effectiveness of anti-money laundering systems
- Training and guiding employees to ensure the prompt identification and reporting of suspicious money laundering activities
- Reporting suspicious transaction to the relevant national financial investigation unit and international institutions

4. Inapplicable practices which could not be benchmarked

The findings have shown that **8%** of EGBA practices were not applicable and could therefore not be benchmarked due to the scope of the monopolies' offer.

- **10% of the EGBA practices could not be benchmarked against the practices of 7 monopolies (highest rate)**
- **2% of EGBA practices could not be benchmarked against the practices of Svenska Spel (lowest rate)**

Monopolies	ATG	West Lotto	Lotto Bayern	Veikkaus	De Lotto	Jogos Santa Casa	PMU	FDJ	Danske Spil	Svenska Spel
Not applicable	10%	10%	10%	10%	10%	10%	9%	7%	5%	2%

5. EGBA conclusions

1) EGBA challenges and priorities

The first objective of the study was to provide EGBA with a detailed understanding of best practices available and implemented by the broader industry to be possibly used as a basis for Standards improvements and updates. In order to reflect eCOGRA conclusions, EGBA immediately endorsed two key changes to its Standards:

➤ **Improved access of customers to their account history**

Customers registered on EGBA members' website will be provided with an online access to their account history dating back for a minimum period of 60 days, and offline access dating back for a minimum period of 6 months, including all deposits, withdrawals and wagers;

➤ **Direct customer alerts before enforcing inactive accounts policies**

When EGBA members have a policy of clearing inactive customer accounts not only will they have to continue to display clearly the exact policy in their terms and conditions but they will now also have to inform the customer prior to clearing of the account. Such direct information will allow the customer to make contact with the operator and instruct him on what to do with the remaining funds on his account.

2) Legal and regulatory impact of the findings

A second objective for the study was to try and get a clear answer on how European licensed operators such as the EGBA members perform in terms of responsible gaming practices compared to national monopolies, which continue to be perceived by some as naturally providing better protection than private operators. This comparative study provides clear evidence that two thirds of the consumer facing tools and practices put in place by EGBA members offer similar or even better consumer protections than those offered by leading national monopolies in Europe.

On that basis, EGBA calls for:

- **A fair and non-discriminatory market access** for all EU operators offering protection and guarantees that are similar or better than those required within the various EU Member States.
- **Greater transparency in relation to the guarantees and controls currently offered by national monopolies throughout Europe:** 21% of EGBA consumer facing practices, which were expected to be publicly available and the most accessible, could not be benchmarked due to insufficient monopoly information available or accessible.
- **Reformed online gambling regulations across Europe**

Taking into account those guarantees and controls that are already offered by EU regulated operators, based either on the requirements imposed by their licensing jurisdiction or by their self-imposed codes or voluntary standards

Fully adapted to the internet: Several member states do not yet provide or offer satisfactory access to national registers for electronic ID and age verification purposes which are crucial in order to minimise fraud and also ensure that no underage players have access to the gambling websites. In member states where e-verification providers can cross-check data electronically against publicly available information positive match rates are as high as 90% and can be efficiently completed by the operator through direct verifications towards the customer.

V. Annexes

Table 1

EU Monopoly	Francaise des Jeux 	Pari Mutuel Urbain 	Svenska Spel 	AB Trav och Galopp 	West Lotto 	Lotto Bayern 	Veikkaus 	Dankse Spil 	De Lotto 	Jogos Santa Casa 
Nr. of Member practices on par with those of monopoly	39%	36%	49%	39%	54%	53%	53%	41%	36%	34%
Nr. of Member practices exceeding those of monopoly	34%	35%	24%	27%	14%	10%	15%	22%	27%	31%
Nr. of Member practices on par and exceeding those of monopoly	73%	71%	73%	66%	68%	63%	68%	63%	63%	65%
Nr. of monopoly practices exceeding Member practices.	7%	1%	3%	4%	2%	8%	5%	5%	3%	0%
Insufficient information to draw conclusion	13%	19%	22%	20%	20%	19%	17%	27%	24%	25%
N/A	7%	9%	2%	10%	10%	10%	10%	5%	10%	10%

Table 2

Description	FDJ 	PMU 	Svenska Spel 	ATG 	West Lotto 	Lotto Bayern 	Veikkaus 	Danske Spil 	De Lotto 	Jogos Santa Casa 
Responsible gaming warning										
Advice on responsible gaming										
Self assessment										
List of protection measures and how to access										
Links to sources of help										
Link to assist problem gamblers										
No promotions on RG pages										
Direct comms to include RG message										
Free games have same links to RG										
Allow limits to be set										
Clear communication of self-exclusion procedures										
Ability to self-exclude via phone or web										
No credit to customers										
Access to account history										
Training for appropriate employees										
Annual conference to educate										
Senior employee responsible for RG										
Multi-lingual sites have same info										
No Under-18 warning on homepage										
No under-18 requirement in T & Cs										
No advertising targeting minors or include minors										
Registration communicates no underage play										

RG pages include link to filtering software											
If registration for freeplay required, confirmation of age is included											
Use where feasible and available similar 3rd party age verification to monopolies											
Work with leading third party age verification partners to improve coverage and quality											
Training for employees involved in age verification											
Appoint dedicated Anti Money Laundering (AML) officer											
AML policies											
Training on AML for employees											
AML policies include procedures on reporting of suspicious transactions											
Legal disclaimer regarding reporting of suspicious transactions											
Privacy policy on websites											
Contents of privacy policy											
Foreign websites will contain same privacy policy details											
Ts&Cs that require acceptance for registration will include privacy policy											
Minimum info for registration											
Ts&Cs make clear that only customers legally permitted by jurisdiction to play may do so											
Only one account is allowed											
Inactive account policy should be included in Ts&Cs											
Records of cleared inactive accounts and settled in accordance with T&Cs											
Random Number Generator (RNG) shall be tested at least annually											
Monthly reviews of payout %											
Advertising shall not be misleading											
Advertising will not seek to entice underage to gamble											

Advertising will be within the spirit of responsible gaming										
No misrepresentation that may damage another business or goodwill of another person										
Contact information for complaints is clearly available										
Customers able to log complaints 24/7										
Independent third party available for mediation on disputes										
Compliance manager appointed for ensuring compliance with EGBA standards										
Commit to annual review of operations by independent third party										
Annual audit of financial statements and accounts										
Display name and registered address										
Display prominently the licensing jurisdiction										
Appoint compliance officer to ensure compliance with licensing requirements										
Prominent display of contractual Ts&Cs										
Ts&Cs shall include last date published										
Account identifier required before customer can play										

	On Par or Exceed
	Not Applicable
	Information insufficient
	Less