



Spillemyndigheden

Annual Report 2017



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Foreword from the Director

Responsible gambling – a shared responsibility

Most of us would agree that politicians have a responsibility to pass suitable gambling legislation and gambling operators have a responsibility to be compliant. The responsibility of the Danish Gambling Authority is also clear: to implement and administer the law, thereby realising the aims of the Gambling Act, namely to ensure a fair gambling market and to protect children and other vulnerable groups from the potential harmful effects of gambling.

I believe gamblers also bear a responsibility for the decisions they take when choosing to gamble. As a gambler, you should familiarise yourself with the applicable terms and conditions before deciding to spend time and money gambling. And for most, if you discover someone you know may be developing an addiction to gambling, it will also feel natural to show responsibility; to take care and look for treatment and self-exclusion.

When everyone meets their responsibility, we create a well-functioning, lawful gambling market where gamblers can gamble in a safe environment. That is by far what we experience

in Denmark. We have a relatively stable number of licensed gambling operators in the various gambling markets, with a turnover that, when compared to gambling consumption, does not leave much space for illegal gambling.

At the same time, we do not allow promotion of unlicensed gambling, and actively exercise our powers to block illegal online gambling. Thus, there is little room for illegal gambling. No one achieves good results without effort. Gambling operators should continuously be aware that while some regulations are the same in many countries, others have a national basis and require operators to adapt their practices to operate in, for example, Denmark. The Danish Gambling Authority places weight upon clarifying Danish regulations, and engages in active dialogue with gambling operators from the start, rather than waiting to act until gambling is offered illegally. This is easier said than done. In 2017, we continued to see that anti money laundering rules gave rise to a range of questions from gambling operators, as well as a number of cases where we believe operators had not implemented satisfactory procedures to provide gambling responsibly and uncover possible instances of money laundering.

Marketing was also a continual source of discussion between gambling operators and ourselves – when are terms and conditions adequately described? Or, when are requirements regarding bonuses being met? These are difficult issues, and while we very often find great willingness to comply with the legislation, other times we experience explanations that compliance is cumbersome when the rules are not uniform across different countries, even just in Europe.

In my view, the best way to maintain a well-functioning market in Denmark will be having everyone involved taking responsibility – and preferably beyond what we as a minimum have to do. It can only be for the better, if we take on a shared responsibility to ensure gamblers have access to fair gambling products, and collaborate on implementation and compliance. The Danish Gambling Authority can then deploy the necessary resources for tackling those providers who do not operate legally, where blocking of gambling sites, for example, is necessary.

It is precisely here, in this intersection, when everyone involved takes responsibility for their own actions, that the Danish model is the strongest.

Looking outwards, a well-functioning, legal market in Denmark is also a valuable link in the chain of gambling regulation, which strengthens as other countries take a position on the rapid developments we experience in the market. In this respect, we benefit greatly from cooperation between national gambling authorities, which increases in line with the spread of many, very different types of games.

With these words, on behalf of everyone at the Danish Gambling Authority, I would like to extend a profound thank you to all our stakeholders and partners for taking responsibility in 2017!

Birgitte Sand

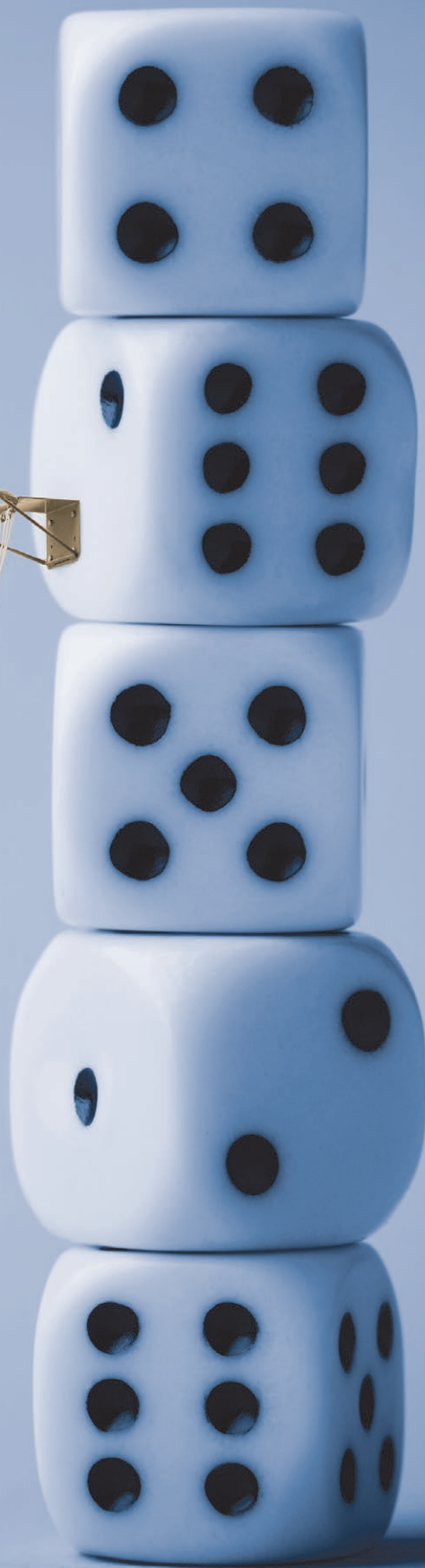




The Danish Gambling Authority

- › About the Danish Gambling Authority
- › Danish Gambling Authority “on the road”
- › Danish Gambling Authority in the media







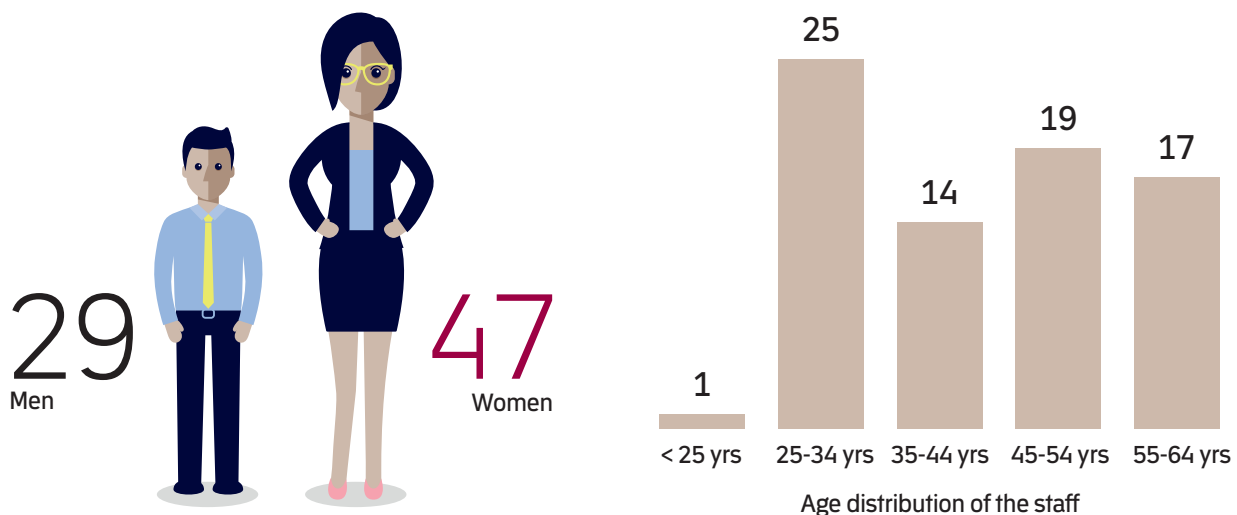
About the Danish Gambling Authority

The Danish Gambling Authority is an executive authority under the Ministry of Taxation. The Danish Gambling Authority is responsible for securing a well-regulated gambling market in Denmark, where players are protected against unfair and illegal gambling.

The Danish Gambling Authority is tasked with the administration of gambling legislation, including lotteries, betting, online casinos, gaming machines, public poker tournaments, and land-based casinos.

Our key duties include issuing licences to provide gambling, supervision of gambling operators, and monitoring of the gambling industry. Other important tasks include international cooperation, ensuring responsible gambling, and advisory services.

In 2017, our staff was composed of 76 full-time employees.





Mission and vision

The Danish Gambling Authority is responsible for ensuring a fair, well-regulated and transparent gambling market in Denmark.

The Danish Gambling Authority works to promote a responsible, fair and well-regulated gambling market to the benefit of players, operators and society. Our approach is characterised by openness and dialogue. Development and new trends in the gambling sector demands on our expertise, and the many exciting and challenging tasks go hand-in-hand with our high level of professionalism. Job satisfaction, curiosity and dedication lead to good results.

The first year in Odense

As part of government plans to relocate public sector workplaces (known as the *Better Balance* policy), the Danish Gambling Authority moved from Copenhagen to Odense on 1st December 2016. This meant 55 jobs moved to Odense. The organisation already had around 20 employees supervising land-based gambling in different locations in Denmark; including Odense. Five of these also moved into the new offices at Odense Harbour, so today there are 60 employees at our headquarters.

The effects of relocation were felt throughout 2017, where solving our core tasks was conditional on effective recruitment efforts. Staff turnover for 2017 stood at 22.3 percent, and we advertised 21 job vacancies. In all, we received 1085 job applications – an average of more than 50 applicants per position.

The government's Better Balance policy aims to stimulate and spread economic activity throughout the country. At the end of 2017, 39 of the Danish Gambling Authority's employees were residents of Fyn.

As per 1st January 2018, 13 out of the 55 employees hired before the relocation of public sector workplaces was announced were still employed at the Danish Gambling Authority.

New organisation at the Danish Gambling Authority gives licensees a single point of entry

In the second half of 2017, the Danish Gambling Authority carried out an internal reorganisation that came into effect on 1st October.

The Authority remains divided into four divisions, though each division is now responsible for a particular gambling sector, enabling each division to follow tasks and processes from cradle to grave.

For example, following the reorganisation, licensees' legal and technical contact persons are now located in the same division, with this division also responsible for licensing, supervision, and advisory services. Regulatory activities within the individual gambling sectors have thus been consolidated under one manager, and in practice, licensees now have one single point of entry to the Danish Gambling Authority.

The four new divisions are: "Lottery and Monopoly", "Remote Gambling", "Slot Machines and Responsible Gambling" and "Finance, Policy, and Analysis".

This organisational change was a natural consequence of experiences in recent years within the Authority; the high turnover of managers and employees in the last 1-2 years; and the actual and anticipated tasks and legislative changes affecting the Danish Gambling Authority.

Torben
Ersbøll

Jens
Haastrup

Birgitte
Sand

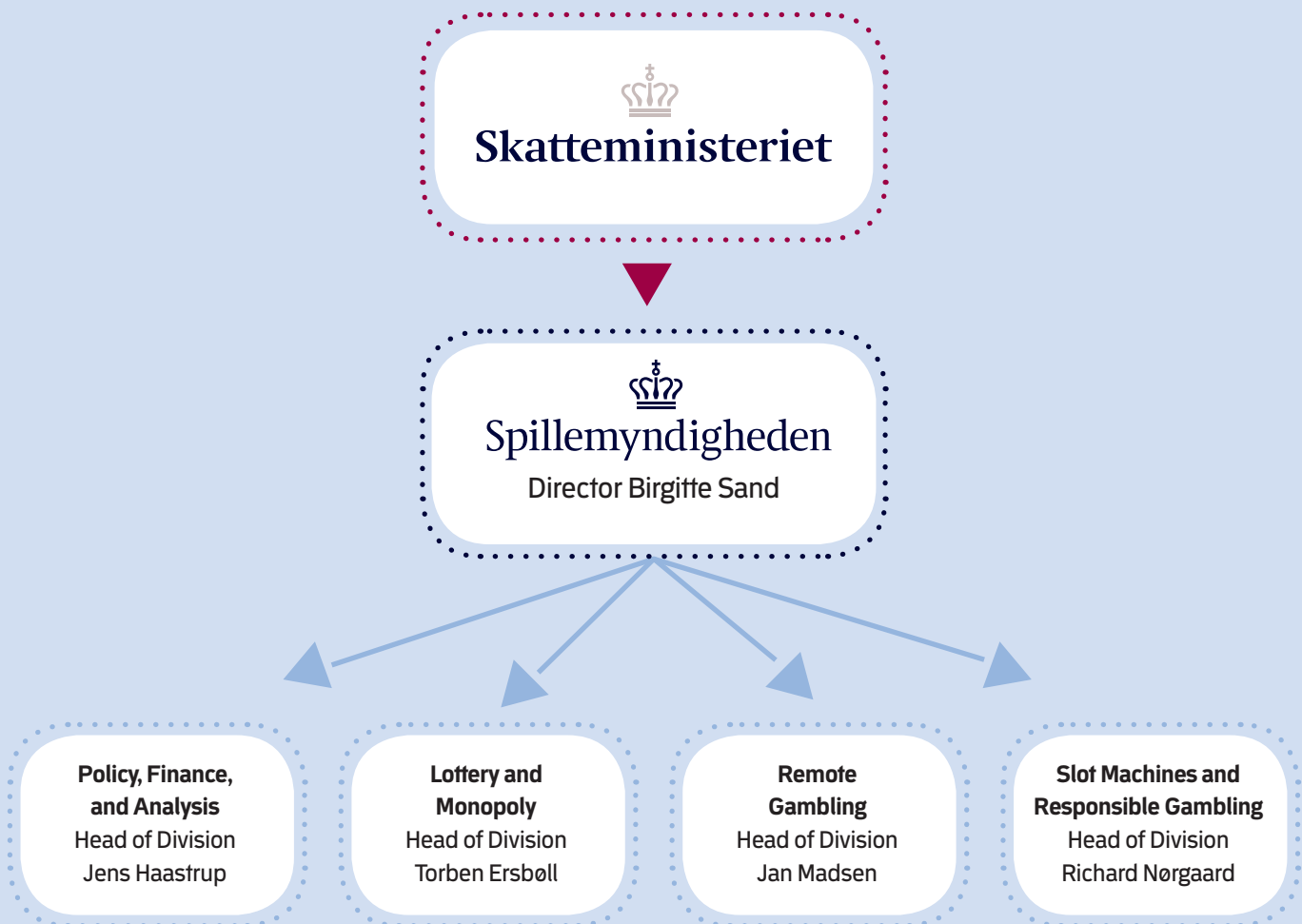
Jan
Madsen

Richard
Nørgaard



Organisation

The Danish Gambling Authority consists of four units: Policy, Finance, and Analysis, Lottery and Monopoly, Remote Gambling, Slot Machines and Responsible Gambling.





Danish Gambling Authority “on the road”

In 2017, the Danish Gambling Authority focused on a number of “on the road” communications initiatives.

We continue to prioritise reaching as many people as possible – especially youths and young adults – to tell them about gambling regulations, responsible gambling, and the Danish Gambling Authority’s voluntary gambling exclusion register, known as ROFUS.

“On the road” – premiere of our roadshows

In March, we held the first of our roadshows at a High School on Funen. A roadshow is an informational visit, where employees of the Danish Gambling Authority travel to educational institutions around the country to inform students about gambling regulation and responsible gambling. These arrangements are tailored to the individual educational institution, but typically include a short presentation to all guests followed by the opportunity to enter into dialogue – for example at a stand in the canteen where students can come and ask questions. We held 12 roadshows at secondary schools and business colleges in 2017, and met around 2,000 students between the ages of 15 and 19.

These visits were extremely positive experiences, generating plenty of valuable dialogue. Our employees gained insight into the current attitudes of young people, as well as issues to be aware of in our supervision of the gambling industry. For many of the students, it was the first time they came face-to-face with gambling regulation, providing us with an invaluable opportunity to inform them about our efforts to ensure fair gambling conditions and a well-regulated industry.



? **DID YOU KNOW...**

Roadshows can be booked via the Danish Gambling Authority’s website. We hope to visit even more educational institutions in 2018.



The People’s Meeting on Bornholm and in Frederiksberg

For the third year in a row, the Danish Gambling Authority took part in the *People’s Meeting* on Bornholm.

Our stand was especially well visited; we spoke with a good 600 people over the four-day event. Although the Danish Gambling Authority may not be an organisation all Danes are familiar with, it was clear that many people know who we are and what we do. For example, many visitors said they had seen our TV-spots about ROFUS on TV2, recognised our label, or had visited our stand in previous years.

We enjoyed lively discussions with visitors, especially on problem gambling and gambling advertising.

One of the highpoints was a well-attended workshop on e-sports, organised by the Danish Gambling Authority in conjunction with the Danish Centre for Problem Gambling (*Center for Ludomani*). Participants from the Sports Confederation of Denmark (*DIF*), the Danish Association of Gymnastics and Sports Clubs (*DGI*), Anti-Doping Denmark, and representatives from schools and research organisations took part in a lively outdoor debate with the





Baltic Sea as backdrop. The goal of the workshop was to share insights from different perspectives on the fast growing phenomenon that is e-sport.

Participants put forth many exciting and varied points of view, but all agreed that not only are e-sports here to stay, it is an area that requires attention and cooperation between its stakeholders. Hosting the event was therefore extremely rewarding, as it brought together various e-sports stakeholders and kick-started new working partnerships.

For the first time, the Danish Gambling Authority took part in the *Young People's Meeting* (Ungdommens Folkemøde), held over two rainy September days in Frederiksberg. As the name suggests, the *Young People's Meeting* is a youth version of the annual Bornholm *People's Meeting*. Here, political parties and other organisations can interact with around 30,000 visitors, who are mostly students at higher educational institutions or older secondary school pupils.

The Danish Gambling Authority was invited to join the Danish Centre for Problem Gambling's stand, where we spoke with many young people interested in the Danish gambling market and what we were doing to ensure a fair market. Skin-betting in particular drew many questions, giving us the chance to learn more about the relationship young people have to both gaming and gambling.



Industry day on money laundering and problem gambling

In January, the Danish Gambling Authority hosted its fourth industry day. The annual event brings together a number of our partners in the gambling industry for a day of presentations and discussions on current issues.

We presented the latest statistics for the Danish gambling market to the 80 plus participants who met in Copenhagen, as well as information on the Danish Gambling Authority’s efforts to combat money laundering. The latter was supplemented by a presentation from a representative from the State Prosecutor for Serious Economic and International Crime (SØIK).

SFI – The Danish National Centre for Social Research – reported on the results of the latest gambling addiction studies from 2016, and the Danish Gaming Machine Association held a presentation on the gaming machine industry and responsible gambling.

The Danish Gambling Authority also presented the latest developments in land-based gambling, while the illegal gambling market and skin betting came to dominate some lively discussions.

Danish Gambling Authority in the media

In our role as regulator, we regularly field questions on matters concerning our area of competence.

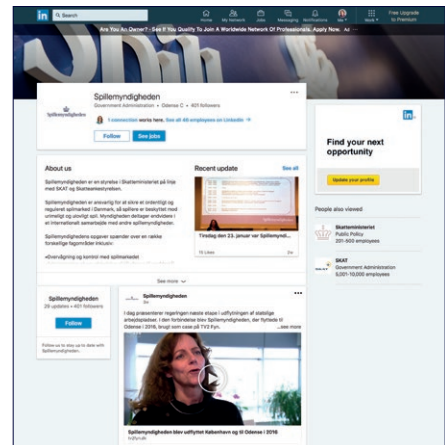
In our contact with the press, we always strive to be an open and welcoming authority with the desire to maintain a good dialogue with the media. In 2017, we received in the region of 60 enquiries from Danish and foreign media.

Relocation of state jobs and skin betting made the news in 2017

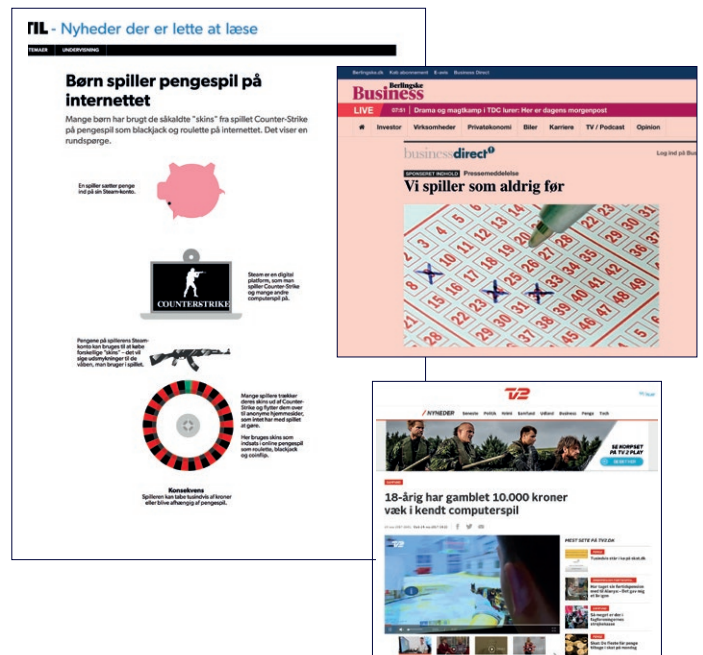
Many media outlets reported upon the relocation of state jobs, and we were often used as an example of a successful relocation in the media. For example, TV2 Fyn reported from our headquarters in Odense, while other media outlets made enquiries to hear how many employees had relocated in connection with move to Odense. The story of our relocation also made it abroad when SR (national Swedish broadcaster) used us as a case study in a lengthy report on the relocation of state jobs.

Something new in 2017 was a large number of enquiries about emerging “gamer” topics such as skin betting and loot boxes. The background for this was numerous stories in the media about young people under 18 who had lost money through activities such as skin betting. Online media specialising in computer games were especially keen to hear the Danish Gambling Authority’s stance on these issues.

In its coverage of proposed changes to gambling legislation in Norway, NRK (the national Norwegian broadcaster) wanted to hear about Denmark’s experiences in the liberalisation of the gambling market. To find out more, a TV team came to Denmark to interview the Danish Gambling Authority’s Director Birgitte Sand.



Follow the Danish Gambling Authority on LinkedIn.



Focus areas

- › Liberalisation of betting on horse racing and online bingo
- › Responsible gambling
- › Marketing
- › Anti-money laundering and terrorism financing
- › Matchfixing
- › International cooperation







Focus areas

Liberalisation of betting on horse racing and online bingo

In June 2017, parliament voted to liberalise online bingo and betting on horse racing, dog racing, and pigeon racing, which took effect on 1st January 2018. The Danish Gambling Authority is hard at work fine-tuning processes to take into account these new opportunities for gambling, as well as administration of the special contribution to be paid equestrian sport.

Uniform conditions for betting

Following liberalisation, all forms of betting (apart from local pool betting) fall under the same licence. A separate licence is no longer necessary, and anyone with a licence to provide gambling can now automatically offer the new liberalised betting types. Prior to liberalisation, only Danske Lotteri Spil A/S was permitted to offer pool betting on horse racing, though was not permitted to offer fixed-odds betting. However, following liberalisation, both fixed-odds betting and pool betting may be offered by licensees, provided they comply with the specific conditions in place for each form of betting.

Special contribution for equestrian sport

In conjunction with liberalisation, licensees are required to pay a special contribution to the horse racing industry. The special contribution, which does not apply to local pool betting, amounts to eight percent of stakes placed on horse races that take place at Danish racecourses. This contribution is to be paid directly to the Danish Gambling Authority, which is responsible for forwarding these payments to the horse racing industry. The contribution is to be used to cover expenses of common interest to both licensees and the horse racing industry. These include race prizes, organisational expenses, and initiatives to combat doping and fixing of horse races. The Danish Gambling Authority is responsible for ensuring licensees calculate the contribution correctly, and that the horse racing industry uses funds from the special contribution for the correct purposes.

Online bingo

As of 1st January 2018, holders of a licence to operate online casinos may also offer bingo online.

TV bingo will now be considered a form of online bingo, thus requiring an online casino licence.

Liberalisation does not change the position that land-based bingo may only be offered according to the rules relating to charity lotteries. At the same time, permission to operate a charity lottery does not extend to offering bingo online.

7		25		41		61		82
			31	46	59	62	75	
	16	26		48		63		85

11	19	45	47	64
4	16	41	49	61
6	24	☺	50	72
12	20	35	56	73
8	21	31	58	75



Online bingo is limited to three types of game: 3x9 bingo cards with 90 numbers or symbols; 5x5 cards with 75 symbols; and, 4x4 cards with 80 symbols. Each number must be drawn and presented individually, with at least three seconds between announcing each drawn number. Participants must be able to mark the numbers on their cards, but this does not matter for the results of the game. Players may choose between a range of pre-printed cards, but are not allowed to decide for themselves which numbers should appear on their own card.

20	34	45	69
18	21	55	73
1	39	48	70
15	40	57	66

Responsible gambling

In 2017, the Danish Gambling Authority continued its focus upon responsible gambling. Ensuring licensees provide gambling in a responsible manner is a topic that is gaining attention in public debate. In particular, young gamblers, at risk gamblers, and problem gamblers have been hot topics. As far as younger gamblers are concerned, 2017 saw rapid development in betting on e-sports; an activity that has attracted young gamblers in particular.

International cooperation

Denmark is not the only country where there has been increased focus on responsible gambling. Across Europe, varying measures are being taken to provide the best possible protections for gamblers. With this in mind, the Danish Gambling Authority has participated in various conferences and working groups with the aim of sharing knowledge and experiences with other countries on current issues and effective measures.

These international partnerships greatly contribute to our own work on responsible gambling. For example, cooperation with our Scandinavian, British, and Spanish colleagues has proved extremely beneficial in 2017, and the Danish Gambling Authority has regularly shared knowledge about problem gambling in the context of the liberalised gambling market in Denmark.

Cooperation in Denmark

It is important for the Danish Gambling Authority to maintain a good dialogue on responsible gambling; both with the industry, and with treatment centres. An example of the value we place on this dialogue is a network we have established to discuss problem gambling. Here, the Danish Gambling Authority hosts biannual meetings for stakeholders on problem gambling. In 2017, the meetings revolved around issues such as the relationship between gaming and gambling and how this can potentially affect gamblers.

In addition to network meetings, we enjoy a positive working relationship with the treatment centres, both at the *People's Meeting* and the *Young People's Meeting* (see page 14).

In 2017, we also worked together with the Ministry of Health, which provides funding for the prevention and treatment of gambling addiction in Denmark. Here, we provided knowledge and data about the Danish gambling market, and communicated the trends we are seeing in self-exclusion from gambling activities.

ROFUS (Register of self-excluded players)

The Danish Gambling Authority manages the self-exclusion register, ROFUS, which allows individuals to exclude themselves from gambling online and at land-based casinos. By the end of 2017, there were 12,877 people registered in the ROFUS system, an increase of 46 percent since the end of 2016.

On average, total registrations in ROFUS increased by 338 persons per month in 2017. These registrations include both temporary and permanent exclusions, as well as renewals of registrations. By way of contrast, in 2016, total registrations grew on average by 210 people per month. We believe that growth in registrations is primarily due to the Danish Gambling Authority's TV commercials for ROFUS and the marketing of the app "MitSpil" ("MyGames").

HOW DOES ROFUS WORK?

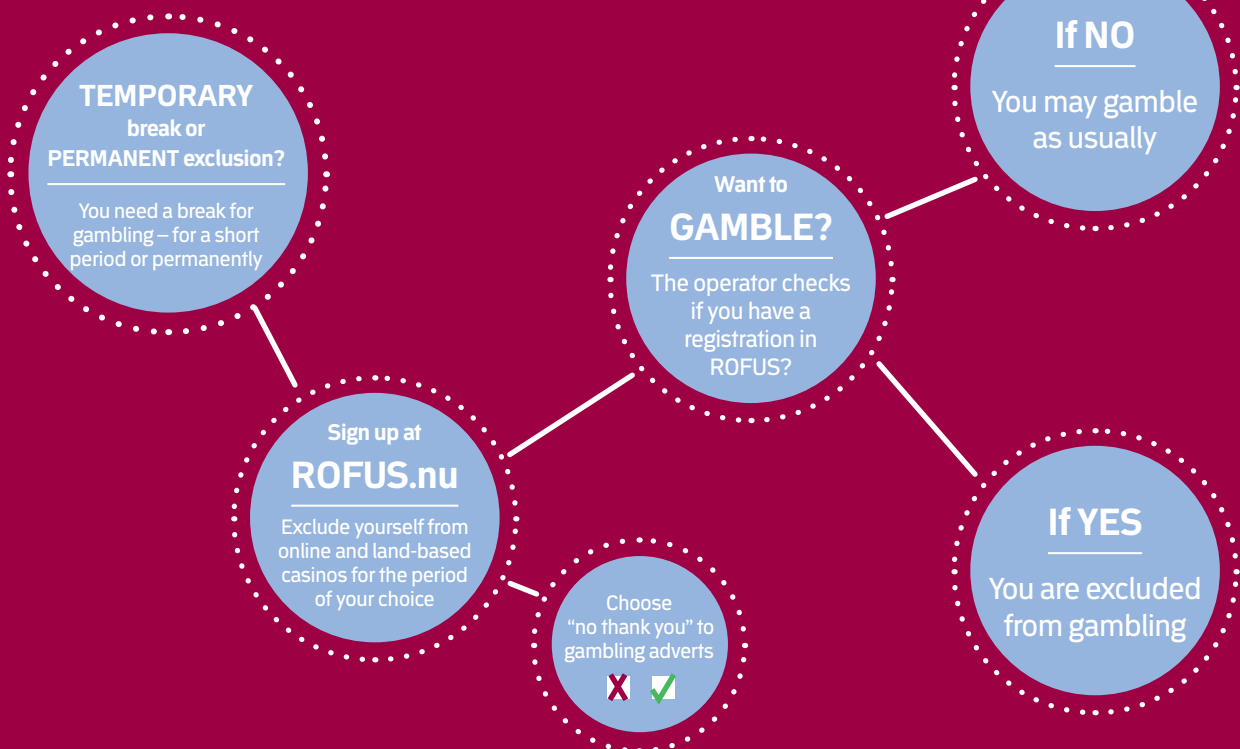




Figure 1: Total registrations in ROFUS per year

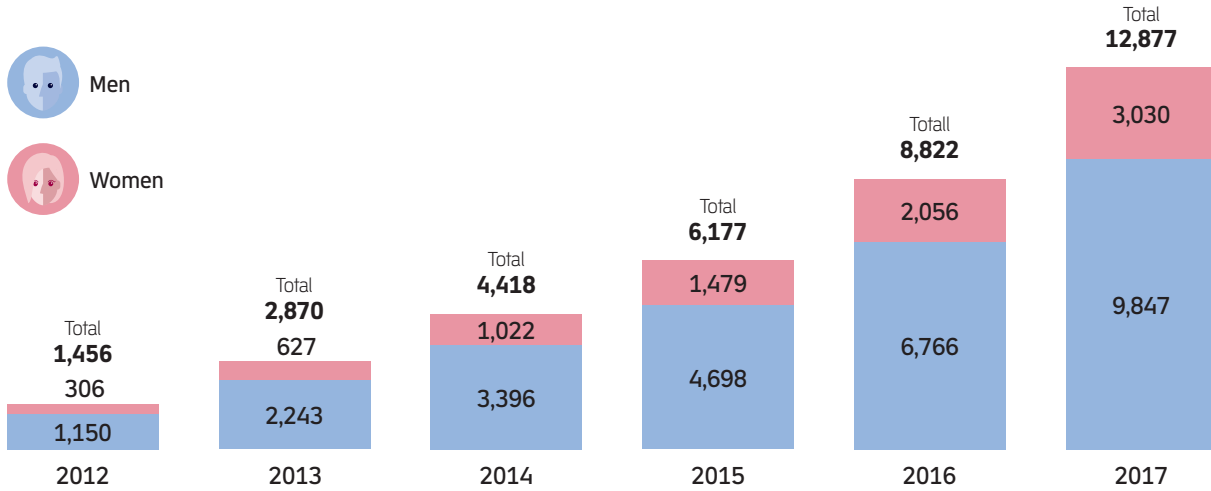
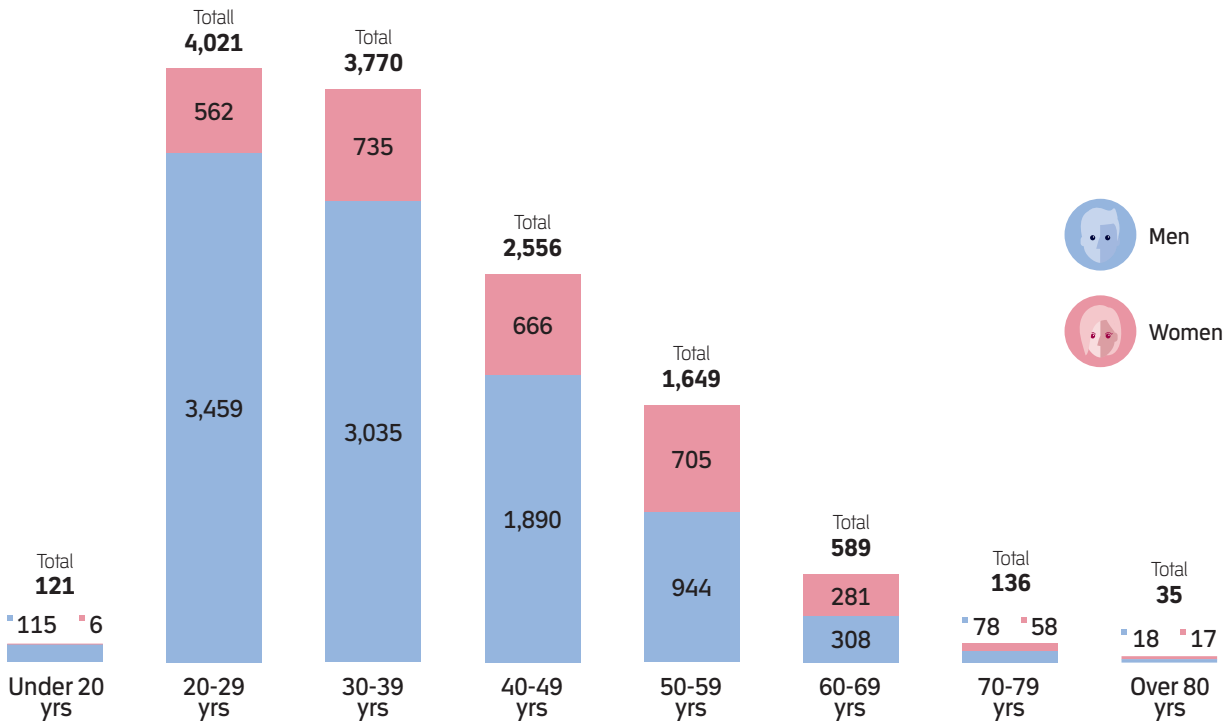


Figure 2: Total registrations by age 2017



Self-exclusion in ROFUS

When players register in ROFUS, they can opt to exclude themselves permanently or for a temporary period of 24 hours, one month, three months or six months. Permanent exclusion is for a minimum of one year. After this, the self-excluded person must contact the Danish Gambling Authority if he or she wishes to dissolve the exclusion.

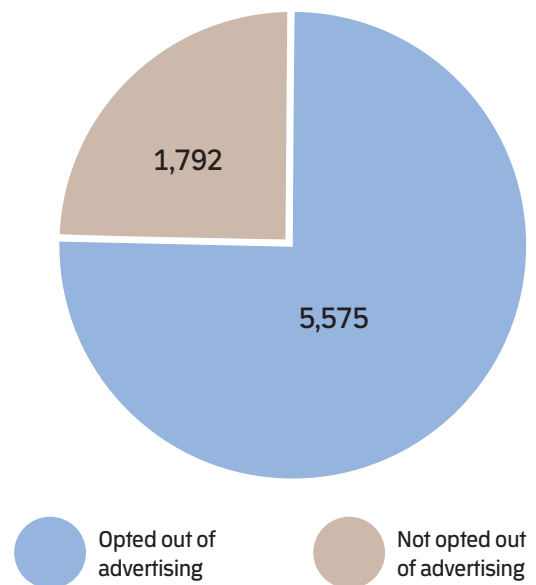
In 2017 9,847 of the self-exclusions in ROFUS were permanent and 3,029 were temporary.

“No thank you” to gambling adverts in ROFUS

Since January 2017, the Danish Gambling Authority has offered licensees a service that allows them to avoid sending marketing material to people who have excluded themselves in ROFUS. In addition to the obligatory system checks in ROFUS before allowing gamblers to join, licensees are able to carry out a similar ROFUS service check before they, or their distributors, send out promotional materials.

Since the launch, 35 percent of the licensees have chosen to use our service, and the Danish Gambling Authority calls upon the remaining licensees to follow suit. As seen in the figure below, the vast majority of registrants in ROFUS have opted to reject promotional material.

Figure 3: Registrations after 6 December 2016



ROFUS adverts on TV and in cinemas


In 2016, the Danish Gambling Authority launched a TV spot for ROFUS, shown on TV2 Denmark between 26 December 2016 and 22 January 2017. It was aired one thousand times on TV2 Denmark, which coincided with a period with a particularly high number of new registrations in ROFUS. There were 722 people registered in ROFUS at the end of January 2017, whereas the average monthly increase in registrations for 2017 was 338. The ROFUS advert achieved its aim of raising awareness of the register among those who potentially need to make use of it.

From 13 December 2017 until 11 January 2018, the ROFUS advert was shown in 43 Danish cinemas across the country.

www.ROFUS.nu

In conjunction with the launch of the TV campaign for ROFUS, the Danish Gambling Authority launched the website www.ROFUS.nu. The website has made it easier to register in ROFUS and quickly find information on how to do so. Since its launch in early 2017, the website has been visited almost 10,000 times.



 **DID YOU KNOW...**

By the end of 2017, 75% of registrants were men and 25% women.

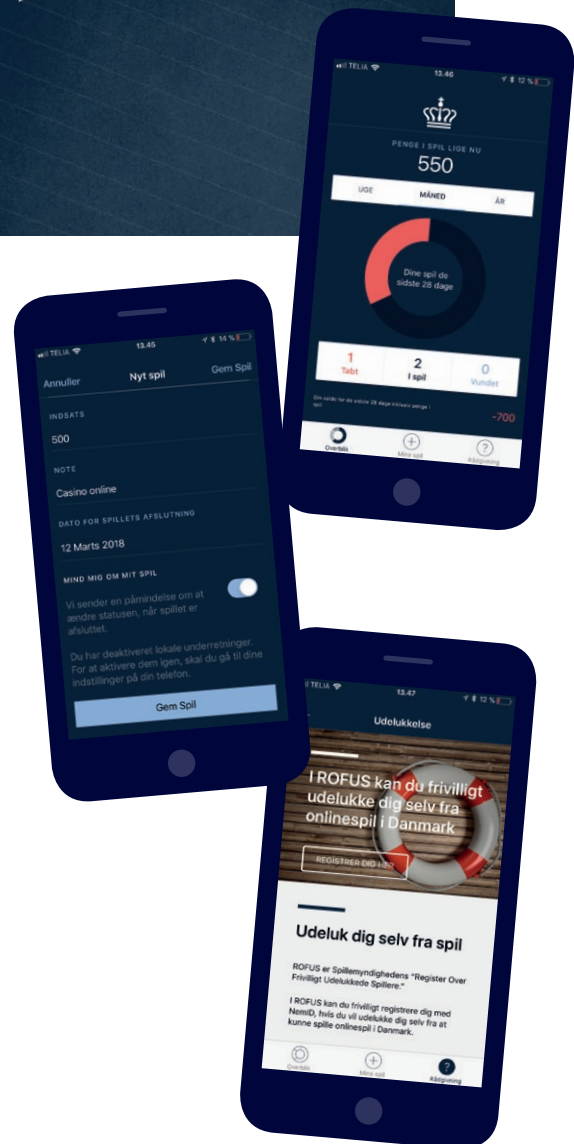
This ratio has remained fairly constant since ROFUS was launched in 2012.



New app version with new options

In the autumn of 2017, the Danish Gambling Authority launched version 2 of our app 'Mit-Spil' ("MyGame"). The new version allows users to enter and monitor their gambling participation and spending. The app was downloaded around 500 times in the first week after its launch. By December 2017, over 700 people had downloaded the app.

Following the launch, the Danish Gambling Authority produced two advertising spots, which were shown on several platforms: on TV during international football and Champions' League matches; on YouTube and Facebook; as well as on TV screens in fitness centres. The campaign ran from October to December 2017, and will most likely be repeated in 2018.



Marketing

Marketing of bonuses in print media

One of the Danish Gambling Authority's focus areas is ensuring licensees' marketing complies with the law. We continuously monitor licensees marketing of gambling bonuses to ensure that the terms for claiming bonuses are not only stated clearly and simply, but also published directly alongside the actual offer of bonuses.

In 2017, one of our projects in this area looked at the marketing of promotional bonus offers in print media, resulting in a number of licensees receiving a warning from the Danish Gambling Authority. A common problem was that in many instances, the font size used to outline the terms of the offer was so small, that the conditions were not presented in a clear and simple manner. In other cases, the terms of the offer were not even mentioned.



DID YOU KNOW...?

In print media, including flyers, newspapers, and magazines, the licence holder needs to balance how much space the terms of an offer fill in relation to the space taken up by the offer itself.

With smaller adverts, a lesser degree of detail is acceptable. However, it is necessary for the

message in the bonus offer to be stated clearly and simply.

In contrast, in a full-page newspaper advert, for example, it is possible to set out the terms of the offer in their entirety. Limited space does not apply here, so in such cases, all terms must be included in the advert itself.



Affiliates

In 2017, there was increased international focus on licensees use of affiliates, especially the manner in which affiliates market licensees' products. In principle, it is permissible under the Gambling Act for licensees to engage sub-contractors to send, or even produce, marketing for the licensee.

Licensees are therefore permitted to engage a third party to market their products. However, the use of an affiliate does not shield licensees from liability for the content of their marketing material. The Danish Gambling Authority maintains that it is the responsibility of the licensee to ensure marketing is in accordance with Danish law.

False new stories

In 2017, we noticed that some marketing was beginning to take on the appearance of a news article: in form, content, and media choice. This often took the shape of a genuine news article rewritten to tell the story of a person who had success gambling, or of methods to increase the likelihood of winning. The source of these articles was often an affiliate.

Nonetheless, our position is clear – in such cases, it is still the responsibility of licensees to ensure their marketing complies with Danish law.

WHAT ARE AFFILIATES?

An affiliate is a business partner with whom a licensee has entered into an agreement to market the licensee's products, typically online or via email. Typically, affiliates receive fees based upon the number of "clicks" on links they have generated, which then direct potential customers to the licensee's homepage. The size of the fee is often contingent upon whether these leads turn into sales.

Cooperation with Consumer Ombudsman

The Danish Gambling Authority works together with the Consumer Ombudsman on gambling consumer issues relating to the Gambling Act and the Marketing Act. In 2017, we continued this good cooperative relationship through exchanging knowledge and working together to ensure the optimal handling of cases.

Anti-money laundering and terror financing

New anti-money laundering directive

In 2017, the 4th Anti-Money Laundering Directive was implemented into Danish law. A direct consequence of this was that the rules previously laid down in our national gambling legislation were repealed, then replaced by a new Anti-Money Laundering Act. The new Act covers a raft of legislation relating to anti-money laundering initiatives, meaning the Danish Gambling Authority legal authority to operate in this area is in line with the other regulatory authorities covered by the Act.

In contrast to previously, The Anti-Money Laundering Act now covers all forms of gambling activities. However, the Tax Minister has exempted certain gambling activities from the Act as they are considered to be at low risk of being used in connection with money laundering or financing of terrorism.

Finalisation of the FATF evaluation

Denmark (including Greenland and the Faroe Islands) is a member of the Financial Action Task Force (FATF), an intergovernmental body established to combat money laundering, terrorist financing, and the proliferation of weapons of mass destruction. Part of FATF's mandate is to publish recommendations for the content of member state's national legislation, as well as proposals for action plans. Another part of FATF's mission is to conduct a continuous evaluation of the extent to which member states follow these recommendations.

Denmark's evaluation began in 2016 and ended in the middle of 2017, at FATF's plenary session in Valencia. The findings are available on FATF's website.

FATF

Anti-money laundering
and counter-terrorist
financing measures

Denmark

Mutual Evaluation Report

August 2017



New national anti-money laundering strategy

In June 2017, the Government, the Social Democratic Party, the Danish People's Party, the Danish Social Liberal Party, and the Socialist People's Party concluded an agreement to intensify anti-money laundering efforts in the financial sector. The agreement sets out a variety of initiatives, including the development of a comprehensive anti-money laundering strategy for Denmark, which aims to strengthen overall government efforts in relation to both monitoring and prosecution of money-laundering. As with the other supervisory authorities and responsible ministries, The Danish Gambling Authority provided input for the strategy.

New monitoring strategy for the Danish Gambling Authority

The Anti-Money Laundering Act came into force in 2017, giving the Danish Gambling Authority the opportunity to draw up a new supervisory anti-money laundering strategy for the period 2018-2019. The strategy will focus on the land-based provision of gambling; the area pinpointed by the National Risk Assessment of 2015, as the gambling sector with the highest level of risk of being used for money laundering.



Matchfixing

The Danish Gambling Authority actively participates in efforts to combat match-fixing. In 2017, we signed a cooperation agreement with Anti-Doping Denmark, and participated in several international projects.



Closer cooperation between the Danish Gambling Authority and Anti-Doping Denmark

The Danish Gambling Authority took an important step to combat match-fixing by entering into a cooperation agreement with Anti-Doping Denmark, a publicly owned institution under the Ministry of Culture. The agreement has forged a closer working relationship between the two authorities, paving the way for ongoing cooperation as well as coordination of joint efforts and focus areas. In addition, the agreement strengthens the ability of the Danish Gambling Authority and Anti-Doping Denmark to exchange information and intelligence on irregular gambling activity.

In conjunction with the signing of the agreement, Director Birgitte Sand said:

“ *In many ways, we each have the best prerequisites for getting good results based on our broad knowledge of the gambling industry and the large network of stakeholders who, of course, also have a role to play in this context.*”

Michael Ask, Director of Anti-Doping Denmark added:

“ *This agreement increases the opportunities for exchanging information between both organisations in a coordinated action against match-fixing. The knowledge we each have alone may not be enough in itself, but once information is brought together, there is a clearer picture of whether something is illegal or not.*”

International match-fixing projects

For a number of years, the Danish Gambling Authority has participated and contributed to projects funded by both the Council of Europe and the European Commission:

- *PreCrimBet*
- *Betmonialert* (monitoring and alert systems)
- *Keep Crime out of sport* (KCOOS) (implementation of the Council of Europe’s Convention on the Manipulation of Sports Competitions)

In 2017, the Danish Gambling Authority was co-organiser of a seminar in Copenhagen concerning the project PreCrimBet. The project was aimed at identifying and focusing on the crime that could potentially be associated with betting; for example, match-fixing and money laundering. At the seminar, a number of the project’s conclusions were discussed with relevant Danish stakeholders, enabling us to contribute with national information to support the project. All projects were completed in 2017, with a final seminar at the Council of Europe in Strasbourg, where the Danish Gambling Authority also participated. Here, the project conclusions were presented, and the final reports published.

The experience gained by the Danish Gambling Authority through participation in these projects will form the basis of further efforts to combat match-fixing, especially in connection with new regulations when the Council of Europe’s Convention on the Manipulation of Sports Competitions from 2014 comes into force.

New international match-fixing projects

In 2017, the Italian Ministry of Sport coordinated the start of a new project funded by the European Commission. Part of the project was the seminar *Anti-Match-Fixing-Formula*, in which the Danish Gambling Authority participated. The focus was on practical measures addressing the need for national organisations to be able to gather anonymous reports from sources such as athletes. During the seminar, the Danish Gambling Authority held a meeting with our Italian counterparts, where we discussed our experiences of monitoring systems.

The Danish Gambling Authority also participated in a conference held by ESSA (*Sports Betting Integrity*). ESSA is an association composed of a number of European gambling operators to combat match-fixing in the markets where their members offer betting. Participating in the conference gave us an insight into the how gambling operators are trying to combat match-fixing.

Match-fixing at the People's Meeting

The Danish Gambling Authority also used the *People's Meeting* on Bornholm to raise awareness about our efforts against match-fixing. We gave a well-received presentation to an engaged audience, serving to confirm how important it is for the Danish Gambling Authority to get out and meet Danes to discuss the challenges of match-fixing.



International cooperation

In 2017, the Danish Gambling Authority took its activities abroad, as we have done in previous years. International cooperation is an important aspect of our work and a significant source of new knowledge that can lead to procedural improvements in our own authority and the early identification of new regulatory issues.

We participated in conferences and working groups, and visited other authorities and gambling operators. International cooperation enables us to follow developments in the international gambling market, as well as learn more about developments in technical and legislative areas.

The Danish Gambling Authority participates in the European Commission Expert Group on Gambling Services and is an active member of both the International Association of Gaming Regulators (IAGR) and the Gaming Regulators European Forum (GREF). In addition, we have built up a high level of cooperation with the other Nordic countries, on top of the bilateral cooperation agreements we have struck with a number of other jurisdictions.

EU cooperation

The Danish Gambling Authority takes note of and contributes to topics that appear on the agenda of the European Commission Expert Group on Gambling Services. In the expert group, a procedure has been agreed upon and a portal has been set up where Member States can send enquiries to other EU countries. These answers can then be seen and shared between Member States.

As has been the case in previous years, we received a large number of enquiries in 2017 via this portal. The topics were diverse and included such issues as the monitoring of illegal gambling (including the use of sanctions such as internet blocking), registration requirements for online gambling, money laundering, match-fixing, and more recently, loot boxes (See also page 88).

International Association of Gaming Regulators (IAGR)

IAGR brings together gambling regulators from around the world, giving member states a unique opportunity to share insights on developments in gambling regulation in a global context. The Danish Gambling Authority has been a member of IAGR from the organisation's foundation and continues to be represented today on the IAGR Board through our director.

With around 75 members, coming from all continents, IAGR is an important platform for monitoring the general regulatory developments in the gambling sector. At the same time, it gives us the opportunity to share Denmark's experiences; to the benefit of other authorities. The Danish model for the liberalisation of online casinos and betting has attracted a great deal of positive attention, with Danish opinions and advice on the regulation of gambling highly sought after. It is the Danish Gambling Authority's conviction that the exchange of knowledge between authorities contributes to the development and continued assurance of a fair gambling sector at both international and national levels. Through supporting the development of well-regulated markets in other jurisdictions, the space for black market gambling operators shrinks, helping to create a safer and fairer environment for gambling in Denmark.

IAGR 2018 conference to be held in Copenhagen

The Danish Gambling Authority will host IAGR's annual conference in 2018. An internal working group in the Danish Gambling Authority has been busy in 2017 laying foundations for a successful conference. We have built on experiences from previous conferences, not least our participation in the 2017 conference in South Africa, where the theme was "Recognizing tomorrow's challenges by acting today". The conference focused upon topics that are set to challenge gambling regulation in the future, including blockchain lotteries, responsible gambling, how to regulate the rapidly growing online market, and how to tackle money laundering. There was also a discussion on how to use communication as a regulatory tool.

At the conference in Johannesburg, the Danish Gambling Authority, as Chair of the IAGR Statistics Sub-Committee, presented the overall results of the IAGR's first gambling regulation survey. With replies from 37 jurisdictions, the survey is the largest ever international exchange of data between gambling regulators. IAGR members have contributed information on a range of issues, including their organisational structure, gambling market structure, measures to fight illegal gambling, and responsible gambling initiatives. The survey's findings will be compiled in a report for IAGR members.

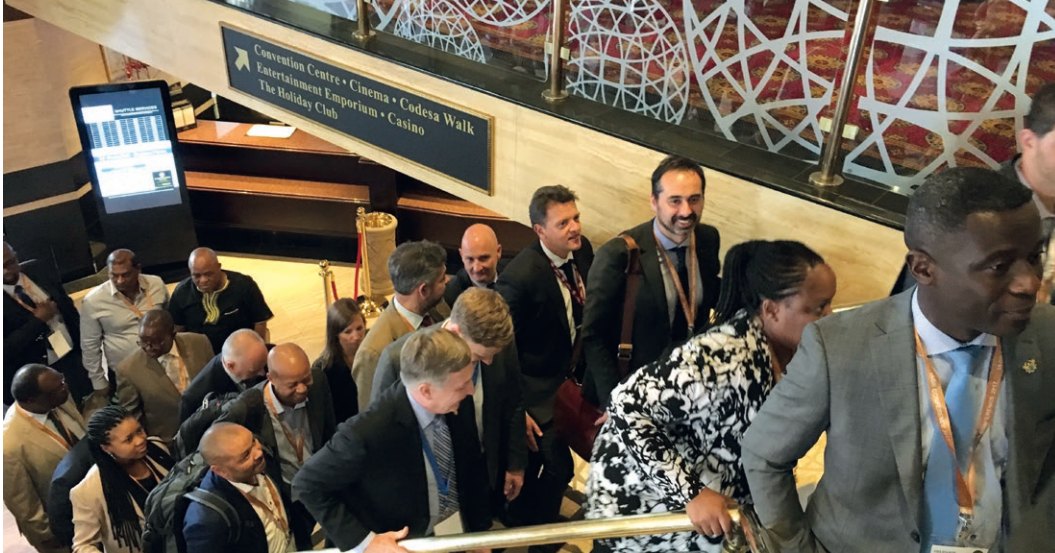
IAGR

International Association
of Gaming Regulators

Copenhagen 2018 Conference

September 17-20





The Danish Gambling Authority is also an active member of the IAGR Working Group on Technical Standards. The group is responsible for developing international standards that can assist gambling authorities in defining principles and technical requirements for gambling equipment. The working group is in the process of updating IAGR’s “eGambling Guidelines”; the latest version being from September 2008. This work is expected to be completed in the course of 2018.

Gaming Regulators European Forum (GREF)

As the name suggests, GREF is forum for European gambling regulators to meet and exchange information on regulatory developments in their jurisdiction. The 28 jurisdictions that comprise the GREF membership include a mixture of EU and non-EU member states.

In 2017, the annual GREF conference took place in London, where topics included Norwegian experiences in the regulation of gaming machines, cooperation between government agencies, regulatory issues relating to certification of gambling activities, and developments at the European Commission. There were also meetings in the three GREF working groups: E-gambling and technical standards, Information and statistics (InfoStat), and Responsible gambling and addiction.

The Danish Gambling Authority participated in a panel debate on gambling self-exclusion systems, where we were given the opportunity to share our experiences on ROFUS with other authorities.

The Danish Gambling Authority is represented on GREF’s Board, and has contributed to the GREF’s collection of gambling market statistics for a number of years. Collection of these statistics is organised by the InfoStat working group, and in 2017, a representative of the Danish Gambling Authority was appointed co-chair of this working group. We have also actively participated in GREF’s working group on responsible gambling and addiction. Here, the Danish Gambling Authority has been able to share its experiences with responsible gambling in the context of a liberalised gambling market.

International honours for the Danish Gambling Authority's director

Birgitte Sand, director of the Danish Gambling Authority, received the International Masters of Gaming Law's (IMGL) award for the “European Regulator of the Year” in 2017. The prize is awarded to a person whose work on the regulation of gambling is particularly noteworthy. IMGL's motivation for awarding the prize mentioned Birgitte Sand's contribution was to recognise *“the high standard and regulation of the Danish gambling market and notable contributions to international regulatory work.”* The prize was awarded by President Michael Zatezalo at IMGL's conference in Copenhagen in September, where around 100 people participated. In her acceptance speech, Birgitte Sand emphasised that the prize was largely due to the hard work of the Danish Gambling Authority as a whole:

“ I have had the great privilege of working together with competent and committed colleagues at the Danish Gambling Authority since 2008. Together, we have succeeded in implementing a well-functioning gambling legislation in Denmark. Our gambling legislation and our administration of the same are often highlighted, and this is why it is a great pleasure for me to receive the IMGL award and the associated recognition by a significant group within the gambling industry that we so actively participate in.”





Nordic cooperation

In 2017, the Danish Gambling Authority hosted the annual Nordic Directors' Meeting, where directors of the gambling regulators in Denmark, Sweden, Norway, and Finland met to discuss current issues concerning legislation and the supervision of gambling.

Among the topics discussed were Sweden's work on a new licensing system, the updating of Norway's gambling legislation, and Finland's merger of three state-owned gambling compa-

nies. One of the Danish Gambling Authority's contributions was a presentation of our reapplication process for licences, which proved to be a resource-intensive process in 2016. The new Anti-Money Laundering Directive and self-exclusion from gambling were also on the agenda at the meeting.

Immediately following the Directors' Meeting, an employee-level meeting also takes place. In 2017, the meeting was held in Finland and went into depth on issues such as how to deal with illegal gambling, including sanctions such as internet blocking. In addition, participants exchanged experiences and ideas regarding responsible gambling and anti-money laundering legislation. Here, the Danish Gambling Authority reported on the evaluation we received from the Financial Action Task Force (FATF) (Read more about the evaluation on page 31.) Participants also shared their experiences and challenges in connection with skin betting. Sweden is about to liberalise its gambling market, and their delegates were therefore keen to hear about gambling regulation in Denmark.

Despite the differences in gambling regulation between the individual countries, the Danish Gambling Authority regards the longstanding Nordic cooperation as an invaluable platform for knowledge sharing.

Conferences

The Danish Gambling Authority participates in a number of international conferences every year. In 2017, we were represented at 15 such events. We take part in conferences where we see an opportunity to increase our knowledge of trends and new games, spread awareness of "The Danish Model", meet colleagues from other gambling authorities, and get to know potential new gambling operators in Denmark. Conferences and industry events provide a window into the network of companies that make up the gambling supply chain, allowing for a more complete understanding of gambling operators' business models and their activities in Denmark.

The Danish Gambling Authority often participates actively in presentations or panel debates in connection with these conferences. Delivering clear and concise communication on the regulatory climate for gambling in Denmark is an important element of our work, demonstrating our commitment as a regulator to dialogue and cooperation.



Visit to the Spanish gambling regulator

In June, a delegation from the Danish Gambling Authority visited our Spanish colleagues in Madrid, at the “Directorate General for the Regulation of Gambling” (DGOJ). There are a number of similarities between Danish and Spanish online gambling legislation, which naturally leads to a mutual interest in sharing experiences and discussing possible future issues.

One item on the agenda was a presentation of the two countries’ gambling markets, including expected changes in legislation. This resulted in an exchange of viewpoints on Danish and Spanish legislation, such as authorisation of international liquidity in the gambling industry (“shared liquidity”) as well as measures to combat money laundering. In addition, the authorities’ supervision of licence holders’ marketing activities and the requirements for reporting gambling data were discussed in detail.

The DGOJ spoke positively about the meeting and the cooperative relationship between Spain and Denmark:

“ We are really satisfied with the fruitful cooperation that the Directorate General for Gambling Regulation has always maintained with the Danish Gambling Authority, taking into account that Danish gambling market and Spanish one have been opened around the same time so that both Gambling Authorities have faced similar challenges. In this regard, proof of this fruitful cooperation is the successful meeting held in Madrid this past June. It was a pleasure for us to welcome you to our headquarters and hear about your good experiences and best practices on different matters such as, for example, the regulation of commercial communications, the data reporting models and the prevention of money laundering in the gambling sector. We encourage the continuation of this cooperation so that both gambling authorities can know more about the evolution of their respective gambling markets as well as any other issues we both can be interested in.”





- › The year in numbers
- › Charity lotteries
- › Lotteries
- › Land-based casinos
- › Public poker tournaments
- › Gaming machines
- › Betting and online casinos

Gambling sectors





9.2 Total GGR for 2017 billion DKK

The year in numbers

In this chapter, the Danish Gambling Authority presents the latest statistics for developments in the various Danish gambling markets. Furthermore, we have analysed when Danes gamble most and compare gambling in Denmark with a selection of other European countries.

We describe market developments in Denmark with a starting point in the partial liberalisation of the gambling market that took effect on 1st January 2012. When analysing growth in the gambling market, it is important to take account of the effect of the liberalisation of online casinos and betting, and that a large proportion of gambling that took place with operators without a Danish licence, now takes place with operators with a Danish licence.

We use the term gross gambling revenue (GGR) to measure market size. GGR is the sum of stakes placed, minus prizes, plus commission paid to participate in gambling.

The Danish Gambling Authority sees statistics as a regulatory tool, which assist in tailoring supervisory activities in response to market developments.

Gambling market developments in 2017

Total GGR for the Danish gambling market was 9.2 billion DKK in 2017¹, 0.3 billion DKK higher than 2016 and 1.7 billion DKK higher than 2012. Lotteries form the largest market, with 3.1 billion DKK in GGR, while the liberalised betting market is next largest with GGR of 2.3 billion DKK. The difference between the two markets is now approximately 0.8 billion DKK, whereas it stood at 1.9 billion DKK in 2012.

Similar developments characterise the online casino market, where GGR has risen from 0.9 billion DKK in 2012 to over 1.8 billion DKK in 2017. Land-based casinos have also seen growth in GGR, rising from 345 million DKK in 2012 to 375 million DKK in 2017. GGR from gaming machines has fallen from 1.8 billion DKK in 2012 to 1.5 billion in 2017. Similarly, GGR for betting on horse racing has fallen from 145 million DKK in 2012 to 116 million DKK in 2017.

What is GGR?

GGR (Gross gambling revenue)

=

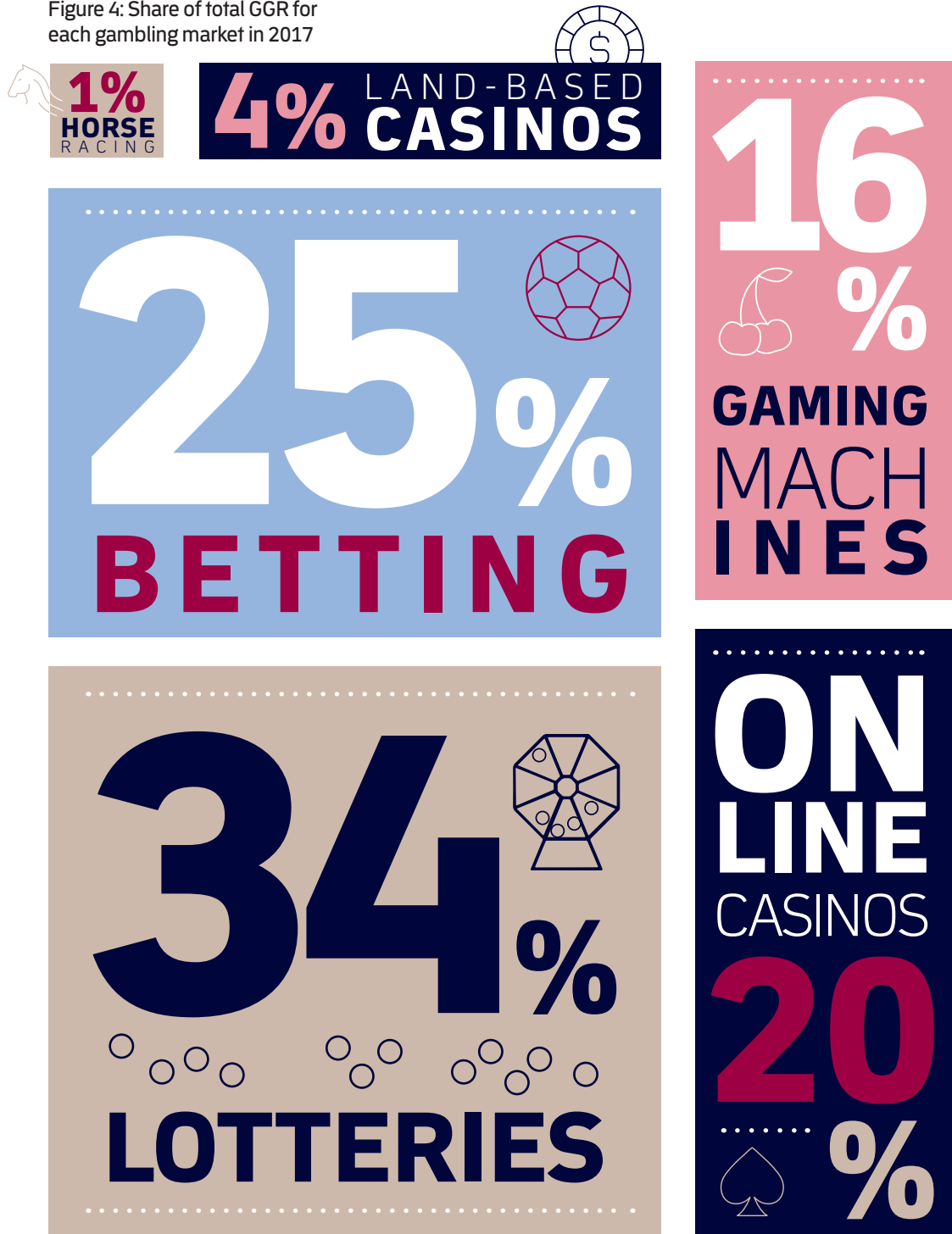
Stakes

■ Prizes

(+ commission)

¹ The sum of GGR for gaming machines, land-based casinos, lotteries, charity lotteries, betting, betting on horse racing, and online casinos.

Figure 4: Share of total GGR for each gambling market in 2017



Liberalisation's significance for the Danish gambling market

Between 2011 and 2017, total annual GGR grew by 22.9 percent, or 2.7 billion DKK. Over the same period, GGR for betting and online casinos, following their partial liberalisation in 2012, grew by 3.4 billion DKK. Much of this growth stems from operators active in the Danish market before 2012, though only eligible for a Danish licence since 2012.

Prior to partial liberalisation, only the primarily state-owned Danske Spil A/S was licensed to offer betting in Denmark¹.

The Danish Gambling Authority's statistics only cover the Danish regulated gambling market. Accordingly, GGR generated by online operators active in Denmark without a Danish licence is not included in our statistics. In conjunction with liberalisation, many operators, that already enjoyed a market share in Denmark, successfully applied for a Danish licence to offer gambling according to the terms set out under the Gambling Act. Our statistics therefore now cover far more operators than prior to liberalisation, which is one reason why GGR has grown and continues to grow in the years since liberalisation.

Our overall impression of a Danish gambling market growing stably is supported by data from, inter alia, Statistics Denmark, H2 Gambling Capital, and the Danish National Centre for Social Research.

Firstly, consumer consumption statistics collated by Statistics Denmark indicate that Danish household's consumption of gambling products has been relatively stable in recent years. For example, simultaneously with growth in GGR, Statistics Denmark reports that household consumption of gambling products has fallen.² Given there has been growth in GGR, this would suggest that gambling consumption has shifted from operators without a Danish licence to operators with a Danish licence.

While GGR for betting has grown since 2012, stakes have remained relatively stable since the fourth quarter of 2015. This may indicate that growth in BSI is attributable to betting operators adjusting their business strategy to take account of market developments.³ Given that a regulated Danish online casino market is a relatively more recent development, and defined by a different correlation between payout ratios, game form, and gambling patterns, it is too early to draw the same conclusions based upon stakes for online casinos.

Data from the independent statistics agency H2 Gambling Capital indicates, furthermore, that since 2012, GGR generated by operators without a Danish licence has fallen markedly

¹ With the limited exception of trackside pool betting.

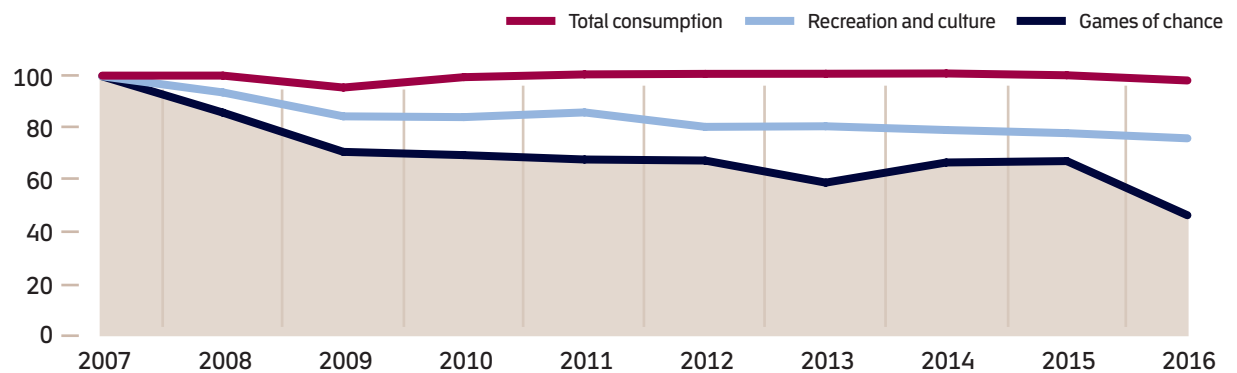
² Statistics Denmark, *Household yearly consumption by type of consumption*.

³ At the same time, individual events can have a significant impact upon GGR, which appears to have been in the case in the fourth quarter of 2017, as was also observed in other European markets.

relative to operators with a Danish licence. Put briefly, operators with a Danish licence have won market share from those without a Danish licence.

Finally, the National Centre for Social Research's 2016 investigation into gambling addiction found that fewer people gamble in Denmark despite increased access to gambling,⁴ though individual gamblers tend to spend more on gambling.

Figure 5: Gambling consumption compared to total household consumption since 2007 (2007 = index 100)



Source: Statistics Denmark, Household yearly consumption by type of consumption.

Table 1: Gambling consumption (GGR) according to gambling type (million DKK)

	2011	2012	2013	2014	2015	2016	2017
Gaming machines	1,785	1,774	1,630	1,547	1,548	1,504	1,487
Land-based casinos	320	344	337	330	349	379	375
Lotteries (incl. charity lotteries)	3,545	3,145	3,100	2,902	3,046	3,105	3,107
Betting	750	1,175	1,371	1,791	1,999	2,168	2,329
Betting on horse racing	145	145	135	130	120	118	116
Online casinos	–	885	976	1,069	1,308	1,563	1,806
Total	6,545	7,468	7,549	7,769	8,370	8,837	9,220

Source: The Danish Gambling Authority and the Danish Taxation Authority.

⁴ The National Centre for Social Research, Pengespil og spilleproblemer i Danmark 2005-2016, <https://www.sfi.dk/publikationer/pengespil-og-spilleproblemer-i-danmark-2005-2016-12157/>

Land-based vs. Online (mobile/internet)

In the fourth quarter of 2017, 51.5 percent of GGR for the regulated Danish gambling market was generated online. In comparison, this figure stood at 47.4 percent in the fourth quarter of 2016.

The online market includes GGR from online casinos, online betting, and online sales of lottery products,¹ while land-based gambling refers to land-based casinos, gaming machines, land-based betting, and sales of lottery products in shops and kiosks.

Growth in GGR between 2016 and 2017 is primarily attributable to increased online sales. In the fourth quarter of 2016, total GGR is estimated to 2,232 million DKK, which rose by 214 million DKK to 2,446 million DKK in the fourth quarter of 2017. Over the same period, GGR for online gambling grew by 201 million DKK.

Growth in the online sector follows broader societal consumption trends,² while at the same time reflecting that it is the online sector that was most affected by the partial liberalisation of the gambling market in 2012.

Figure 6: Quarterly GGR for online and land-based gambling



Source: The Danish Gambling Authority and the Danish Tax authorities.

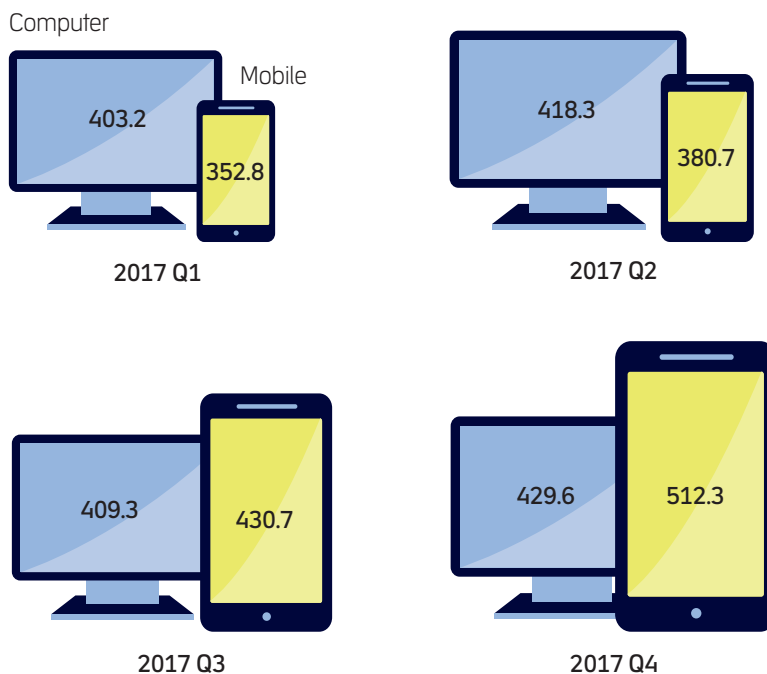
1 The figures for online lotteries are based upon estimates drawn from statistics produced by Danske Spil A/S.
 2 Statistics Denmark, Purchase via internet by type and latest purchase.

Growth in mobile gambling

A new initiative launched in 2017 was the inclusion in the Danish Gambling Authority's quarterly market reports of statistics detailing GGR for online casinos and betting operators originating from mobile phone transactions. The statistics are based upon data from our gambling control system. While the online sector has grown over the past two years, our data shows that gambling on mobiles is where growth has been highest.

For betting and online casino operators, mobile gambling accounted for 46.7 percent of combined GGR in the first quarter of 2017, growing to 54.5 percent by the fourth quarter. This equates to growth of 159.5 million DKK. In comparison, quarterly GGR for computers grew by 26.4 million DKK.

Figure 7: Quarterly GGR for online gaming on computers and mobiles in 2017



Source: The Danish Gambling Authority's gambling control system.

Gaming Machines

In 2017, gaming machines generated just under 1.5 billion kroner in GGR, 17 million DKK lower than 2016, or a fall of 1.1 percent. Gambling arcades generated 1,147 million DKK in GGR, while GGR for restaurants stood at 340 million DKK for 2017. Annual GGR for gaming machines has fallen by 18.3 percent since 2012, though has been in the region of 1.5 billion DKK since 2014.

GGR was relatively stable for the most of 2017, with an average monthly GGR of 123.9 million DKK. April stood out at GGR of 139.5 million DKK, and was the only month in 2017 with an average daily GGR over 1 million for gaming machines in restaurants, while daily GGR for gambling arcades was also the highest at 3.61 million DKK. November was the month with lowest average daily GGR for gambling arcades (2.99 million DKK), while August was lowest for gaming machines in restaurants (0.87 million DKK).

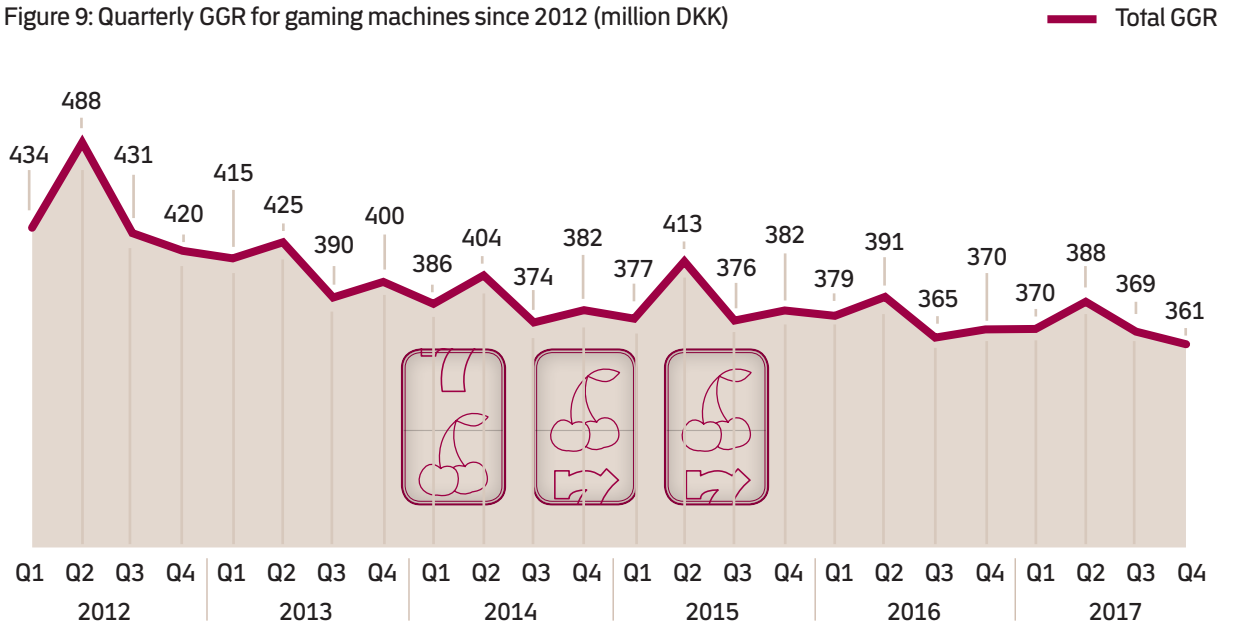
The market for gaming machines appears to have followed a seasonal pattern since 2012, where, as illustrated in Figure 9, GGR is typically highest in the second quarter.

Figure 8: Monthly GGR (million DKK) in 2017



Source: The Danish Taxation Authority.

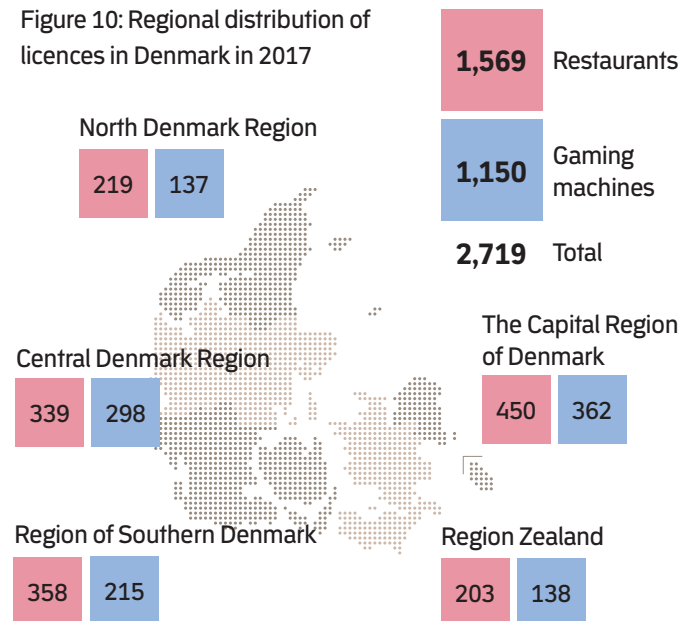
Figure 9: Quarterly GGR for gaming machines since 2012 (million DKK)



Source: The Danish Taxation Authority.

There are in the region of 25,000 active gaming machines in Denmark, though the precise figure changes from day to day. Our statistics show this total has been relatively stable since January 2012, while at the same time, average monthly GGR per gaming machine has been in the region of 5,000 DKK. As restaurants are limited to a maximum of three gaming machines, and the majority of restaurants and public houses choose to host their full quota, a reasonable estimate is that on average, GGR for gaming machines in restaurants is 71,000 DKK per year, and 57,000 DKK for machines in gambling arcades.

Figure 10: Regional distribution of licences in Denmark in 2017



Land-based casinos

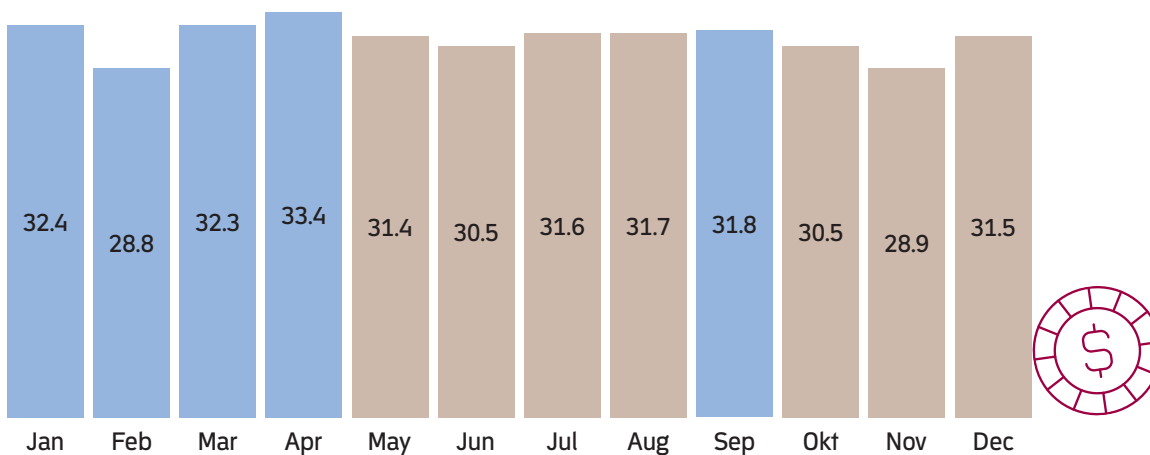
Combined GGR for the seven land-based casinos was 374.8 million DKK in 2017, 5 million DKK lower than 2016, a fall of 1.3 percent.

As shown in Figure 11, when taking account of the varying length of each month, GGR has been relatively stable over the course of 2017. Average daily GGR in 2017 was 1.03 million DKK, with April highest at 1.12 million DKK and November lowest at 0.96 million DKK per day. The months where average daily GGR are above average for 2017 are shaded blue in Figure 11 below, whilst those months below the average are shaded brown.

Quarterly GGR for land-based casinos has followed a relatively stable upwards trajectory since the first quarter of 2012, as illustrated in Figure 12, with quarterly GGR 12.8 million DKK higher in the fourth quarter of 2017 relative to the first quarter of 2012 – growth of 16.4 percent. At the same time, quarterly GGR for the fourth quarter of 2017 is 3.3 percent lower than the fourth quarter of 2016, a drop of 3.1 million DKK.

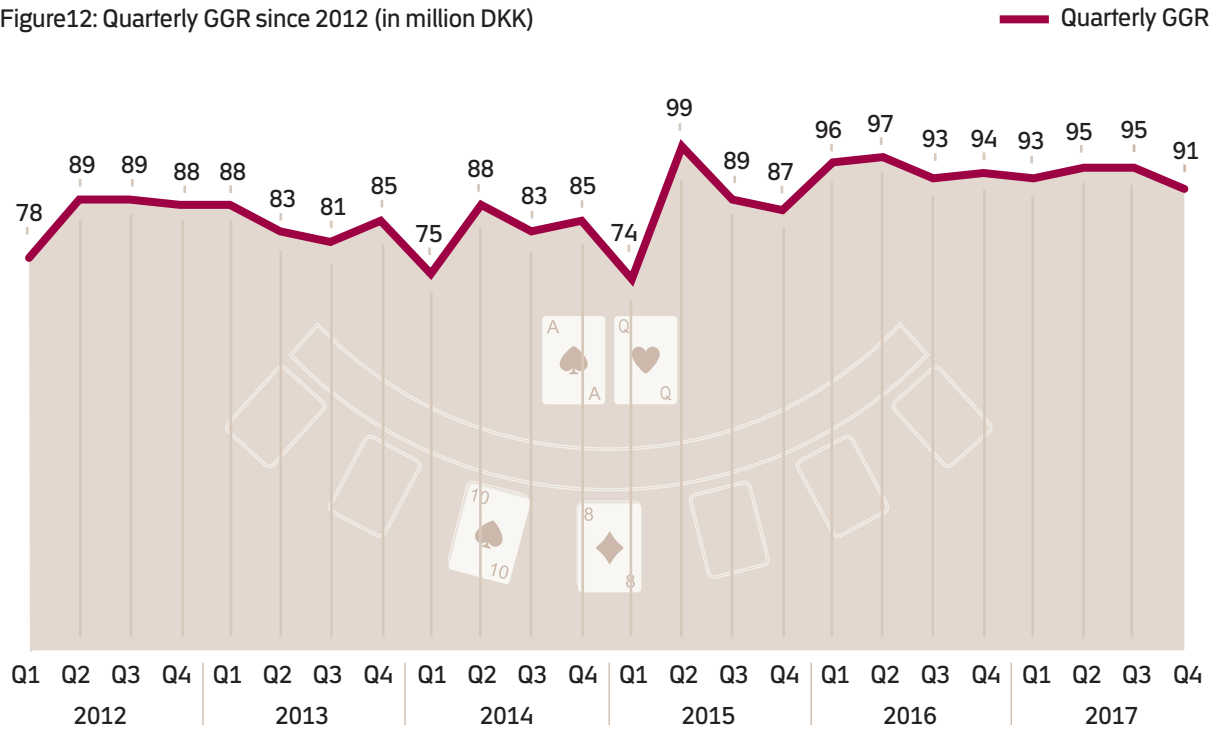
As also seen in other Danish gambling markets, second quarter GGR has been higher than third quarter GGR for each year since 2012.

Figur 11: Monthly GGR (in million DKK) since 2017



Source: The Danish Taxation Authority.

Figure12: Quarterly GGR since 2012 (in million DKK)



Data as a starting point

When compiling market statistics, Danish Gambling Authority combines data on gambling duties from the Danish Taxation Authority in combination with data from our gambling control system. The hands-on nature of land-based casinos means that transaction data is limited

compared to online casinos and betting, for example, where all transactions are registered. Nonetheless, through on-site supervision and a positive working relationship between the Gambling Authority and casino operators, we are in tune with developments for land-based casinos.

Lotteries

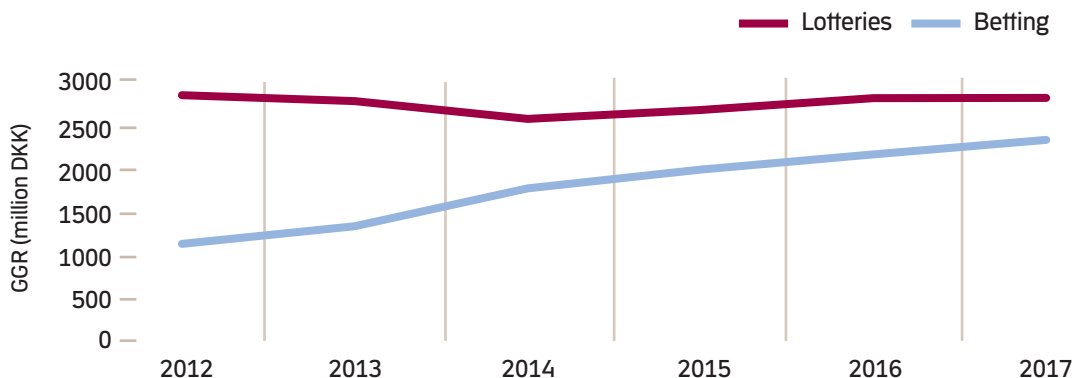
Lotteries (excluding charity lotteries) generated 2,837 million DKK in GGR in 2017, 2 million DKK higher than 2016 – a 0.1 percent rise. GGR is broken down according to game type in Table 2, where it can be seen that the three class lotteries are where there has been growth.¹

Lotteries account for the largest share of total GGR in the Danish gambling market in 2017, which has been the case for many years. Excluding charity lotteries, lotteries accounted for 30.8 percent of GGR in 2017. However, since liberalisation, the betting market has gained ground on lotteries, as illustrated in Figure 13, with market share for the liberalised market of 25.2 percent.

Given that the various lottery forms have varying market structures and timeframes for publication of financial statements, lottery statistics are calculated on an annual rather than quarterly basis, as is set out in Table 2.

As Table 2 shows, GGR in the lottery market, after a fall, is now at a similar level to 2012, though the various lottery types have followed different paths. Scratch-cards and bingo are respectively 75.8 percent and 58.5 percent of their 2012 size, the class lotteries as a collective group have grown by 25.3 percent, while lotto games and Keno have are broadly similar to their 2012 level.

Figure 13: Comparison between developments in annual GGR for lotteries and betting



Source: Danske Spil A/S, the class lotteries, the Danish Taxation Authority, and the Danish Gambling Authority.

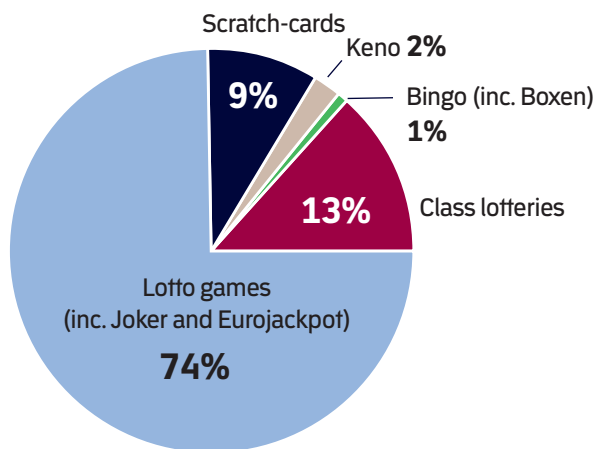
¹ While lotteries including Joker and Eurojackpot have generated lower GGR in 2017 than 2016, market developments in the various lotto games have not been uniform.

Table 2: Annual GGR according to lottery type since 2012 (million DKK)

	2012	2013	2014	2015	2016	2017
Lotto games (inc. Joker and Eurojackpot)	2,100	2,085	1,975	2,049	2,151	2,110
Scratch-cards	335	290	275	264	258	254
Keno	60	60	45	54	60	60
Bingo (inc. Boxen)	65	65	50	48	46	38
Class lotteries	300	310	315	320	320	376
Ialt	2,860	2,810	2,660	2,735	2,835	2,837

Source: Dansk Lotteri Spil A/S, Klasselotteriet A/S, Varelotteriet, and Landbrugslotteriet. Figures for class lotteries are based in part upon estimates.

Figure 14: Market share (GGR) according to lottery type in 2017



Dansk Lotteri Spil A/S, Klasselotteriet A/S, Varelotteriet, and Landbrugslotteriet. Figures for class lotteries are based in part upon estimates.

Lotto games, including Joker and Eurojackpot, continue to form the largest segment of the lottery market. In 2017, lotto games stood for 74 percent of the market, compared to 76 percent in 2016. Bingo (including Boxen) and Keno had the lowest market share, at 1 percent and 2 percent respectively. Market share for scratch-cards is almost unchanged compared to 2016, while the class lotteries have seen their share of the lottery market² grow from 11 percent in 2016 to 13 percent in 2017.

² As the Landbrugslotteri follows an April to March accounting year, GGR for class lotteries as a whole are estimated according to market developments for Klasselotteriet A/S and Varelotteriet.

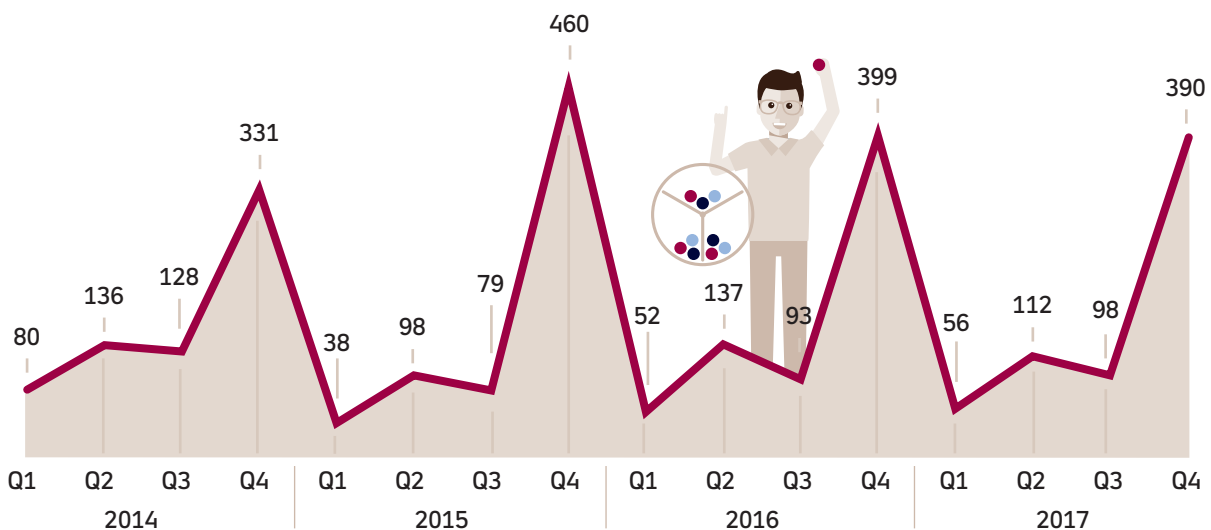
Charity lotteries

Charity lotteries are estimated to have generated 270 million DKK in GGR in 2017, of which 195 million (72.2 percent) was distributed to good causes. Annual GGR is almost unchanged in relation to 2016, though is estimated to have grown by 28.4 million DKK (11.8 percent) since 2014. As statistics for charity lotteries are drawn from financial statements submitted by operators, which may be submitted up to six months after a lottery is held, there is a corresponding delay in the production of statistics, meaning GGR for 2017 is based upon an estimate.

The term charity lottery covers many types of lottery games, but not class lotteries or lotto where players may select their own lotto numbers. At least 35 percent of the sales sum (not GGR) must go to a charity or other good cause.

Figure 15 shows the seasonal pattern for holding charity lotteries (based upon the completion date for each lottery), where especially the period up to Christmas sees a large number of lotteries. In every year since 2014, lotteries have most often been held in the fourth quarter, just as the seasonal pattern has repeated itself year for year. Since 2014, there are on average 317 percent more lotteries in the fourth quarter than the third quarter.

Figure 15: Number of lotteries held per quarter since the first quarter of 2014



Source: Charity lotteries' financial statements. * The figure for 2017 is estimated on the basis of developments since 2014.

Table 3: Quarterly GGR for charity lotteries since 2014

	2014		2015		2016		2017*	
	GGR	Share	GGR	Share	GGR	Share	GGR	Share
Quarter 1	57.0	24%	64.6	21%	63.1	23%	60.8	23%
Quarter 2	16.2	7%	23.0	7%	24.1	9%	20.7	8%
Quarter 3	6.2	3%	47.4	15%	10.1	4%	19.5	7%
Quarter 4	162.2	67%	175.9	57%	172.6	64%	169.0	63%
Total	241.6	100%	398.5	100%	269.9	100%	270.0	100%

Source: Charity lotteries' financial statements. * The figure for 2017 is estimated on the basis of developments since 2014.

As set out in Table 3, GGR¹ for charity lotteries is also seasonally affected, with over half of GGR generated in the fourth quarter. In the region of a quarter of GGR is generated in the first quarter².

1 GGR is categorised according to the end date for each lottery, while figures only include licensed charity lotteries, where sales are anticipated to exceed 20,000 DKK.

2 The size of GGR relative to the number of held lotteries may reflect the fact that a number of lotteries held in the fourth quarter of the previous year, were first completed in the first quarter of the following year.

89.0%

Average payout ratio in 2017

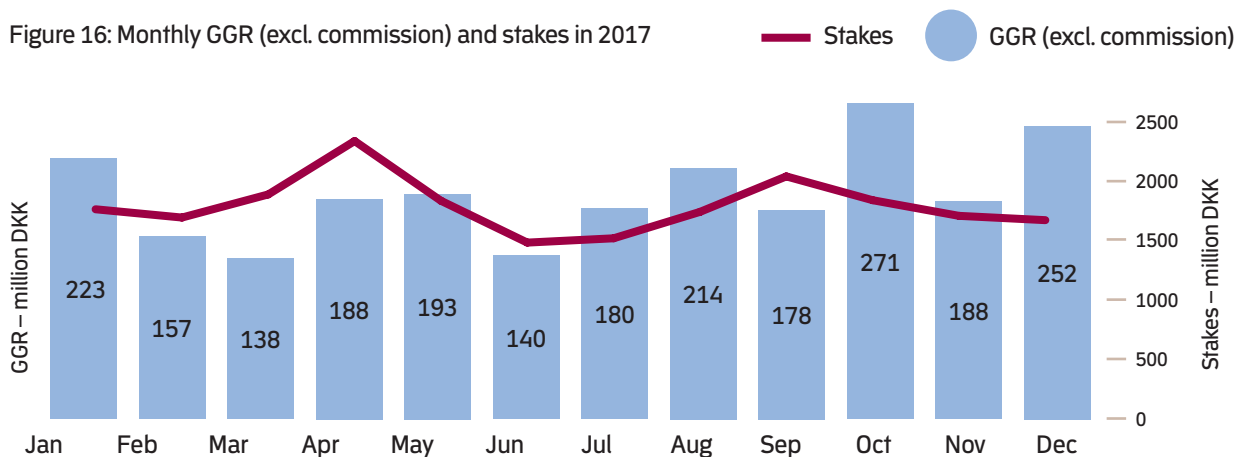
Betting

GGR for the betting market was 2,329 million DKK in 2017, 161 million DKK higher than 2016 – a rise of 7.4 percent. The market has been affected by monthly swings in stakes, as illustrated in Figure 16, with stakes lowest in June at 1,451 million DKK and highest in April at 2,347 million DKK; a difference of 896 million DKK, or 61.8 percent. Higher stakes in April are presumably attributable to the final stages of the football season across Europe, where bets placed earlier in the season are concluded and winnings are calculated.

As Figure 16 shows, GGR does not develop proportionately to stakes, with the payout ratio playing a significant role. The average payout ratio is charted in Figure 17, with the ratio lowest in December at 84.7 percent and peaking in March at 92.7 percent; a fluctuation of eight percentage points over the course of 2017. Although stakes for December are not amongst the highest seen for 2017, monthly GGR is second highest due to the low payout ratio.

As shown in Figure 18¹, quarterly GGR has more than doubled since the first quarter of 2012, with fourth quarter 2017 GGR 419 million kroner higher, growth of 143.6 percent. Following a relatively stable period since the third quarter of 2015, quarterly GGR rose to 575 million DKK in the third quarter of 2017, then up to 712 million DKK in the fourth quarter – quarterly growth of 23.8 percent.

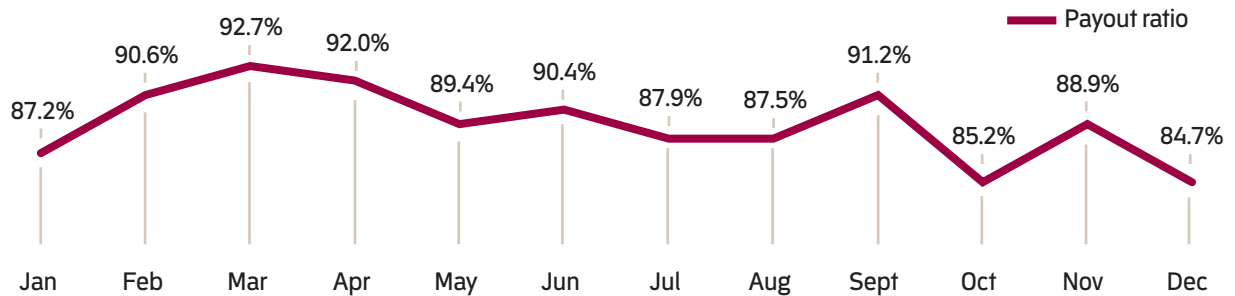
Figure 16: Monthly GGR (excl. commission) and stakes in 2017



Source: The Danish Taxation Authority

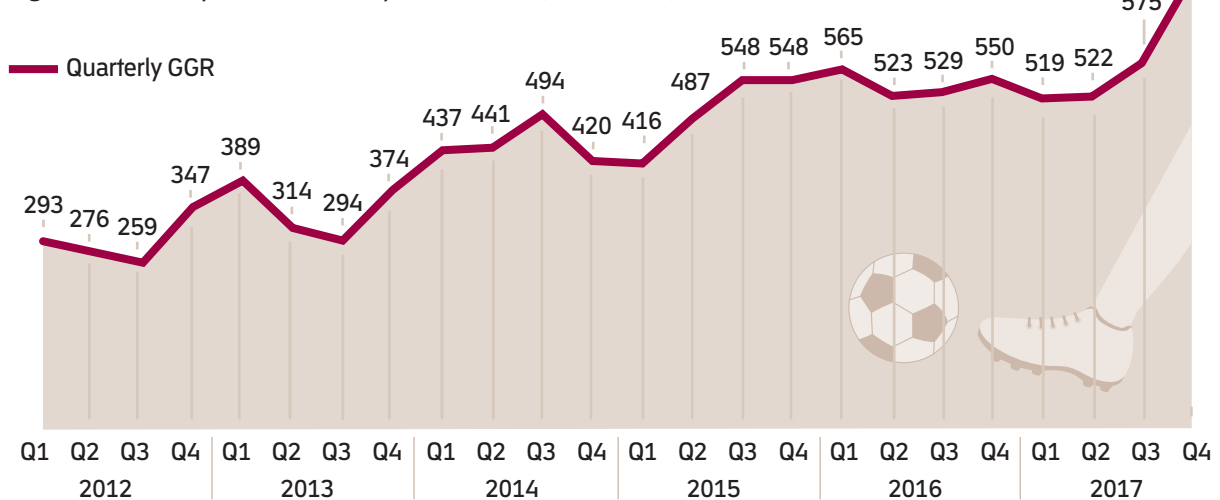
¹ The market for betting does not include betting on horse, dog, or pigeon racing. Liberalisation of betting on these events took effect on 1st January 2018.

Figure 17: Monthly average payout ratio in 2017



Source: The Danish Taxation Authority.

Figure 18: Quarterly GGR since first quarter of 2012 (million DKK)



Source: The Danish Taxation Authority

Figure 19: Annual GGR 2014-2017



Source: Danske Løtteri Spil A/S

Betting on horse racing

Danske Lotteri Spil A/S's monopoly on horse racing generated 116 million DKK in GGR in 2017, 2 million DKK less than 2016 and 14 million DKK less than 2014. From 1st January 2018, permission to offer betting on horse racing was extended to all betting licensees. Liberalisation of betting on horse racing is described on page 20.



96.4%

Average payout ratio in 2017

Online casinos

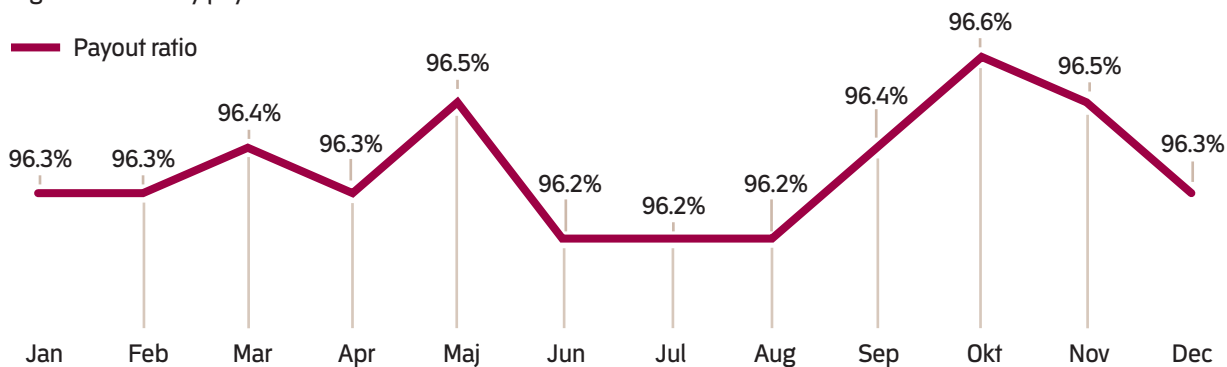
GGR for online casinos stood at 1,806 million DKK for 2017, 234.5 million DKK higher than 2016 – growth of 15.6 percent. GGR was lowest in February at 124 million DKK, and highest in December at 163 million DKK; a fluctuation of 39 million DKK over the year, or 31.5 percent. As the payout ratio, as highlighted in Figure 20, has shown relatively stable growth, and stakes have gone up, GGR has grown correspondingly over the year.

The payout ratio for online casinos is higher than most other gambling markets, and therefore seemingly small adjustments in the payout ratio can have significant consequences for both GGR and stakes. As charted in Figure 21, stakes¹ have over the course of the year grown. As with GGR, February is the month where stakes are lowest at 3,331 million DKK, and highest in December at 4,385 million DKK – a fluctuation of 1,054 million DKK over the year, or 31.6 percent. At the same time, the payout ratio has grown steadily, with a difference of 0.4 percentage points between the lowest (96.2 percent) and highest (96.6 percent) ratio.

There are no distinct seasonal trends in the online casino market, which is most likely due to the fact that participation is not connected to particular events, as it the case for betting and the conclusion of the football season. However, GGR in the second quarter has been higher than the third quarter every year since 2012.

Quarterly GGR for online casinos has grown since the first quarter of 2012, as illustrated in Figure 22. GGR has more than doubled between the first quarter of 2012 and the fourth quarter of 2017, with growth of 277.9 million DKK or 138.6 percent. Year-on-year growth between the fourth quarters of 2016 and 2017 stood at 63 million DKK, or 15.4 percent.

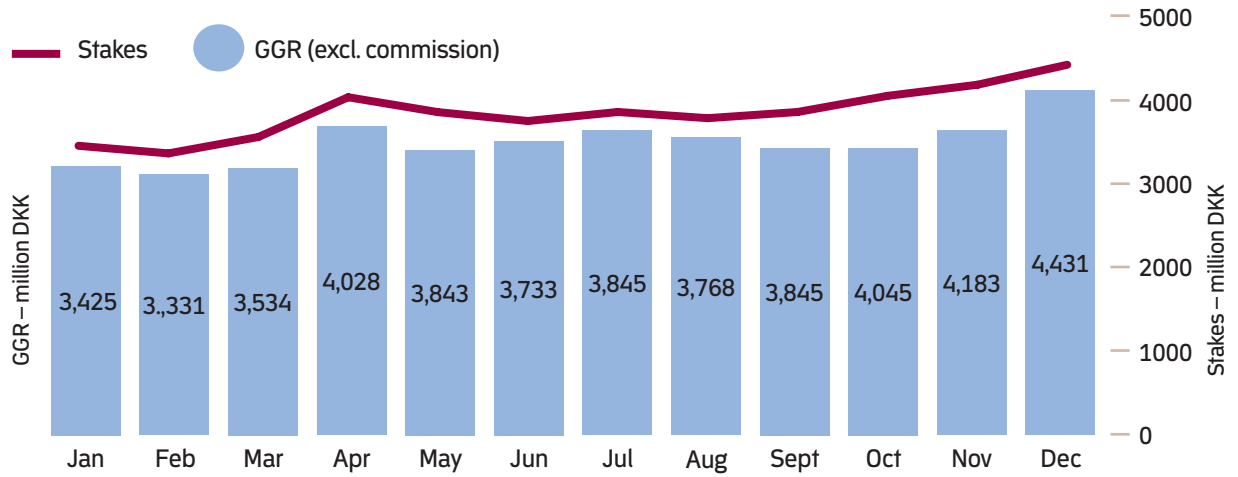
Figure 20: Monthly payout ratio



Source: The Danish Taxation Authority.

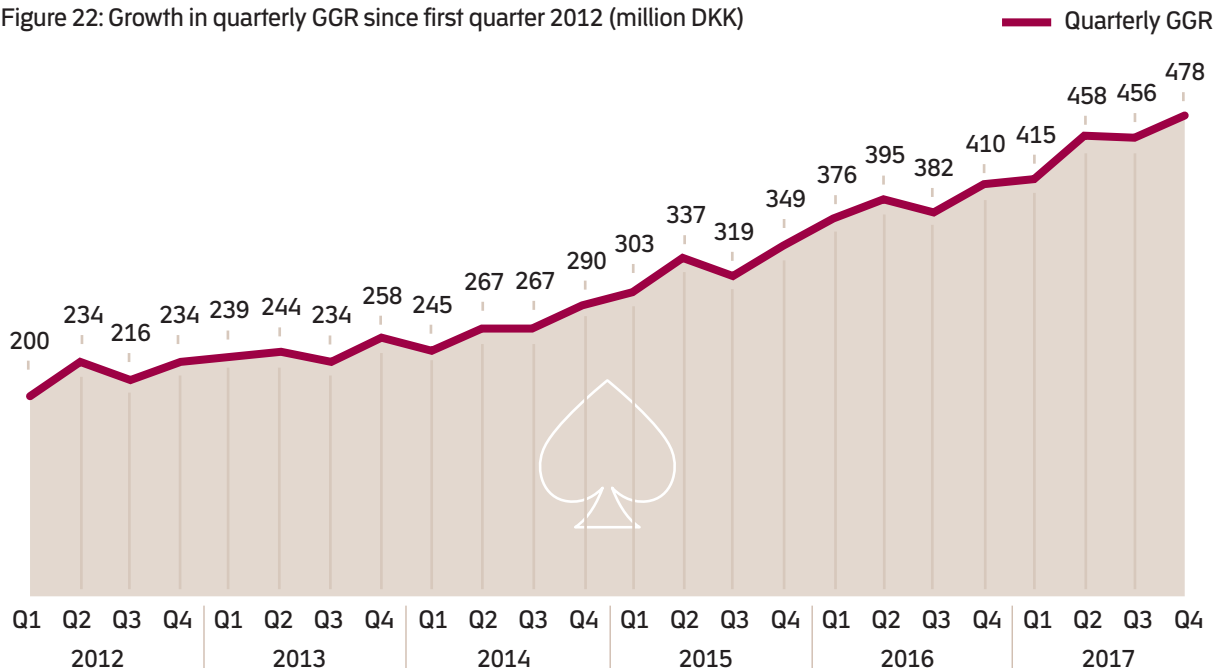
¹ Stakes are not equivalent to money deposited in a gambling account. A player that starts with 100 kroner and stops with 40 DKK has typically placed stakes worth 1,000 DKK, and won prizes worth 960 DKK, without the player ever having deposited more than 100 DKK in their account. The figures become higher, as stakes and prizes are measured for every “spin”.

Figure 21: Monthly GGR (excl. commission) and stakes



Source: The Danish Taxation Authority.

Figure 22: Growth in quarterly GGR since first quarter 2012 (million DKK)



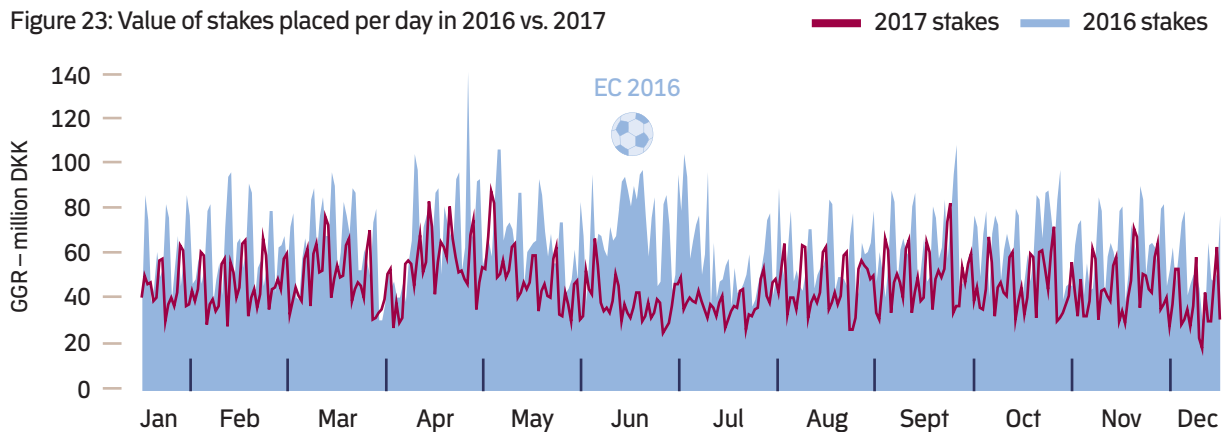
Source: The Danish Taxation Authority.

Consumer behaviour

In the Danish Gambling Authority's gambling control system, we register data on what is being gambled upon and when gambling takes place. Through analysis of this data, we can see which gambling patterns repeat themselves over the course of the year, strengthening our understanding of the market. For example, we can see that betting is highest over the weekend, while gaming machines are the most popular activity in online casinos. Significant differentiations from these patterns, may give rise to supervisory activity.

Betting

Figure 23: Value of stakes placed per day in 2016 vs. 2017

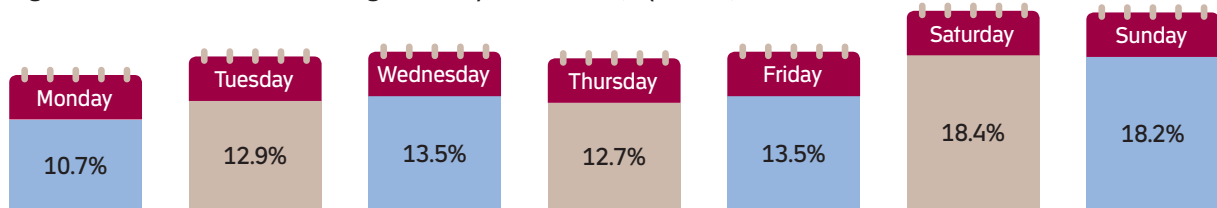


Source: The Danish Gambling Authority's gambling control system

Stakes for betting tend to be highest in the spring and autumn, with a decline over the summer. When a large sports event is held over the summer, this has an effect upon stakes. This was the case in 2016 when the European Championships in football took place between 10th June and 10th July, which as, Figure 23 shows, was the only period of time where there was a significant difference in stakes between 2016 and 2017.

Another clear trend is that stakes are typically highest around the end of the month when most employees are paid, as also shown in Figure 23. There is also a clear tendency towards increased gambling activity at the weekend, which is when the majority of sports events take place. As illustrated in Figure 24, Fridays, Saturdays, and Sundays account for 50.1 percent of all placed bets. In contrast, Mondays are the quietest day for stakes.

Figure 24: Value of stakes according to the day of the week (in percent) in 2017



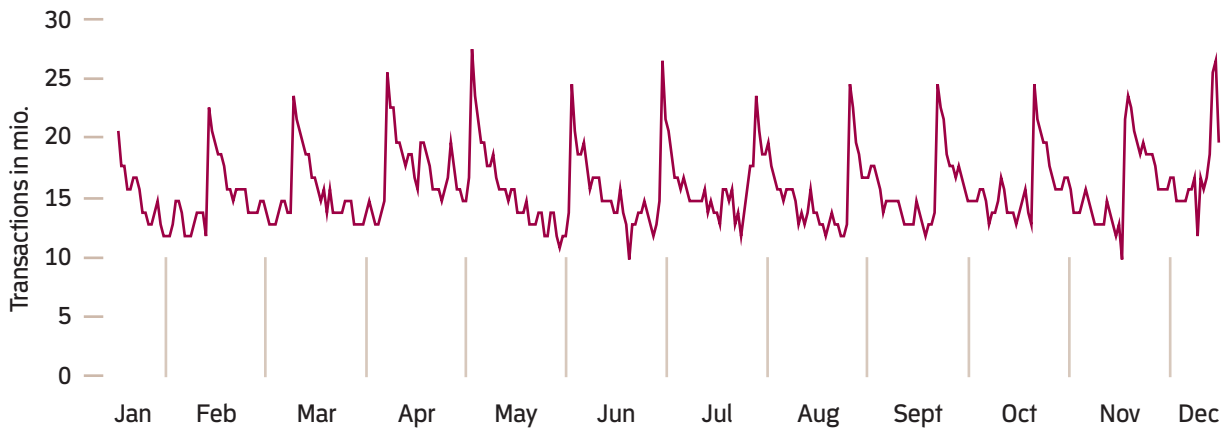
Source: The Danish Gambling Authority's gambling control system.

Online casinos

Figure 25 charts the number of daily transactions for online casinos over the course of 2017. The number of transactions is highest around when salaries are paid and the following weekend, and then begin to fall until the end of the month. Transactions for online casinos are more evenly spread across the year than betting.

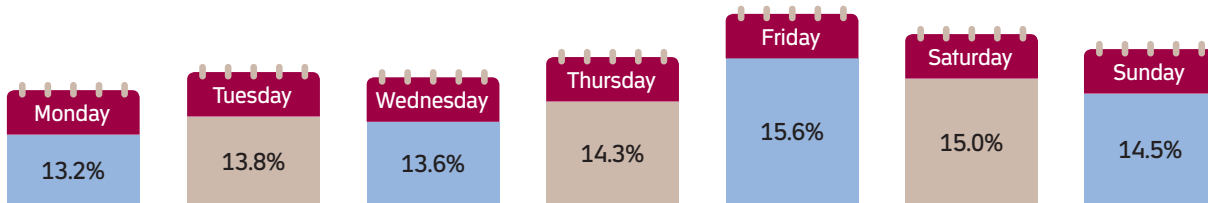
Online casinos are most popular at the weekend, with 45.1 percent of all transactions taking place Fridays, Saturdays, and Sundays (see Figure 26). Friday is the day with most activity, with Friday 28th April the day with the highest number of transactions in 2017.

Figure 25: The number of transactions per day in 2017



Source: The Danish Gambling Authority's gambling control system.

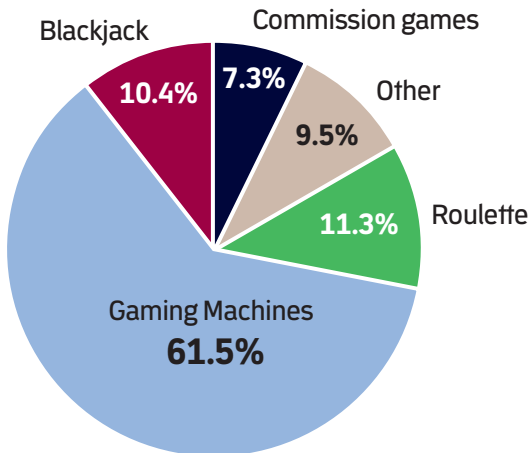
Figure 26: Number of stakes according to the day of the week (in percent) in 2017



Source: The Danish Gambling Authority's gambling control system

Gaming machines are the most popular type of game, accounting for 61.5 percent of GGR, followed by roulette (11.3 percent) and blackjack (10.4 percent). Commission games account for 7.3 percent of the market, covering games where gamblers play against each other, such as multi-player poker. Single-player poker, also known as video poker, falls under the “other” category, which accounts for the remaining 9.5 percent of the market.¹

Figure 27: Share of GGR according to game type



Source: The Danish Taxation Authority and the Danish Gambling Authority's gambling control system.

¹ This category has since June 2017 accounted for a smaller share of GGR, due to improved categorisation of game types by gambling operators. This has had an effect on the average for the year.

Gambling bonuses

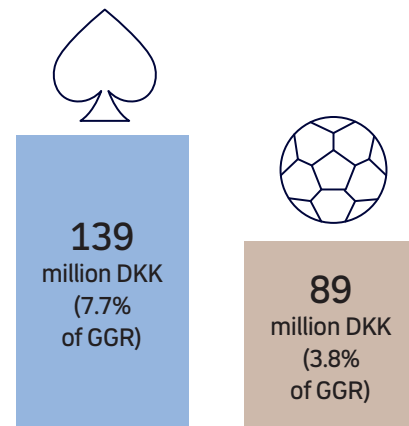
Gambling operators use bonuses to both attract new customers (welcome bonuses) and retain existing customers (loyalty bonuses). In recent years, gambling bonuses have been a discussion point for the media in conjunction with the marketing of gambling, not least with regard to transparency for consumers of the applicable conditions to take up these offers.

As an element of our supervisory activities, licensees are required to send in financial statements with various key figures, including distribution of gambling bonuses. Based upon data from these statements from 2016¹, we estimate that realised bonuses stand at approximately for 7.7 percent of GGR for online casinos, and 3.8 percent of GGR for betting. These figures are based upon reports from 21 online casino licensees and 12 betting licensees.

Realised bonuses for the Danish market are comparable with that seen in the other markets where data is available. For example, bonuses in Spain were in the region of 15.1 percent for the entire online market in 2017, whereas they stood at 10.3 percent for online betting (including horse racing) in France and 22.7 percent for online poker². As our statistics do not take account for online versus land-based betting, this would suggest that bonuses in Denmark at a similar level to France and Spain for betting, though lower for online casinos.

Not all allocated bonuses are realised. For online casinos, 37.1 percent of offered bonuses were realised, while for betting, the figure is 25.8 percent. The Danish Gambling Authority conducts ongoing supervision of licensees marketing, including bonuses, to ensure that the terms and conditions for bonuses are clear for consumers (see more on page 28).

Figure 28: Realised bonuses in 2016



Source: Financial statements submitted by licensees to the Danish Gambling Authority.

¹ As figures for bonuses are based upon licensees financial statement, at this point in time, data is available for 2016. Figures are based upon the assumption that licensees have reported figures according to the same method.

² Source: H2 Gambling Capital.

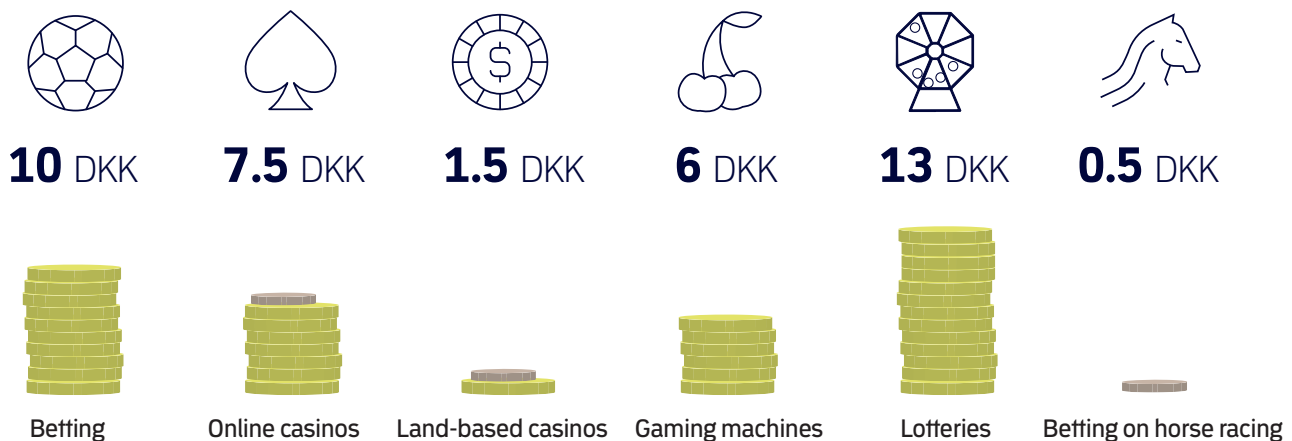
Average gambling consumption in Denmark

Danes spend an average of 38.50 DKK on gambling products per week. If a Dane gambles online, there is a nearly fifty-fifty chance that they are male and under 35.

Facts on Danes gambling consumption:

- After balancing stakes and prizes, Danes spend an average of 13 DKK per person on lotteries each week. Nearly 10 DKK goes to lotto games operated by Danske Lotteri Spil A/S.
- In an average week, Danes spend just over 6 DKK on gaming machines, with nearly 5 DKK spent in gaming arcades and the remainder in restaurants with an alcohol licence.
- Danes spend 4.50 DKK in online casinos on gaming machines, plus a further 3 DKK on the other games on offer, including just over 0.50 DKK on multi-player casino games such as poker.
- In land-based casinos, the average Dane spends 1.50 DKK a week on roulette wheels, blackjack tables, gaming machines, and all other games in the seven Danish casinos.
- The average Dane wagered 89.50 DKK a week in 2017 and took back just under 80 DKK in winnings; a net spend of around 9.50 DKK. While we cannot say with certainty which events draw the most bets, we know that 16.50 DKK was placed on a typical Saturday and around 9.50 DKK on Mondays.

Figure 30: Average gambling consumption per week (measured according to GGR)



Source: The Danish Taxation Authority, the Danish Gambling Authority, Statistics Denmark.

Demographic profile

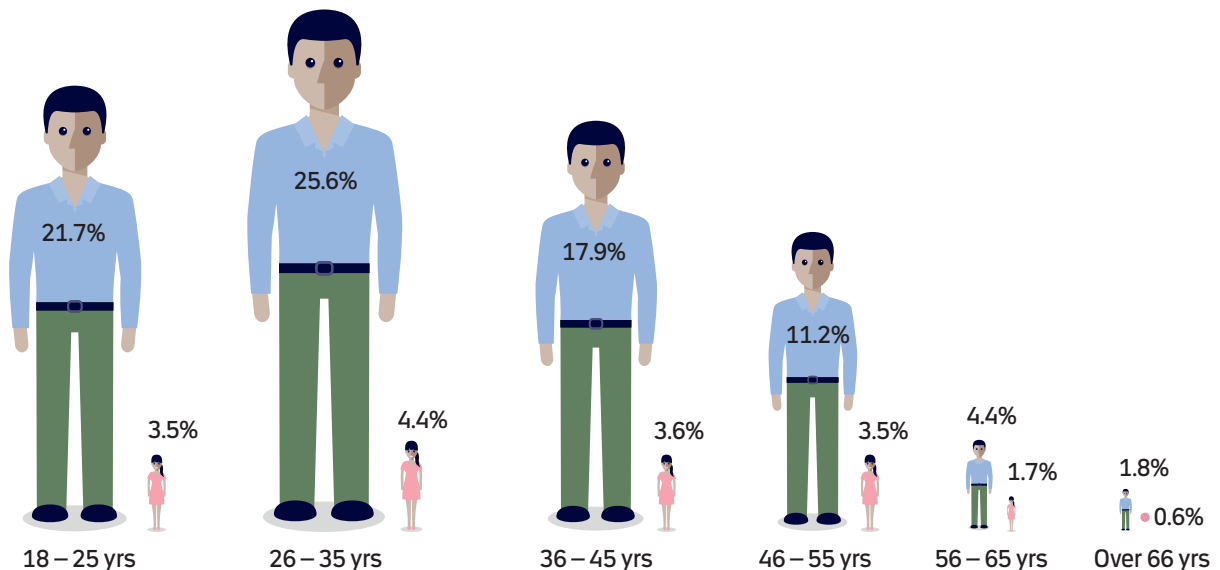
While the Danish Gambling Authority does not register statistics on individual consumption, we are able to draw some conclusions from the data available, including annual statements submitted by online operators as part of our supervisory activities.¹

Nearly half of all gambling account registrations were made by men under 35, while over 55 percent of all registrations were made by individuals under 35, regardless of gender.

Women are the registered users of 17.3 percent of all gaming accounts, meaning that for each woman that has registered an account, there are 5 men. In fact, there is a greater likelihood of a gambling account belonging to a man between the ages of 36 and 45, than for it to belong to a woman regardless of age.

The proportion of women that gamble increases through each cohort, but it is noteworthy that under 9 percent of all gambling registrations were made by individuals over 56.

Figure 31: Distribution of women and men according to gambling account registrations



Source: Financial statements submitted by licensees to the Danish Gambling Authority.

¹ These statements were submitted in 2017 and relate to market activities in 2016. These figures are based upon the total number of registrations with online operators. As the Danish Gambling Authority does not record details of individual gamblers, it is not possible to say how many individuals have an online gambling account, nor how many have accounts with different operators.

Denmark compared to other countries

Gambling consumption in Denmark is line with European averages. In absolute terms, measured according to the size of the legal gambling market (for Denmark, gambling with operators that hold a Danish licence), we gamble less per person than in Norway or Finland, though more than in Sweden. Our gambling consumption is above European averages for betting and gaming,¹ though below average for lotteries.

Comparing gambling market statistics on an international basis is complicated. It is important to take account of the differing population sizes in each market, as well as the economic climate. We also need to consider whether we are actually considering like for like, and that one form of gambling in one market is the same as it is in another. This also includes whether statistics are collected according to the same methodology. Furthermore, we also need to take account of whether statistics cover the legal market or also include statistics for “grey” or “black” market operators.

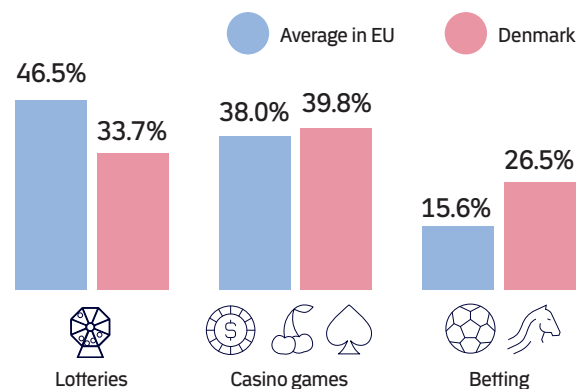
When compared to a representative selection of comparable European nations,² gambling consumption per person in Denmark lies just above the European average at 2,013 DKK in GGR per adult, versus an average of 1,734 DKK in Europe. When taking account of PPP,³ i.e. what products 1 DKK can buy in each country, the difference is less, with an average annual GGR per person of 1,623 per adult in Denmark and 1,497 DKK in the rest of Europe.

Our gambling preferences compared

As a share of our total gambling spend, Danes spend more on betting and casino games than our European counterparts, but less on lotteries.

Measured according to GGR per capita, Danes are third for both betting and casino games, and thirteenth for lotteries.

Figure: 32: Market share for gambling sectors in 2017 – Denmark and average in EU15+3



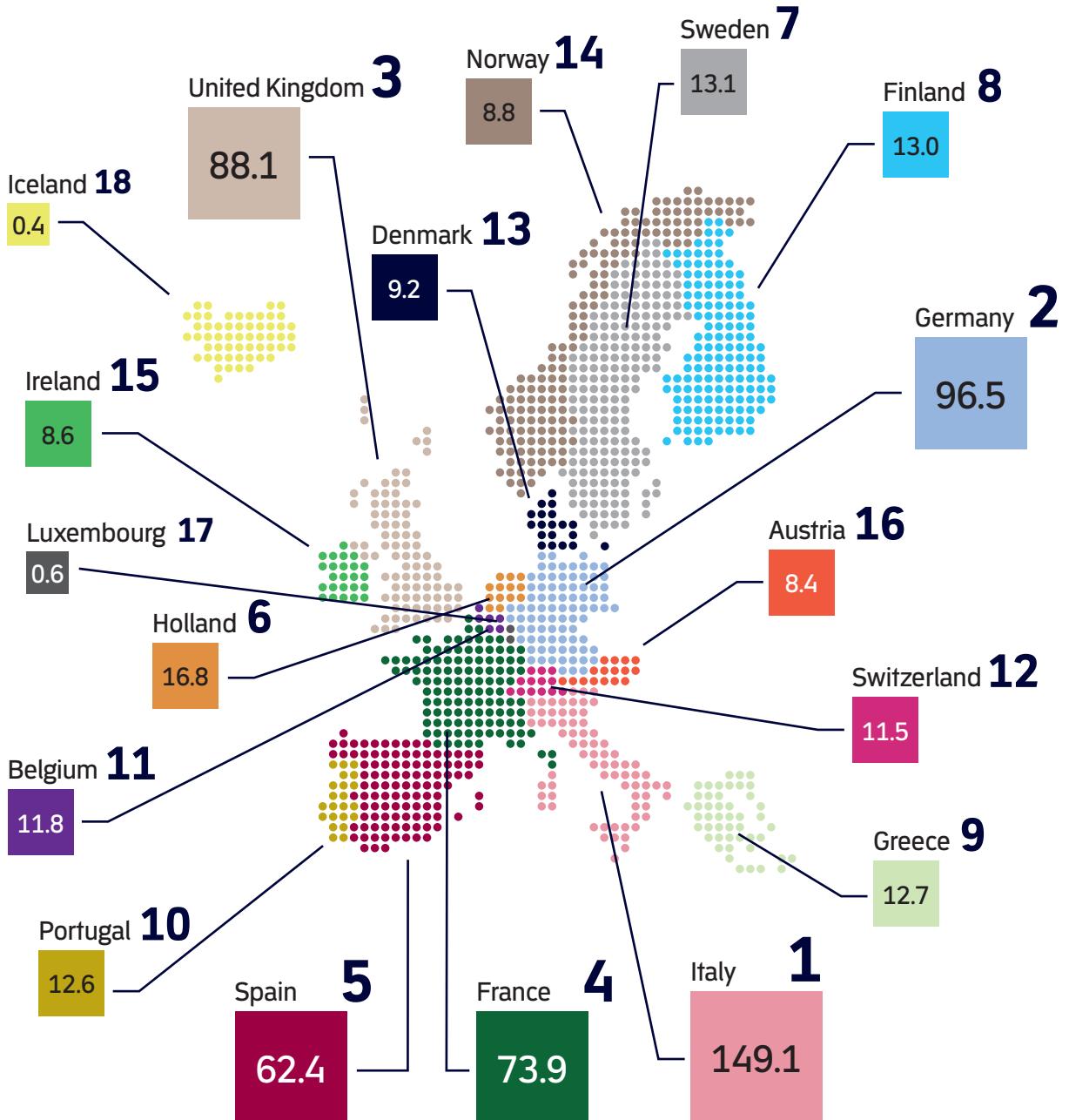
Source: H2 Gambling Capital, Eurostat, the Danish Gambling Authority.

¹ Gaming includes online casinos, gaming machines, and land-based casinos.

² In this instance, the European Union 15 (EU15 – the EU countries prior to expansion into Eastern Europe in 2004) is used as a comparator, together with Iceland, Norway, and Switzerland.

³ Corrected through applying the European Union PPS standard to figures for GGR. Most figures for GGR in 2017 are based upon recently updated estimates from H2 Gambling Capital.

Figure 33: GGR in billion DKK for 2017



Source: H2 Gambling Capital and the Danish Gambling Authority.

Gambling sectors

Charity lotteries

Prior to the liberalisation of online bingo, the only lotteries that could be held by others than the “monopoly companies” (Danske Lotteri Spil A/S, Det Danske Klasselotteri A/S, Varelotteriet and Landbrugslotteriet), were lotteries for charitable causes. Charity lotteries cover a wide range of lottery types; from bingo and tombola, to lotto draws and scratchcards.

Permission to hold a charity lottery can only be granted to associations, institutions, and committees of three or more individuals. Provided sales do not exceed DKK 20,000, it is only necessary to report that a lottery has taken place. However, lotteries where sales are expected to exceed DKK 20,000 require a licence from the Danish Gambling Authority. Operators of charity lotteries must submit the finalised lottery accounts to the Danish Gambling Authority within six months of the lottery’s completion. This enables us to ensure lottery operators comply with the rule that at least 35% of value of total sales is earmarked for charitable purposes, and help assess whether the lottery was held in a satisfactory manner.



DID YOU KNOW...?

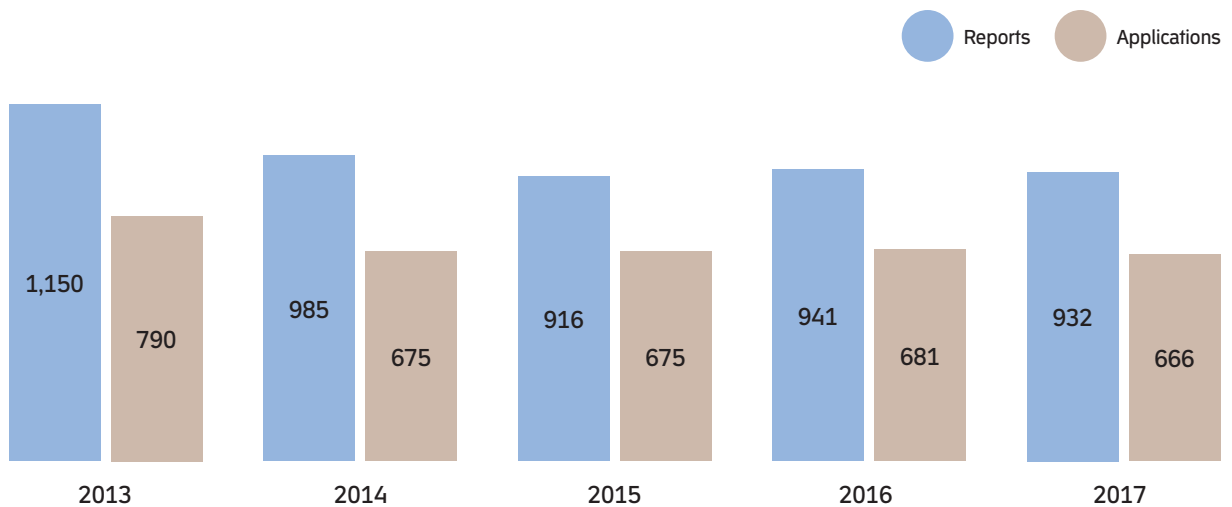
The Danish Gambling Authority receives near real-time information on ongoing gambling activities, 365 days a year.

In 2017 alone, Danske Lotteri Spil A/S uploaded around 24 million files, corresponding to about 2,500 files for every hour of the year. These files contain information about stakes, purchase times, and details of the specific gambling activity in question for each and every transaction. Analysing this information is the basis for the Danish Gambling Authority’s data-driven supervision.

Number of reports and applications in 2017

In 2017, the Danish Gambling Authority issued 666 permits to hold charity lotteries and received 932 reports from associations that had held a lottery where a licence was not necessary. As illustrated in the figure, 2017 is in line with the number of cases in recent years.

Figure 34: Number of reports and applications in 2017 for charity lotteries



Change in practice favours lottery providers

New procedures took effect at the beginning of 2017, making it easier for operators of charity lotteries to hold a new lottery, even though accounts for a previous lottery had not yet been finalised. The Danish Gambling Authority changed its practice, opening up for the possibility for lottery operators to be permitted to hold a new lottery whilst up to two lottery accounts remained outstanding. The new practice is subject to the Danish Gambling Authority being satisfied that the lottery operator is able to manage simultaneous multiple lotteries in a responsible manner. The change in practice came after an amendment to the law in 2016, whereby charity lottery operators were no longer able to hold lotteries in the class lottery category that involve consecutive draws.

Lotteries

With the exception of charity lotteries, permission to operate lotteries is restricted to four companies: Danske Lotteri Spil A/S, Klasselotteriet A/S, Landbrugslotteriet, and Almindeligt Dansk Vare and Industrilotteri (Varelotteriet).

The Danish Gambling Authority oversees Danske Lotteri Spil A/S and Klasselotteriet A/S, whereas the Ministry of Justice carries out oversight of the Landbrugslotteriet and Varelotteriet.

Danske Lotteri Spil A/S

Danske Lotteri Spil A/S is a subsidiary of Danske Spil A/S, alongside a range of other companies, including Danske Licens Spil A/S. In 2017, Danske Lotteri Spil A/S held a monopoly on operating a variety of lotteries such as lotto, scratch cards, and online bingo, as well as non-trackside pool betting on horse and dog racing. However, following the liberalisation of online bingo and betting on horse and dog racing, Danske Lotteri Spil A/S is no longer permitted to offer these games. These games may though be offered by Danske Lotteri Spil A/S's sister company, Danske Licens Spil A/S. Nonetheless, Danske Lotteri Spil retains a monopoly on provision of the remaining aforementioned games.

New platform ensures reliable data delivery

The Danish Gambling Authority's supervision of Danske Lotteri Spil A/S is partly based upon analysis of the data provided to our gambling control system.

In 2016, The Danish Gambling Authority and Danske Lotteri Spil A/S began a collaboration to migrate Danske Lotteri Spil A/S's data reporting to a new platform. The new platform enhances reliability and the security of data delivery, allowing both parties to focus their resources on core tasks. The new platform went online in spring 2017.

Under the Gambling Act, Danske Lotteri Spil A/S products may only be sold in places with a manager approved by the Danish Gambling Authority.

Det Danske Klasselotteri A/S

Det Danske Klasselotteri A/S is authorised to offer class lotteries, with draws once a month. The Danish Gambling Authority's supervision of this lottery includes attending and validating the monthly draws. In addition, the Danish Gambling Authority conducts a risk-based audit of gambling data, conducts trials of lottery draws, and performs random checks on major prizes.

Land-based casinos

The Danish Gambling Authority exercises regulatory oversight of land-based casinos in Denmark. Today, seven land-based casinos have authorisation to operate in Denmark. The casinos are located in Copenhagen, Elsinore, Odense, Vejle, Aarhus, Aalborg, and on board the Oslo ferry DFDS Pearl Seaways.

Applications for a Danish casino licence

The Danish Gambling Authority is responsible for authorising the establishment and operation of land-based casinos in Denmark. A licence is granted for up to 10 years at a time, with the option of renewal on expiry. In practice, licences are issued following an application round initiated by the Danish Gambling Authority. Historically, there have been seven land-based casinos in Denmark, but the government decided in 2016 that the Danish Gambling Authority could offer three additional licences. Unlike existing licences, the three new licences are not restricted to certain geographic locations, and can be issued to casinos on land or on Danish ferries with regular routes.

Two new land-based casino licences

At the end of 2016, the Danish Gambling Authority ran a tender for the three new licences, together with licences for one land-based casino in North Zealand and one in Copenhagen. It was the first time since the Danish Gambling Authority took over responsibility for the casino industry from the Ministry of Justice in 2011 that licences for land-based casinos were put out to tender.

The Danish Gambling Authority received five applications. Following evaluation of the submitted applications, the licences for North Zealand and Copenhagen held by Casino Marienlyst in Elsinore and Casino Copenhagen respectively were renewed. The other applications were considered insufficient in their scope and thus rejected.

New application round in 2018

In summer 2018, the Danish Gambling Authority will launch a new application round. Applications will be considered again for the three licences not issued in 2017, all of which are free from any restrictions relating to geographic location. Applications will also be considered for licences to operate a land-based casino in Vejle, Aarhus, or Odense, with the existing casino licences for these cities due to expire on 1 January 2020.

Self-exclusion from casinos

In 2017, The Danish Gambling Authority's register of voluntarily self-excluded players (RO-FUS) was extended so that players may now exclude themselves from access to land-based casinos in the same way as they do from online gambling. It is still possible for individuals to exclude themselves either temporarily or permanently from a land-based casino by using the casino's own self-exclusion register.



Public poker tournaments

Individuals, companies and associations may apply to the Danish Gambling Authority for permission to hold public poker tournaments for limited stakes. The licence is valid for a single specified location and for up to two years at a time.

A licensee may hold public poker tournaments in more than one location, but must obtain a separate licence for each venue. In 2017, the Danish Gambling Authority encountered several situations where persons other than licensees wanted to perform the role of tournament manager at the licensed venue. However, it is a requirement that at least one of the licensees is present at the tournament as a tournament manager. However, licensees may receive external assistance to run a tournament.

In certain circumstances, the Danish Gambling Authority may allow a tournament pool to exceed DKK 20,000 (DKK 25,000 when sponsorship prizes are awarded). For example, this could be in connection with a publicly funded street party, an anniversary, or a major championship. Before granting dispensation, we consider factors such as whether the applicant has regularly held tournaments over at the tournament venue. A maximum of four such tournaments per licence may be held a year.

Licences and supervision

Before issuing a licence, we assess whether the venue is suitable for holding public poker tournaments.

Our assessment includes a consultation with the local police district on law and order issues, as well as safety.

At the end of 2017, there were 26 valid licences for public poker tournaments.

Table 4: Licences issued from 2012-2017

	2012	2013	2014	2015	2016	2017
Licences issued	53	31	31	14	25	8

As part of our supervisory activities in 2017, we conducted five inspections and one service visit of poker venues. In 2017, our inspections focused primarily on tournaments with dispensations; nine such tournaments were held in 2017.



Gaming machines

The Danish Gambling Authority's work with prize-giving gaming machines comprises many elements. We receive and process applications for licences and monitor individual licensees' compliance with license terms. Together with accredited testing companies, we also regularly inspect gaming machines to ensure they continue to comply with the current technical requirements. This helps provide players a fair and transparent gambling market. At the same time, we also have an eye on the future, and work together with the industry actively to modernise the whole environment surrounding prize-giving gaming machines.

Gaming machines may be placed in gambling arcades, while restaurants with an alcohol licence may host a maximum of three gaming machines. We issue licences for gaming machines, and subsequently supervise their operation.

In the course of 2017, we handled 1274 cases on the hosting and operation of gaming machines (applications, additional machines, annulment). In addition, we processed 618 applications for approval of arcade managers.

Table 5: Number of licences and managers

	2014	2015	2016	2017
Licences	1,600	1,600	1,700	1,274
Managers	530	445	475	618



DID YOU KNOW...

The Danish Gambling Authority digitalised the majority of its forms in 2017. From now on, for those with a Danish CVR or SE number, our forms shall be completed and submitted online. Submission of a form requires authorisation through a digital signature.

For those without a Danish CVR or SE number, it is still possible to download forms in PDF format from our homepage. The Danish Gambling Authority's new digital forms are available from www.indberet.virk.dk.





On 31st December 2017, there were approximately 25,600 gaming machines in operation in Denmark.

There were 2,690 locations with gaming machines, of which 1,135 are gambling arcades and 1,555 are premises with an alcohol licence. There were 345 licence holders with permission to operate gaming machines.

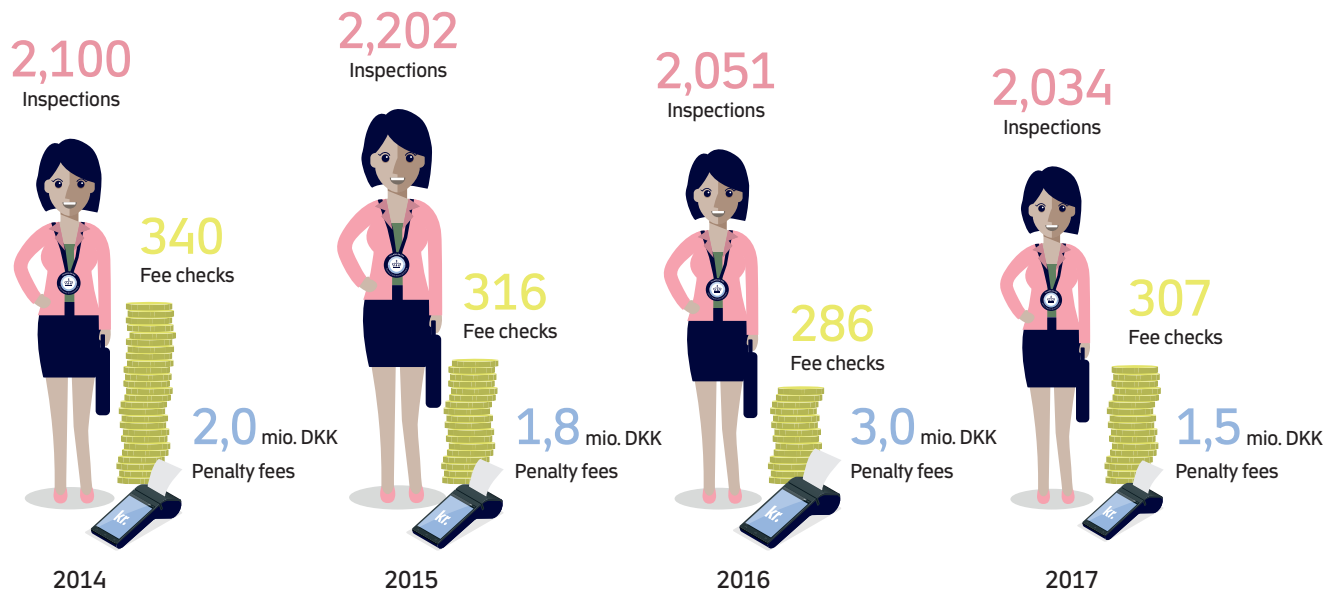
Table 6: Gambling premises and licensees

	2014	2015	2016	2017
Gambling premises	2,960	2,800	2,750	2,690
Arcades	1,210	1,175	1,145	1,135
Restaurants / bars	1,750	1,625	1,605	1,555
Licensees	400	380	360	345
Location permits	400	430	390	408

Supervision of gaming machines

Our supervision of gaming machines consists of both service visits and inspections of the premises, as well as administrative control of licence fee payments. In 2017, we conducted 97 service visits, 2,034 inspections and 307 licence fee checks.

Figur 35: Inspections and fee checks



Criminal proceedings

In 2017, we reported 75 cases to the police after discovery of violations of the gambling legislation.

Cases mostly concerned young people under 18, illegal gambling, and unsealed gaming machines.

Figure 36: Cases reported



Industry cooperation

We strive for a good and constructive dialogue with the industry. We value our ongoing contact with Dansk Automat BrancheForening (the Danish gaming machine industry association), the accredited test companies, licensees, and other stakeholders in the industry.

Police cooperation

We enjoy a constructive cooperation with the police. This cooperation mainly involves taking action against illegal gambling premises. In 2017, there were a number of cases where we participated in raids, assisting the police in seizure of illegal gaming machines.

Betting and online casinos

Since 2012, the Danish Gambling Authority has issued licences and overseen the provision of betting and online casinos.

We continue to experience great interest from gambling providers who want to offer online gambling in Denmark. The number of new applications was significantly higher in 2017 than in 2016, but at a similar level to 2015. In addition, a number of existing licence holders applied to renew their licences in 2017.

In 2017, one licence holder chose to leave the Danish market.

Table 7: Licences for betting and online casinos

2017	Online casinos	Betting
Number of applications for 5-year licences, including upgrades from 1-year to 5-year licences	7	5
Number of applications to renew 5-year licences	4	1
Expired licences	0	1
Number of active licences at end of 2017	27	15

New gambling systems

In 2017, a number of licensees changed their gambling systems. Since these were systems the Danish Gambling Authority was unfamiliar with, our administrative processing of these new systems became similar to that required for a new application. This is due to the fact that licensees must carry out the same tests and certifications for a new gambling system before we can approve it.

There were also an increase in the number of cases in 2017 where licensees changed or updated their processes for reporting gambling data, and/or replaced their servers. This corresponded with a significantly higher use of our resources as we have to ensure that connections to these new servers are both adequate and secure. In addition, we run quality assurance tests to ensure high data quality is maintained.

Licensed online casino operators by size – end of year 2017

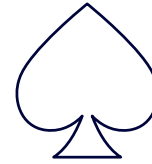


Table 8: Licensees for online casino

Number of licensees	GGR	Fee
7	Under DKK 5 mio	DKK 53,500
1	DKK 5 mio to DKK 10 mio	DKK 133,800
8	DKK 10 mio to DKK 25 mio	DKK 240,800
2	DKK 25 mio to DKK 50 mio	DKK 481,500
5	DKK 50 mio to DKK 100 mio	DKK 856,000
4	DKK 100 mio to DKK 200 mio	DKK 1,605,000
0	DKK 100 mio to DKK 500 mio	DKK 2,675,000
1	DKK 500 mio or more	DKK 4,815,000



Betting is a gambling activity where participants guess the outcome of a future event, and where this outcome is not determined solely by mathematical probability. Betting can also include outcomes other than sporting events, such as who will win the presidential election in the United States.

Online casinos include, for example, roulette, blackjack, baccarat, punto banco, poker and gaming machines. In addition to traditional casino games, the term also includes the so-called combination games which are determined by a combination of chance and skill. This does not include games that are either decided solely by chance, such as lotteries, or by skill.

Licensed betting operators by size – end of year 2017



Table 9: Licensees for betting operators

Number of licensees	GGR	Fee
2	Under DKK 5 mio	DKK 53,500
3	DKK 5 mio to DKK 10 mio	DKK 133,800
3	DKK 10 mio to DKK 25 mio	DKK 240,800
3	DKK 25 mio to DKK 50 mio	DKK 481,500
1	DKK 50 mio to DKK 100 mio	DKK 856,000
2	DKK 100 mio to DKK 200 mio	DKK 1,605,000
0	DKK 100 mio to DKK 500 mio	DKK 2,675,000
2	DKK 500 mio or more	DKK 4,815,000

Income-restricted and turnover-restricted licences

There were 11 restricted-income licences in 2017 – the same as in 2016. Seven licences were for online casino, two of which were for traditional casino games, and the remainder for the provision of text message guessing competitions. The remaining four licences were for provision of betting, including betting pools and manager games.

As of yet, no gambling providers have chosen to apply for the turnover-restricted licence that was introduced in 2016.

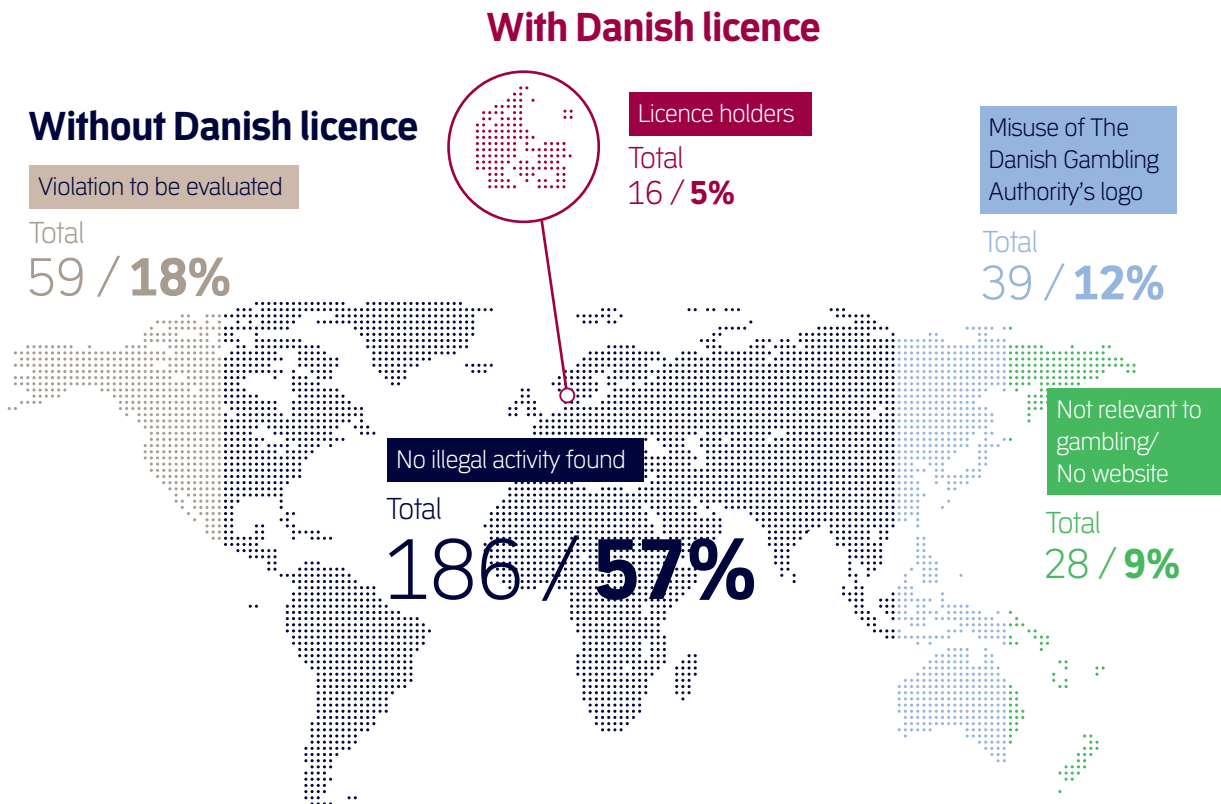
Risk-based supervision

Over the course of 2017, the Danish Gambling Authority has focused on optimising our procedures for conducting risk assessments, and also the basis for selecting supervisory projects. This applies to all gambling activities. One of the main reasons is to ensure we deploy uniform methods and standards in our risk assessments.

Monitoring of illegal online gambling activity

In 2017, as we have done in previous years, the Danish Gambling Authority collaborated with the Danish Tax's Authority anti-fraud unit to conduct searches for potentially illegal gambling websites. The searches are structured and systematic, and we consider them our most important tool for monitoring illegal online gambling. The results of the searches in 2017 were as follows:

Figure 37: Illegal online gambling activity



The number of suspected violations requiring further evaluation fell between 2016 and 2017, indicating the illegal market in Denmark is still very small. These websites were a mixture of sites where potentially illegal gambling was either offered or promoted.

In 2016, we saw an increasing trend in relation to misuse of the Danish Gambling Authority's labelling scheme, a trend that unfortunately continued into 2017. This is an area the Danish Gambling Authority pays great attention to, as abuse of our logo can mislead gamblers. Misuse of our logo is seen, for example, on websites that review or promote online casinos.

Table 10: Overview of the number of reports and requests for action in the previous five years:

	Number of websites reviewed	Reported websites	Number of requests for action	Blocked websites
2013	7	73	23	0
2014	280	122	12	5
2015	0	74	40	0
2016	246	29	21	0
2017	328	25	31	0

Thirteen websites remained blocked, while in 2017, the Danish Gambling Authority initiated proceedings to block a further 24, hereof six websites, which provided skin betting. The court hearing in this case was scheduled for January 2018.

Many enquiries about loot boxes

In the autumn of 2017, the Danish Gambling Authority received an increasing number of enquiries from worried citizens and parents about the so-called loot boxes. A loot box is a virtual box of random content that can be purchased in various computer games popular with children. Loot boxes are closely related to skin betting, which were also the subject of attention in 2016 and 2017. In some cases, the enquiries provided the Danish Gambling Authority with new and specific information we could use in our role as regulator. This information is extremely valuable for our work.

In connection with the enquiries about loot boxes, the Danish Gambling Authority issued a statement clarifying when a game falls under the Gambling Act. Although loot boxes are not directly regulated under the Act, The Danish Gambling Authority is very aware of similar activities. Director Birgitte Sand said about the situation:

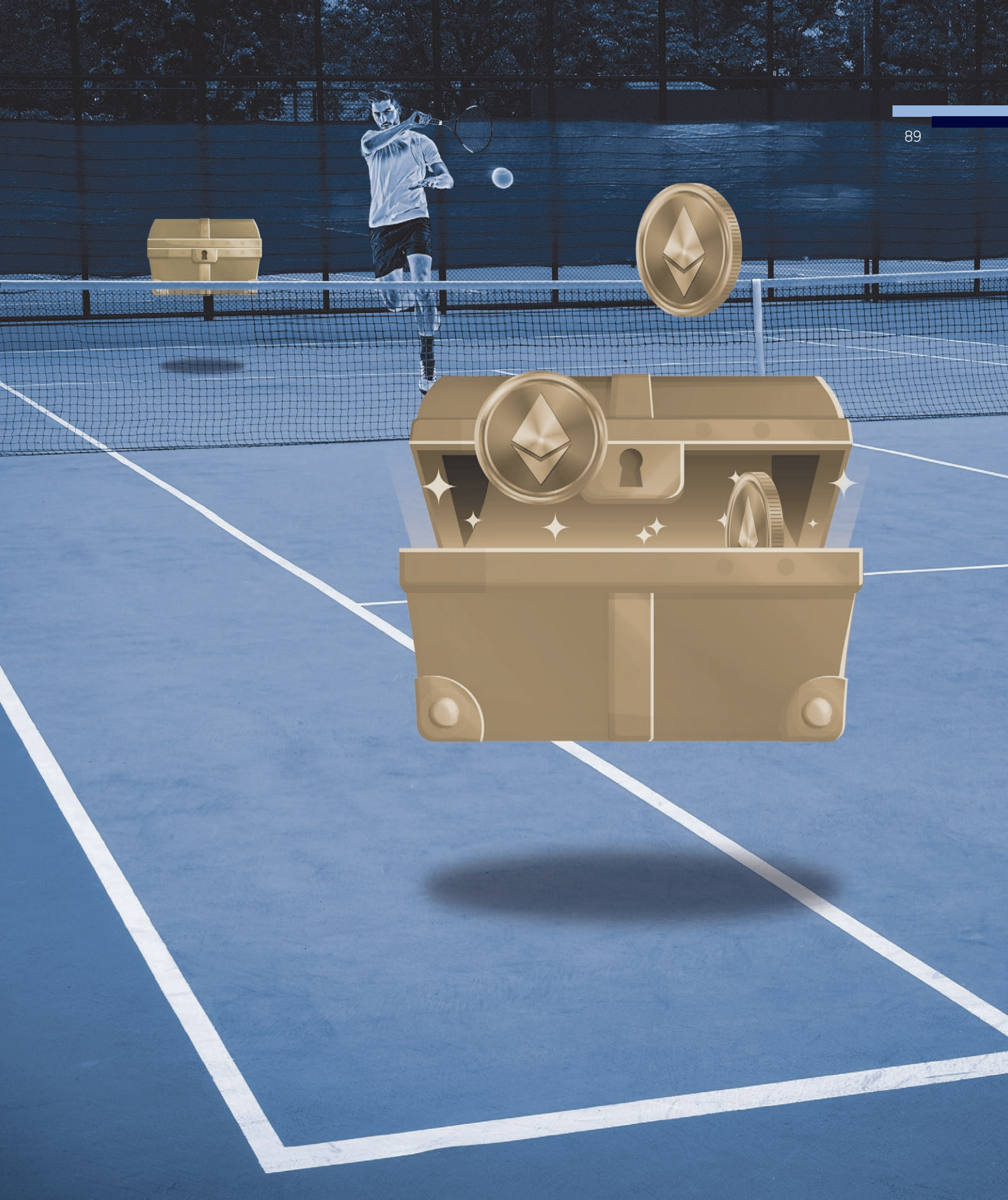
“ We are following developments in the field; especially because loot boxes and the like are typically found in games that are mostly aimed at children, and we have a special obligation to protect children and young people. However, at the same time, I would like to emphasise the importance of parents looking into what games their children play and talking about healthy behaviour when playing these games. In this way, you can hopefully avoid the unfortunate situations where young people spend money they should not have spent.”



DID YOU KNOW...?

The Danish gambling authority has a voluntary labelling scheme to show that the gambling provider has been authorised by the Danish Gambling Authority, and that the Danish Gambling Authority supervises the gambling operator.

The main purpose of the labelling scheme is to create a safe and secure gambling market, helping gamblers to determine whether providers are allowed to offer gambling activities on the Danish market.





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