



Online Account-Based Gambling— THE SAFEST OPTION

By Antony Gevisser

Despite effective regulation and effective systems to limit harm, the online gambling industry continues to attract negative coverage.

By providing factually correct information regarding the protective features of online account-based gambling, this article intends to challenge negative misconceptions around the risks of online gambling and to show that sophisticated, modern and well-regulated online gambling operators have both the determination and technical tools to protect players and reduce crime.

Despite increasing global regulation, the online gambling industry continues to attract negative publicity.

Whilst gambling, in general, has and always will generate polarising debate based primarily on questions of morality, the most recent criticisms of the industry focus on online gambling (as opposed to gambling in general).

The sources of these negative as-

persions tend to emanate from one of the following groups:

- Journalists;
- Customers; and
- Other interest groups.

In the case of **journalists**, who are able to publish articles across multiple channels, the articles invariably accuse online gambling operators of:

Increasing the risk of problem

gambling and personal insolvency;

Encouraging, and allowing, underage participation (with the added related assertion that marketing campaigns irresponsibly target minors);

Creating a fertile ground for criminal activities such as money laundering and tax evasion;

Customers fall into two categories: existing and potential.

Existing customer's complaints commonly relate to the withholding of funds, blocked accounts, unfair terms, protection of personal data, and self-exclusion. Such complaints may or may not be justified but are, in the context of this article, only relevant when such issues are directly published by a disgruntled player, or when journalists are engaged by such players.

The potential players (excluding people who would choose, for personal reasons, not to engage in gambling at all), tend to be those who, due to age or experience, are mistrustful of anything online, especially where this involves providing payment details and other confidential information. Some of these customers may also be inherently mistrustful of the electronic, often algorithmic, methods which calculate the outcomes.

“Other interest groups” is a reference to those whose commercial or political interests would not best be served by a modern online gambling regime. Specifically this refers to the following interest groups:

Regulators - This refers to any national or state governmental department with oversight, administrative control, and enforcement powers relating to online gambling and related tax. Whilst there is an increasing list of regulators who have, for protective or fiscal reasons, adopted a modern and fair online gambling licensing regime, there is still a large number who have not. Of these regulators, some are out of touch and buy into the narrative that online gambling is incapable of effective controls to counter or minimise under-age gambling, spiralling debt, money laundering and unfair outcomes. Others who fall within this category are regulators who are politically motivated or influenced. Here there may be political and related economic reasons for this stance, for example, the protection of local land-based gambling operators or the support of a governmental policy not to introduce an online gambling licensing regime.

Political Parties - Political parties in power, or attempting to gain power, often elect not to risk losing sections of the electorate which may be opposed, in principal, to gambling. Outside

of this moral stance, political parties are sometimes funded or otherwise incentivised by land-based gambling operators unwilling to share their slice of the industry with online operators.

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regurgitating the usual narrative that, in essence, online gambling is unsafe, murky and insufficiently regulated.

The reality is in stark contrast to this unflattering and factually incorrect narrative.

The systems which power regulated online gambling operators are designed, developed, and applied in a way that maximises the very protections that critics accuse the industry of lacking. Certainly, there is a compelling argument that online account-based gambling is a far safer method of gambling than any cash based gambling offerings.

Finally, before setting out how account-based gambling achieves this, it is important to note that best practice account based gambling is only effective if it is utilised in the context of a properly regulated online gambling regime with effective enforcement measures.

This article does not seek to criticise anyone who draws attention to operators who deliberately, or even negligently, fail to adhere to the rules, polices and specifications which fair and

Land-based gambling operators – It is not uncommon for land-based operators and their lobbyists, often through multi-media press releases, to proffer a negative image of online gambling. The commercial rationale for this is clear – online gambling operators are viewed as a threat to land-based operators.

What is clear is that, regardless of the specific reasons or motivations, there are many parties in whose interest it is to paint online gambling operators in a negative light, and do so by



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reasonable online gambling regulators demand, or for “black market” online operators providing unlicensed products. Reference therefore to “Account-Based” in this article refers to regulated online account based gambling and its associated protections.

For the purposes, of this article “Account-Based Gambling” therefore refers to the application and use by customers, regulators and operators, of an online account in a fair, well-regulated online licensing regime.

The Online Account

Central to the regulation, oversight, administration, monitoring and operation of online gambling is the online account. The online account is set up by a customer on registration for all licensed products, usually Bingo, Sports, Poker and Casino.

Account-Based vs Cash-Based Gambling

Account-Based Gambling places the customer - not the product - at the heart of the transaction. This means that the customer, in order to open and fund an account, must enter his/her age and other identity details. These details are then verified by a third party to ensure the customer is legally entitled to gamble.

As all gambling transactions are recorded, the operator can apply certain “triggers” to a customer’s activity. Once a trigger is activated, the operator is able to directly communicate with the player, especially where such triggers indicate a risk of abnormal or harmful gambling activity or patterns, for example chasing losses, longer than usual playing sessions or unusual amounts wagered.

Using reliable open source investigations, operators can also investigate and confirm the customer’s source of wealth. This greatly minimises the potential for money laundering and confirms that the customer has adequate financial resources to wager certain amounts.

As no cash is accepted in the account-based gambling, any funds used for gam-

bling are processed via the well-regulated financial services industry, adding a further layer of regulatory control and oversight.

This “Know Your Customer” approach, incorporating the monitoring of players’ behaviour, is an effective tool to combat, *inter alia*, the harms caused by gambling addiction or problem gambling.

In contrast, cash-based betting is essentially anonymous, and this means that none of the information, requested and provided in an online account-based scenario, is required. It follows therefore that none of the protections of account-based gambling are available.

The Protections of Account-Based Gambling

■ **Age Verification** - Central to the controls which are applied in Account-Based Gambling are those relating to age verification. The legal age for online gambling will, of course, vary depending on requirements of the regulated jurisdictional regime.

In many cash-based gambling venues, the customer need only present some type of official identification, such as a passport or driver’s licence. Indeed, in some venues, these basic identification checks don’t occur at all. Such identification is normally accepted without any meaningful additional verification. Unregulated online operators may conduct additional diligence but, considering there is no real threat of enforcement, this is less likely to occur.

Account-Based Gambling initially requires that the customer enter sufficient details to establish his/her account. After this, and upon first deposit, back-office systems initiate almost instantaneous checks with reputable third party data providers, cross-referencing data in order to confirm the details provided by the customer.

This additional step will not only establish that the customers are who they say they are, but also confirms current residential addresses and minimum gambling age.

Where this additional layer of verification is unsuccessful, then the customer is, within a certain specified time, required to provide additional evidence of age, address and identity, and no monetary withdrawals are permitted until effective verification has occurred.

■ **Source of Wealth and Anti-Money Laundering** - Cash-based gambling operators, or unregulated online operators, are not likely, if at all, to apply tools that ensure that funds used by customers to gamble, are “clean.” Nor are these types of operators necessarily concerned about whether the customer has adequate funds to wager certain amounts in the first place.

Account based gambling involves the recording of a customer’s every transaction, which means that trigger alerts can be set up to highlight large or suspicious transactions. Where third party open source verification fails to provide sufficient additional information, the online operator can request further evidence relating to the source of wealth or funds. If a suspicion remains, then many respectable online gambling regulators provide for a process where Suspicious Activity Reports must be submitted to the relevant authorities, which often have the effect of freezing accounts until satisfactory evidence in this regard has been obtained. This system is intended to, and largely succeeds in, reducing the risk of money-laundering.

■ **Problem Gambling** - It is trite that, with gambling in general, come social issues caused by problem gambling. It follows that a responsible online gambling regulatory regime would place this at the heart of any licensee requirements. Here, Account-Based Gambling also applies effective protective tools, which allow operators to directly monitor player behaviour, amounts, frequency, types of deposits, time and duration of play, and the products played.

This information is then applied to sophisticated algorithms, which can then

trigger alerts, based on player activity. Alerts which show actual or potential harmful behavioural activity can then be followed up by direct communication with the player to draw his/her attention to the problem (or potential problem).

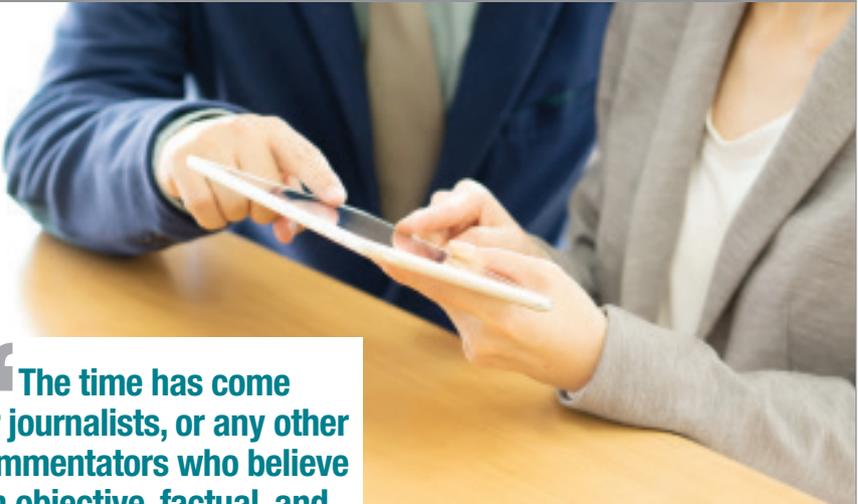
At first, this intervention is intended to assist the player to change his/her behaviour, and if, when monitored, the pattern does not change, the operator can then assist the customer in applying controls, providing additional gambling support such as self-assessment tools, or even referring him/her to gambling or addiction support agencies.

The self-assessment tools available to players may include: pop-up communications at set intervals or times; deposit or loss limits over periods of time; cool-off periods and self-exclusion (on sites or products).

Regarding self-exclusion, responsible regulators of online gambling are increasingly developing and applying national voluntary self-exclusion databases, and these are developed as an integrated tool of Account-Based Gambling.

Any gambling operators who do not make use of account based systems, whether because they are cash-based or unregulated are less likely, if at all, to be able to effectively deal with problem gambling.

■ **Gambling Integrity** – The issue of integrity is usually linked to sports betting, where individuals or syndicates are able to manipulate the outcome of an event by incentivising participants who can directly control outcomes. Account-Based Gambling is, through its technical access to patterns and events, specifically engineered to detect such criminal conduct, which allows online betting operators to report these acts to regulators or specifically constituted sports integrity bodies. Cash-based betting operators are far less able to do so, despite their obvious interest in ensuring the integrity of any sporting event.



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■ **An Analytical Tool for Regulators** –

As mentioned, there is a necessary, and symbiotic, link between Account-Based Gambling operators and responsible, fair online gambling regulators. Such regulators are patently aware of the protective benefits of Account-Based Gambling systems and have developed technical and other regulations, policies, and certification to ensure, not only that such systems are compliant, but that they are also effective. It goes further than this – such regulators require vast, easily accessible, and reliable, amount of information relating to the players who they are determined to protect. Account-Based Gambling is easily and accurately able to provide this. This also has the effect of creating transparency which is not a feature of cash-based gambling or unregulated online gambling.

Indeed, it's arguable, if not factually true, that online gambling operators have been pro-active in developing the protective technical tools and software to achieve the social aims of regulators.

■ **Data Protection and Operational Standards** -

Whilst this article has focussed on the benefits of Account-Based Gambling, mainly in the context of problem gambling, integrity and money laundering, it is important to highlight that the Account-Based Gambling tools are equally effective in ensuring that operators are complying with other relevant laws, or requirements, for example in the areas of ISO standards and data and consumer protection. In order to have confidence in the quality and fairness of the regulated gambling industry, technical standards that ensure the security, integrity and fairness of the gambling system have been developed and implemented.

Conclusion

To conclude - responsible, regulated, online gambling operators apply considerable technical resources to ensure that their customers are as protected as possible, and that criminal acts are minimised, much more so than cash-based or unregulated online operators do, or indeed are able to do.

The time has come for journalists, or any other commentators who believe in objective, factual, and fair reporting to highlight the dangers of cash-based or unregulated gambling and to draw attention to the protective, effective and socially responsible efforts of regulated online gambling operators. ♣