

Agreement on new initiatives against compulsive gambling and adjustments to the gambling agreement

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In the recent years, the Danish gambling market has experienced a gradual and partial liberalisation. This means that Danes have a freer and safer choice between several gambling providers. At the same time, the liberalisation contributes to fair competition between the different gambling operators.

The implemented liberalisation means that various gambling operators have the opportunity to provide gambling in Denmark legally. It also means that the formerly unregulated gambling market is now regulated. In 2012, providers of betting and online casinos became subjects to Danish regulation, and in 2018, it became possible for operators with a Danish licence to provide online bingo and betting on horse, dog and pigeon racing. Thus, the Danish gambling market is in orderly and regulated conditions.

At the same time, the liberalisation demands a well-functioning gambling market with focus on protecting gamblers. In the *Agreement on changes of the Act on Gambling* from January 2017, between the government, Socialdemokratiet, Dansk Folkeparti, Radikale Venstre, and Socialistisk Folkeparti, the above parties agreed on discussing a list of new initiatives meant to prevent and fight problem gambling.

Simultaneously, experience with the gambling market after the liberalisation in 2012 reveals a need for new initiatives preventing problem gambling. In 2016, VIVE (the Danish National Centre for Social Research) published studies of gambling and gambling problems among young and adult players. The follow up studies examine, whether problem gamblers from 2005 (adults) and 2007 (young persons) still had problems with gambling in 2016.

Generally, VIVE's results show that fewer Danes gamble in 2016 than in 2005 and 2007, although the supply of gambling products is larger and the options to gamble have increased. On the other hand, the number of compulsive gamblers has increased over the period. Problem gamblers (persons that risk developing a gambling addiction) are primarily younger men and older boys under the age of 18 and the preferred types of gambling are betting and online gambling. Finally, the results show that problem gambling is a smaller problem in Denmark than in for instance Norway, England, and Finland.

Taking into account the developments on the gambling market, it is important to be at the forefront of possible regulation to prevent that more people develop a gambling addiction. Accordingly, it is important to keep conducting studies of gambling and gambling problems on a regular basis as it was agreed on in the *Agreement on the initiative to fight compulsive gambling* from November 2017.

Understanding between the government, S, DF, RV, and SF

The government, Socialdemokratiet, Dansk Folkeparti, Radikale Venstre, and Socialistisk Folkeparti recognise that the Danish model, which includes partial liberalisation, means a more balanced gambling market and contributes to both the financing of the voluntary association activities and the State Treasury. At the same time, the contracting parties agree on reducing problem gambling as efficiently as possible through increased consumer protection in the form of information, help, regulation and a code of conduct. Within this mutual understanding, a list of initiatives will be implemented.

The contracting parties agree on the following initiatives against problem gambling:

Information and help for compulsive gamblers

- An independent helpline for gamblers who want or need help with their gambling addiction is established and the Danish Gambling Authority will be responsible.
- Gambling providers must on their home pages and in their advertising inform of i) ROFUS, the Danish Gambling Authority's self-exclusion register, ii) the age limit on the marketed gambling product, and iii) refer to the helpline for problem gambling.
- Gambling providers must inform in a transparent manner of the consequences of specific bonus offers and other sales promoting arrangements.

Regulations about increased consumer protection

- Bonus offers must not amount to more than 100 percent of the stake, though maximally DKK 1000, and the wagering requirements must not be more than 10.
- Bonus offers must not be offered on individual terms, but must apply for all gamblers who gamble within the same fixed interval of amounts.
- A gambler's inactivity on the gambling site must not be a selection criterion when gambling providers allocate bonus offers.
- Other types of sales promoting arrangements than bonus offers are regulated by the same rules that apply to bonus offers.
- Gamblers must set a daily, weekly, or monthly deposit limit on their gambling activities before they can start gambling.
- It is mandatory for online gambling providers to pay attention to irregular gambling patterns that indicate gambling problems for players.
- The possibility to introduce an application of software, which can help identify irregular gambling patterns that indicate gambling problems for players, must be explored.
- Persons who exclude themselves from gambling through a registration in ROFUS by 1 January 2019 or later must not receive gambling adverts and other marketing material from gambling operators, whose gambling products are covered by ROFUS.
- It is examined, whether it is possible to introduce an arrangement, in which persons that have excluded themselves permanently in ROFUS, and who request to have their exclusion cancelled, must confirm the request seven days after the request is made to cancel the registration.

Code of conduct for gambling providers

A code of conduct is discussed with the industry. The purpose of the code of conduct is to increase consumer protection and contribute to preventing that gambling as entertainment develops into problem gambling. Among other things, a limitation of gambling advertisements as well as their design will be discussed. Furthermore, pop-ups with information on time and money spent on gambling are also considered in the discussion.

The new initiatives are expected to become effective from 1 January 2019.

Additionally, the contracting parties agree on the following regulations and focus areas:

Skin betting and loot boxes

- There must be an increased focus on the blurred lines between gaming (video games) and gambling to protect children and young persons. Denmark must be actively engaged in the EU and nationally to restrict gaming with elements of gambling targeted children and young persons. In the instances of violations of the law, the contracting parties back the authorities' continued use of blocking as a tool to close illegal gambling sites.
- As a consequence of the growing problem with skin betting and loot boxes among other things (especially among young persons), a research project is initiated. The research project will examine young persons' relation to video gaming including the extent of their addiction to gaming and is funded through the existing funds allocated to prevention and treatment of problem gambling ("The compulsive gambling funds").

Gaming machines and price regulation of progressional taxation level

- More gambling providers wish to operate with server supported gaming machines (installed in gambling arcades and in restaurants) and other new types of gaming machines. In this connection, focus must be on incorporating the option of increased consumer protection.
- The current minimum stake limit on DKK 1 is reduced to DKK 0.50 per chance when gambling on gaming machines in land-based casinos. In connection with the reduction, the market for gaming machines will undergo a closer examination.
- The progressional taxation level for the settlement of duties for land-based casinos and gaming machines in gambling arcades and restaurants must be indexed with the price development on a yearly basis from 1 January 2019.

Authorisation of managers in chain shops

- An assessment is made, which reviews the possibilities of simplifying the process of manager authorisation without losing the purpose of the current authorisation or impairing the option to revoke authorisation. The signatory parties to the agreement must approve any initiatives in the area.

Multi-annual grants to treatment centres for problem gambling

- A model of multi-annual grants to treatment centres is established for the treatment of problem gambling. The purpose of the model is to provide security of budget for the treatment centres.

The character of the agreement

- It is noted that the gambling area is subject to a settlement with the *Agreement on partial liberalisation of the gambling market* from 2012. Nevertheless, the contracting parties agree on releasing each other regarding the structure and level of fees after the next general election.

Appendix

Elaboration on the initiatives:

Information and help for compulsive gamblers

- The contracting parties agree on establishing an independent helpline for problem gambling, which, among other things, must inform gamblers of treatment centres as well as informing of ROFUS, the Danish Gambling Authority's self-exclusion register. Simultaneously, the helpline can be used to collect data for statistical use in order for authorities and treatment centres to gain knowledge about the different gambling categories and initiate efforts in the areas that can lead to particularly problematic behaviour. The helpline will be evaluated two years after its establishment. The contracting parties are informed of the results of the evaluation.
- The contracting parties find that gambling adverts are highly present in all Danish media. The amount of gambling adverts on television can affect the consumption of gambling, which is why the gambling providers' duty of disclosure must be extended. Therefore, gambling providers must e.g. on their home pages and in their marketing inform of i) self-exclusion in ROFUS, ii) the age limit on the marketed gambling product, and iii) refer to the helpline for gambling problems.
- Today, gambling providers offer bonuses to a great extent. The payout of bonus winnings is among other things conditional on so-called wagering requirements, which means that both the stake and the bonus must be gambled a certain amount of times to complete the wagering requirements. However, today it is difficult to determine the amount that must be gambled before the wagering requirements are fulfilled and the player can withdraw the winnings gained in connection with a bonus. Therefore, the gambling provider must transparently inform of the consequences of the wagering requirements for the specific bonus offer, for instance the amount that must be gambled before the bonus winnings are withdrawable from the account.

Regulations on increased consumer protection

- Today, relatively large bonuses are offered and the payout of bonus winnings is among other things conditional on the size of the stake and the wagering requirements. Therefore, it must be ensured that a bonus offer does not amount to more than 100 percent of the stake, however maximally DKK 1000 and the wagering requirements are no more than 10. That is, with a stake on DKK 1000, the player must not gamble more than DKK 20,000 (DKK 1000 plus DKK 1000 with wagering requirements at 10) before the bonus winnings are withdrawable from the account.

- Bonuses must not be offered on individual terms. Therefore, gambling providers must ensure that offers are not given to individual players on terms that are different from offers given to similar players. By similar is meant those players who gamble within the same fixed interval of amounts.
- Players, who have excluded themselves from gambling, must not be tempted to gamble again. Therefore, it must be ensured that a player's inactivity on the gambling site is not a selection criterion when gambling providers allocate bonus offers.
- In addition to bonuses, gambling providers deploy other types of sale promoting arrangements (i.e. free bets, free spins, and risk free gambling). The field of application of other types of sales promoting arrangements must be ensured more transparency on equal terms as bonuses. Therefore, other types of sales promoting arrangements must be regulated by the same rules that apply to bonuses. This means that consequences of the specific sales promoting arrangement must be transparently disclosed, and that the wagering requirements for i.e. free spins must not be more than 10 times before the winnings are withdrawable from the account.
- Today, it is a requirement that gambling operators provide a function that enables players to determine a deposit limit on their gambling activities before they start gambling. This function is made mandatory so that players must determine a deposit limit. In this way, the awareness of one's gambling consumption is heightened and gamblers are not tempted to continue gambling.
- Online gambling operators must be aware of irregular gambling patterns among their players that indicate gambling problems. Subsequently, operators must contact the helpline for problem gambling so that the helpline can contact the players in question. Accordingly, it is made mandatory for online gambling providers to pay attention to problem gambling.
- The possibility to introduce an application of software, which can help identify problem gamblers, must be explored. An assessment of existing software on the market is made, which also takes into account its efficiency and whether accreditation of the software is possible. The contracting parties are informed of the enquiry and the possibility of making the application of the software mandatory for gambling providers.
- Persons, who have excluded themselves from gambling in ROFUS, and who, despite having declined gambling adverts, still receive adverts, bonus offers etc. are tempted to gamble again. Consequently, it must be ensured that persons who exclude themselves from gambling by registering in ROFUS do not receive gambling adverts and other marketing material. It is examined how to prevent that persons who are already registered in ROFUS and do or did not have the opportunity to decline gambling adverts do not receive gambling adverts and other marketing material.
- When a person has chosen permanent self-exclusion by registering in ROFUS, he or she must wait at least one year to request to have the registration cancelled. To ensure a considered decision on having the registration of permanent exclusion cancelled, the contracting parties find that the person must confirm this request, and that seven days must pass before the Danish Gambling Authority confirms the cancellation. It is examined whether this is possible in regards to the legislation on personal data protection.

Code of conduct for gambling operators

- The contracting parties agree that a code of conduct regarding i.a. gambling adverts and pop-ups on gambling sites must be discussed with the industry.

The contracting parties find that gambling commercials are a strong presence in all Danish media, and on television, gambling commercials are broadcast at all hours. Accordingly, gambling commercials on television especially in connection with television programmes aimed at children and young persons must be reduced. Additionally, the contracting parties find that some adverts give an impression of social acceptance through gambling. This may border on how the marketing rules in the Act on Gambling is to be interpreted (that marketing of gambling shall not have a content that conveys the impression that participation in gambling activities promote the player's social acceptance). The contracting parties find it significant that these conditions are reflected in the code of conduct.

Many Danes are not aware of the time and money they spend on gambling. Consequently, gambling operators should make use of pop-ups that, on a regular basis, inform players of the time and money spent during a gambling activity. The player should then have to confirm the pop-up and choose to either leave or continue the gambling activity.

The code of conduct will be forwarded to the contracting parties, when the discussions with the industry are concluded.

The contracting parties expect that the entire industry comply with the code of conduct and wish to receive a status on the industry's compliance with the code of conduct. Moreover, the contracting parties agree that in case the code of conduct is violated, the contracting parties will discuss possible regulations of gambling advertisements etc.

Skin betting and loot boxes

- Today, ordinary video gaming (i.e. Counter-Strike and FIFA) have elements of gambling. Goods that are earned in the game may be removed to other sites, on which they can be traded or be used as a stake in a gambling activity. This means that the lines between gaming and gambling are blurred. Video games with elements of gambling are often played by children and young persons and may be illegal as they involve gambling. At the same time, gaming with elements of gambling contribute to put children and young persons at the risk of developing an actual gambling addiction.

The Danish Gambling Authority has different sanction options in the case of illegal sites. Sites with an illegal supply of skin betting and loot boxes are possible to block. In cases of marketing of or linking to such sites it may be reported to the police.

The problems connected to skin betting and loot boxes are also relevant in other EU countries, and currently, consideration is given to joint regulation of the area.

Within the mutual understanding, the contracting parties want an increased focus on the topic to protect children and young persons. Moreover, they want Denmark to be actively

engaged in the EU and nationally to reduce such elements of gambling targeted children and young persons.

- Today, studies of prevalence of adults' and young persons' behaviour with gambling activities (gambling problems) exist. However, studies of young persons' relations to video gaming including the extent of young persons' addiction to gaming are non-existing. As a consequence of the growing problem with skin betting and loot boxes (especially among young persons) the contracting parties agree that a research project on young persons' relation to gaming must be initiated, and that it is to be financed through existing funds allocated to prevention and treatment of compulsive gambling ("The compulsive gambling funds").

Gaming machines and price regulation of progressional taxation level

- More gambling operators wish to operate with server supported gaming machines where the game is downloaded to the gaming machine from an external server and thus, the game is carried out on the gaming machine (as opposed to server based gaming machines where the game is carried out on an external server). The contracting parties note that the Danish Gambling Authority is developing a new system for gambling providers' reporting of gambling data from the server supported gaming machines to the Danish Gambling Authority. It is expected that the first licences to install server supported gaming machines be granted in the near future. The contracting parties find that the option to increase consumer protection should be incorporated in the development/buying of new gaming machines.
- When gambling on gaming machines in land-based casinos, the minimum stake limit is DKK 1 and maximum DKK 20 per chance. The minimum limit of DKK 1 per chance reduces the casinos' possibilities to buy new games for the existing gaming machines and to buy new gaming machines on the international market as the gaming machines on the international market do not have a minimum limit of DKK 1 per chance. Accordingly, the casinos wish to have the minimum limit reduced or removed. Consequently, the current stake is reduced to DKK 0.50 per chance. In connection to the reduction, the market for gaming machines will undergo a closer examination.
- Today, restaurants and gambling arcades pay a fee of 41 percent of the gross gaming revenue from the gaming machines and additionally an extra fee of 30 percent the gross gaming revenue that exceeds a progressional taxation level on DKK 30,000 for restaurants and DKK 250,000 for gambling arcades respectively (plus an extra charge per gaming machine in gambling arcades). Today, land-based casinos pay a fee of 45 percent of the gross gaming revenue (subtracted from the value of the chips in the tronc) and additionally an extra fee of 30 percent on the gross gaming revenue that exceeds the progressional taxation level of DKK 4 million. The contracting parties agree to index the progressional taxation levels beginning in 2019, as these are not regulated in accordance with the price development and are thereby gradually hollowed out. The indexing is estimated to cause a minor decrease in revenue.

Authorisation of managers in chain shops

- Retail has asked for simpler authorisation processes of gambling managers. Today, a gambling operator that provides gambling via i.e. kiosks, retail shops etc. must ensure that an authorisation of the manager in the kiosk, shop etc. in question exists. In connection with the authorisation, the manager's criminal record is examined. The manager is typically the shop manager or the kiosk owner, who thereby is responsible for complying with the rules for the supply of gambling including not selling gambling products to minors. In case that the rules are violated, the gambling provider can be fined and the manager's authorisation can be revoked.

Retail has proposed that authorisation of the manager happens on CVR(P) level instead so that the individual shop is authorised as "manager". The contracting parties agree to review the possibilities of process simplification without losing the purpose of the current authorisation or impairing the option to revoke authorisation. The signatory parties to the agreement must approve any initiatives in the area.

Multi-annual grants to treatment centres for compulsive gambling

- The Ministry of Health implements the funds for prevention and treatment of compulsive gambling annually ("The compulsive gambling funds"). The funds for treatment can be applied for by private treatment centres for compulsive gambling or other institutions that can take on such jobs in accordance with more specifically set criteria. Undertaking and implementation of the funds are carried out in the year when the funds are implemented. More treatment centres wish to have assurance of treatment funding for future financial years and therefore, they have asked for the opportunity to receive multi-annual grants rather than the current arrangement. To provide the necessary security of budget to treatment centres, the contracting parties have agreed that a new model must be established, in which multi-annual grants for treatment are given to treatment centres. The contracting parties are informed of the new model.