

# Report on illegal gambling 2021



One of the Danish Gambling Authority's supervisory tasks is to monitor the illegal gambling market in Denmark.

Thereby we ensure the protection of players and a well-regulated market for those who are licensed to offer gambling products in Denmark. This report describes the Danish Gambling Authority's work with illegal gambling in 2021.

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# Introduction

One of the Danish Gambling Authority's supervisory tasks is to monitor the illegal gambling market in Denmark and thereby protect players and ensure a well-regulated market for those, who are licensed to offer gambling products in Denmark.

Once a year, the Danish Gambling Authority releases a report on the authority's work with illegal gambling in the sector.

Focus is particularly on online gambling operators who aim there gambling offers at Denmark without a licence.

The first sections of the report will briefly account for the rules in the area, as this is important to establish before moving on to the tasks that the Danish Gambling Authority have carried out concerning illegal gambling in 2021.

# Summary

Since the partial liberalisation of the gambling market in 2012, the Danish Gambling Authority have regularly searched for illegal websites and processed reports from citizens and others concerning offers from and mediation of gambling operators without a licence.

The Danish Gambling Authority have seen that there are consistently more websites who illegally mediate gambling sites than websites who target the Danish market without a licence. From annex 1, an increase in the number of websites identified, requests and internet blockings may indicate that the illegal market is expanding. However, the Danish Gambling Authority maintain our assessment that the illegal gambling market in Denmark is limited and the increase rather expresses the Danish Gambling Authority's increased focus on illegal gambling.

Data published by H2 Gambling Capital (annex 2) supports the assessment that the illegal gambling market in Denmark is limited. According to H2 Gambling Capital, Denmark has had an increasing channelling rate in the online gambling sector since 2012 and Denmark is at the top of the list compared to other European countries' channelling rates. The channelling rate is an expression of the share of the regulated market.

The Danish Gambling Authority also work with other types of illegal gambling such as skin betting, and awareness raising about illegal gambling.

# **Background information about illegal gambling**

# 1

## 1.1 Background information about illegal gambling

The following sections will briefly account for the rules on which the Danish Gambling Authority bases its work on illegal gambling.

## 1.2 When is a game offered illegally?

A game is offered in breach of the Gambling Act if:

- The game is offered without a necessary licence from the Danish Gambling Authority, and
- The gambling operator targets Danish players with their gambling offers

## 1.3 Which games require a licence?

The Danish Gambling Authority monitors the Danish gambling market to ensure that gambling is not offered in breach of the rules of the Gambling Act. It requires a licence from the Danish Gambling Authority to offer gambling products in Denmark if:

- The participant must pay a stake (money or similar of a monetary value),
- The participant has a chance of winning via the stake (all types of prizes of a monetary value), and
- The game has an element of chance.

## 1.4 When is a game aimed at Denmark?

An offer may be aimed at Denmark if one or more of the following elements are present on the website<sup>1</sup>:

- Danish language
- Danish currency
- Debit cards that only work in Denmark are an option
- Danish customer service
- Steam as login
- The website has pre-filled Denmark, Danish etc. in the registration process
- Gambling offers that are directly aimed at the Danish market due to their composition.

Although none of the above conditions are met, direct marketing to Danish players is also considered aimed at the Danish market.

February 2018, particularly regarding skin betting, the court ruled that websites that use Steam as login are considered aiming their gambling activities at Denmark. The ruling is available on [www.spillemyndigheden.dk](http://www.spillemyndigheden.dk).

## 1.5 Mediation and promotion of games without a required licence

It is against the Gambling Act to mediate or promote gambling operators without a licence. In such cases it is relevant whether the mediation/promotion is aimed at the Danish market.

<sup>1</sup> The legal basis of the Danish Gambling Authority's definition of when offers are aimed at Denmark is the Minister for Taxation's answer to the telecommunications industry in connection with the preparation of the Gambling Act that entered into force in 2012.

## 1.6 The Danish Gambling Authority's sanction options

When the Danish Gambling Authority become aware of a website with illegal gambling or illegal mediation, we send a request to the owners of the website in which we state the breach and order them to stop the illegal offer of gambling activities or illegal mediation to gambling sites.

In many cases, the dialogue based on the request is sufficient to end the breach.

In cases where the breach is not ended, we do not hear from the owners, or we cannot find the owners, we may have the website blocked at the Danish internet service providers via the district court.

In addition, we can report the owners behind the website to the police, after which the responsibility for the further process is passed to the police.

# **The Danish Gambling Authority's work with il- legal gambling in 2021**

# 2



## 2.1 Searches for potentially illegal websites

In 2021, the Danish Gambling Authority completed six searches for potentially illegal websites in cooperation with the Danish Tax Agency's anti-fraud unit.

Like previous years, the Danish Gambling Authority had several illegal gambling websites blocked via the city court in 2021. In 2021, 55 websites with illegal gambling activities were blocked. This is the highest number of blocked websites ever.

The case on blockings from 2021 eventually came to be of fundamental importance, because the internet service providers for the first time claimed that the Danish Gambling Authority only can require to have the website blocked if the Danish Gambling Authority can prove that Danish players have played on the website in question.

Nevertheless, the court ruled in favour of the Danish Gambling Authority and approved the current practice where the Danish Gambling Authority document via screen dumps from the websites that they offer gambling products aimed the at the Danish market without a licence.

The case was appealed, and the Danish Gambling Authority therefore brought the case on blocking of websites before the high court. The high court also ruled in favour of the Danish Gambling Authority.

A new case on blockings of websites is expected at the beginning of 2022.

An overview of the number of searches, requests, reports, and blockings the past 10 years is available in annex 1.

## 2.2 Lifting website blockings

In 2021, the Danish Gambling Authority reviewed all blocked websites to examine whether the sites continued to offer gambling products aimed at the Danish market without a licence.

Many of the websites no longer offered gambling activities at all or no longer aimed their gambling offers at the Danish market. Consequently, the Danish Gambling Authority requested the court to lift the blockings of the websites that no longer breached the Gambling Act.

## 2.3 From video gaming to gambling

On 11 November 2021, the report "Report on video gaming and gambling among children and young people in Denmark" was published.

The research project is part of the political agreement "Agreement on new measures against compulsive gambling and adjustment of gambling agreement" from June 2018. Among other things, the project has examined the significance of gambling related elements in online games seen from the perspective of children and young people.

In the project, VIVE (the Danish center for social science research) interviewed 107 children and young people between the ages 10-19 and five young adults between 20-25 who have experienced serious problems with video gaming and/or gambling.

The project is based on the young people's own perspectives, and the majority of the participants did not assess that they have a problematic relation to gambling related elements

and microtransactions. However, VIVE assesses that there are several danger signs and that especially parents should involve themselves more in their children's online activities.

The study shows that gambling related elements and skin betting (use of virtual items as stakes in gambling outside the video game) is comparable to online gambling and that both children and young people often find purchases of gambling related elements in games and skin betting exciting.

Moreover, the study shows that microtransactions poses as a challenge on or more general level. Microtransactions are often designed in a way that removes focus from the actual payment and spending. This can especially be problematic for children, who are yet to develop a sense of criticism that enable them to comprehend that real money is spent when a quick purchase is made with a few clicks in a game.

The full report is available on the Danish Gambling Authority's website.

The conclusions of the report were featured in DR's Ultra Nyt (news broadcast for children and young people), and VIVE gave a speech on the Danish Gambling Authority's industry day and at the Media Council's New Year's reception. We are happy that this contributes to raising awareness about the problems that gambling related elements in video games can pose.

## 2.4 International cooperation

The Covid-19 situation also affected our international cooperation in 2021. Nevertheless, the Danish Gambling Authority participated in virtual meetings internationally, where we, among other things, together with other European gambling regulators is part a newly established working group focusing on illegal gambling.

## 2.5 Lotteries at pubs

In 2021, the Danish Gambling Authority continued our raised focus on illegal lotteries at pubs in spite of the limitations created by Covid-19 measures. We sent four reports to the police concerning illegal lotteries at pubs in 2021, and the first ruling was given in 2021.

The case was about offers of a lottery game and betting on the result of lotteries at a pub. The court ruled in favour of the Danish Gambling Authority and the pub was fined.

You can read more about the case on the Danish Gambling Authority's website.

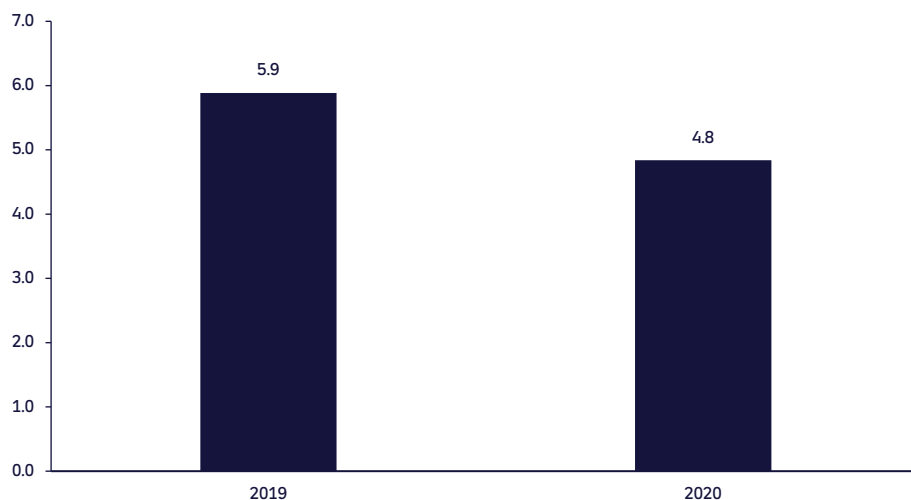
## 2.6 Skin betting

In 2021, the Danish Gambling Authority examined the skin betting market in a new way by measuring traffic on websites.

The measurement method does come with some uncertainties, since many of the websites examined by the Danish Gambling Authority have few visitors which makes it difficult to measure the traffic precisely.

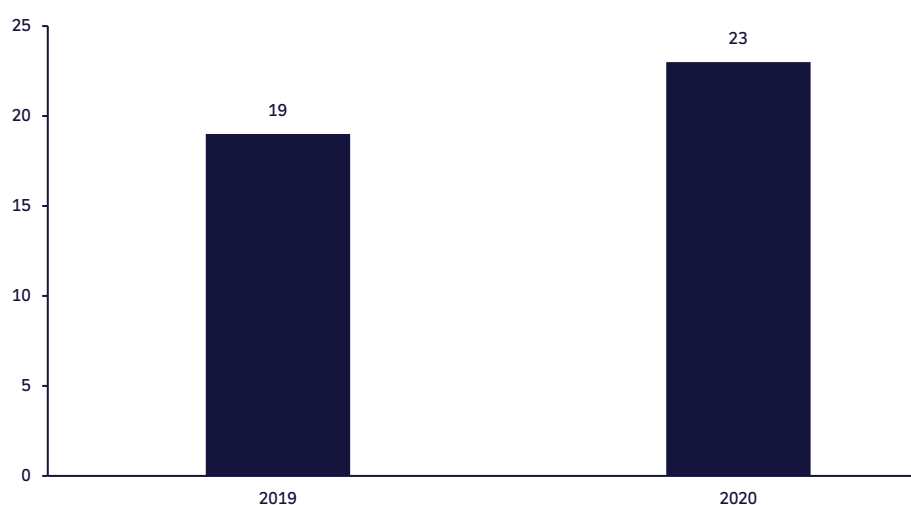
The study showed that the number of visits on skin betting sites fell from 2019 to 2020, but the number of domains with Danish visits increased in the same period.

Figure 1. Danish visits in millions on skin betting websites 2019-2020



Source: Semrush

Figure 2. Number of skin betting websites with Danish visits 2019-2020

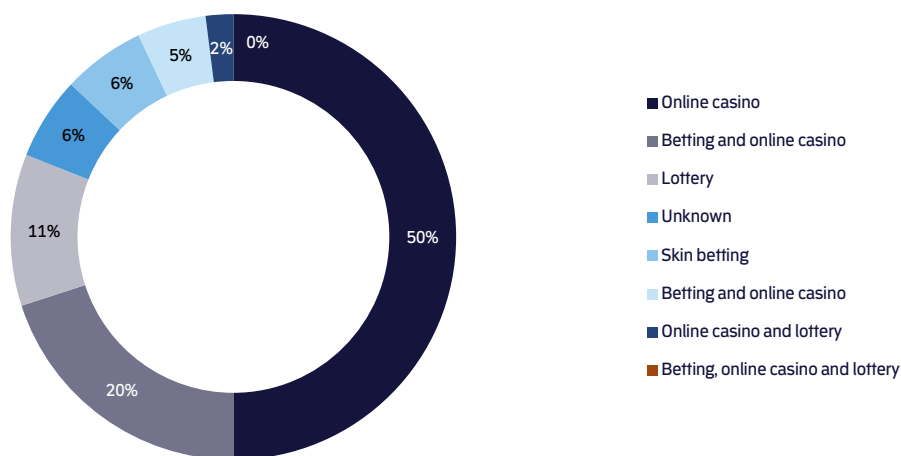


Source: Semrush

Nothing precise can be said about the development, but it can indicate that players are not particularly loyal to individual skin betting sites and that the market is thereby changeable. Generally, we found great variations in data from month to month.

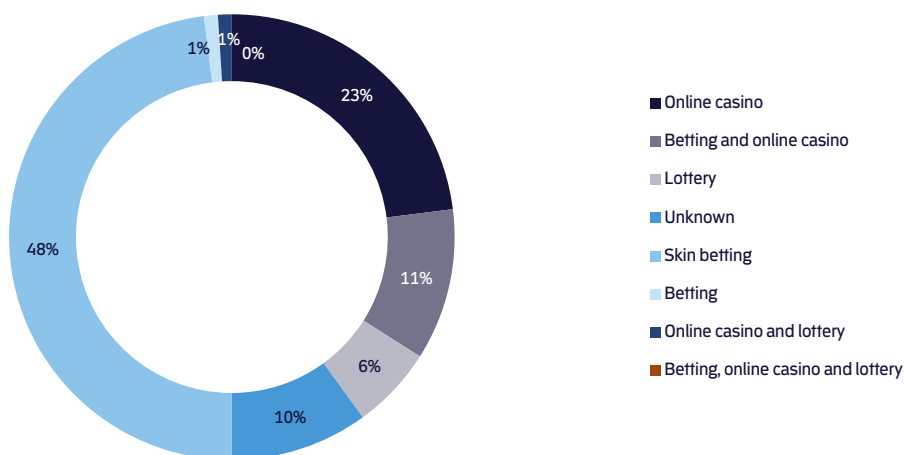
Compared to other gambling websites without a licence, almost half of the visits in 2020 was on skin betting sites although these sites only accounted for six percent of all domains with Danish visits in 2020. This shows that it is important that the Danish Gambling Authority continue to examine the market to aim our supervision and sanctions at the websites with most traffic from Danish players.

Figure 3. Websites without a licence with Danish visits categorised by type of website in 2020



Source: Semrush  
 Note: There are types of games that are included in several types of websites.

Figure 4. Danish visits on websites without a licence categorised by type of website in 2020



Source: Semrush  
 Note: There are types of games that are included in several types of websites.

## 2.7 Streaming

In recent years, the Danish Gambling Authority have received several reports concerning advertising on the streaming platform Twitch. Consequently, we initiated a project in 2021 to clarify the extend of the gambling offers, and whether users advertise legal or illegal gambling sites – including skin betting sites aimed at the Danish market.

On Twitch.tv, more than 30 streams and videos were reviewed. Among these, we found examples of mediation and a single example of a gambling offer. We did not find advertisements for or mediation of skin betting sites.

The examples of mediation were categorised in mediation of gambling operators with a licence and gambling operators without a licence, respectively.

Based on our project, streaming is not currently considered a high-risk area of mediation of gambling offers without a licence. However, since we continue to receive reports concerning the streaming platform, we will continue our focus in this area.

# **Illegal gambling in the land-based sector**

# 3

### 3.1 Gaming machines and betting terminals

If the Danish Gambling Authority become aware of potentially illegal installation and operation of poker machines, gaming machines or betting terminals, we report it to the police. We are always available to assist the police if they ask us.

In 2021, the Danish Gambling Authority was involved in cases concerning 35 gambling premises at which poker or gaming machines were installed without a licence. In addition, we have prepared statements about the breach of the gambling legislation for the police at their request.

### 3.2 Poker without a permit

Poker without a permit is a breach of sections 203 and 204 of the Criminal Code, not the Gambling Act. This means that it is the police and not the Danish Gambling Authority who has the authority to inspect gambling premises without a permit. But the Danish Gambling Authority can offer to assist the police on an inspection. This was the case once in 2021. If the Danish Gambling Authority become aware of illegal poker clubs, we notify the police.

### 3.3 Charity lotteries

In 2021, the Danish Gambling Authority continued a project on compliance checks of bingo halls, which was initiated in 2019.

In total, the Danish Gambling Authority have completed 106 compliance checks of associations that have run bingo games. We have sent 27 reports to the police about running of illegal charity lotteries all over Denmark.

Due to the Covid-19 situation, it was not possible for the Danish Gambling Authority to complete on-site checks in 2021, which is why the checks were completed by consultations of the parties without a preceding on-site check.

The project continues in 2022.

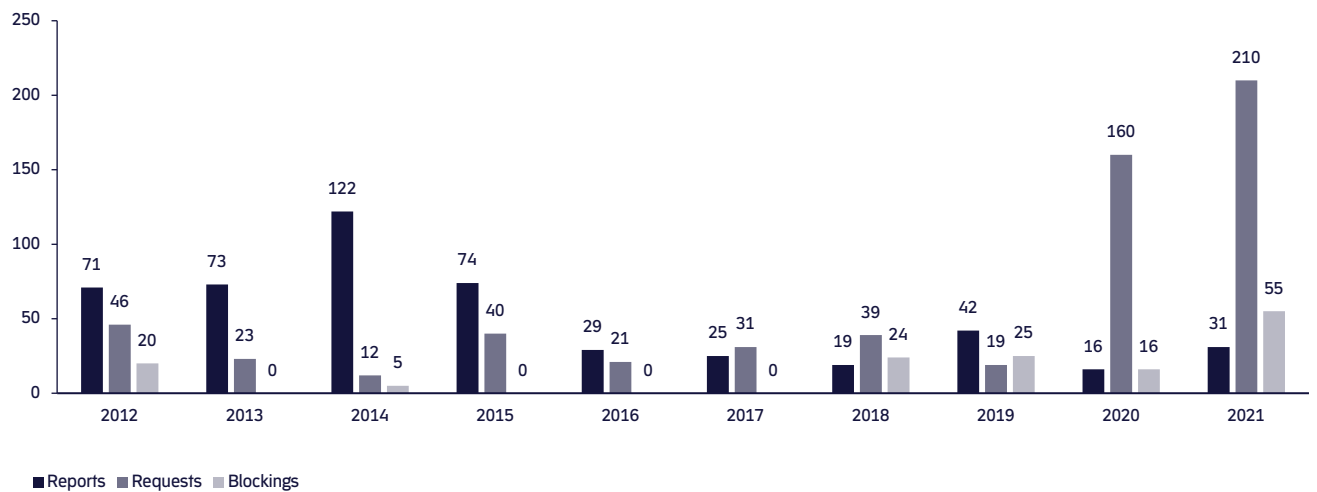
# Annexes

# 4



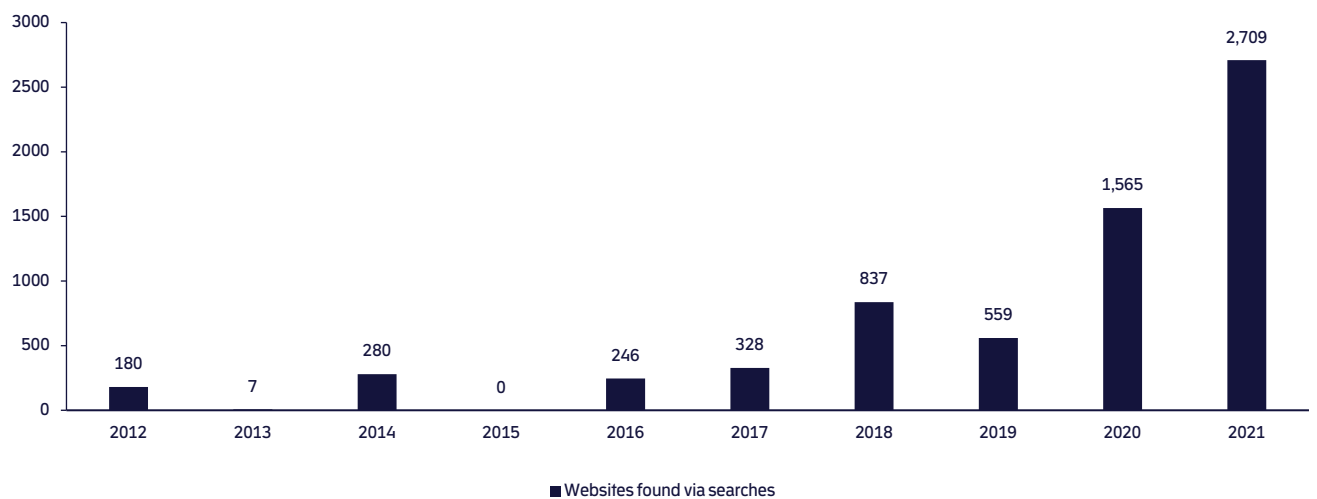
#### 4.1 Annex 1: Overview of reports to the police, requests and blockings since the online gambling market was partially liberalised in 2012

**Figure 1. Number of requests, reports to the police, and blockings from 2012-2021**



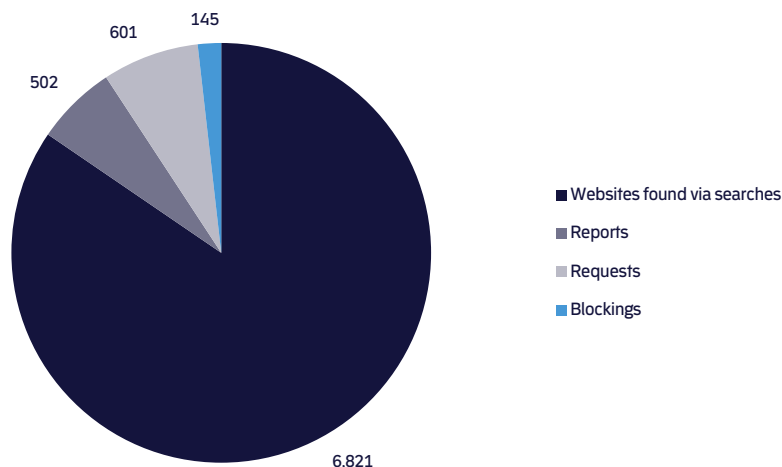
Source: the Danish Gambling Authority

**Figure 2. Number of websites found via searches from 2012-2021**



Source: the Danish Gambling Authority

Figure 3. Total number of websites found via searches, reports to the police, requests, and blockings for 2012-2021



Source: the Danish Gambling Authority

## 4.2 Annex 2: Published statistics from H2 Gambling Capital

For 2021, only estimates of the channelling rates are published.

The table below shows that Denmark has a high channelling rate in the online sector compared to the rest of Europe. This means that Denmark is one of the countries in which the share of the regulated gambling market is very high.

Figure 4. Channelling rates for the online gambling market

2017			2018			2019			2020			2021		
Country	%	No.	Country	%	No.	Country	%	No.	Country	%	No.	Country	%	No.
Great Britain	97	1	Great Britain	97	1	Great Britain	97	1	Great Britain	97	1	Great Britain	98	1
The Czech Republic	87	2	The Czech Republic	90	2	The Czech Republic	93	2	Italy	94	2	Italy	94	2
Denmark	84	3	Denmark	87	3	Sweden	88	3	The Czech Republic	94	3	The Czech Republic	93	3
Belgium	82	4	Belgium	83	4	Denmark	88	4	Romania	89	4	Denmark	90	4
Bulgaria	81	5	Bulgaria	83	5	Belgium	84	5	Denmark	88	5	Romania	90	5
Italy	79	6	Italy	82	6	Romania	84	6	Sweden	86	6	Sweden	89	6
France	73	7	Spain	77	7	Bulgaria	84	7	Portugal	85	7	Russia	88	7
Spain	71	8	Romania	77	8	Italy	84	8	Belgium	85	8	Portugal	86	8
Lithuania	71	9	France	75	9	Spain	79	9	Bulgaria	84	9	Greece	86	9
Finland	70	10	Lithuania	74	10	Lithuania	79	10	Lithuania	83	10	Lithuania	85	10

Source: H2 Gambling Capital

Note: H2 Gambling Capital's data may change which is why the channelling rates may be updated at a later time. The data was collected on 26 January 2022. Data for 2021 are estimates. Please note that H2 Gambling Capital assume in their overviews that the land-based market is regulated, which is why it is most appropriate to use overviews of the online market.

Denmark has an estimated channelling rate of 90 percent in 2021. The remaining 10 percent of the market covers both the illegal market, and the Danish players who gamble with foreign websites that are not aimed at the Danish market.



