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memo

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Ladies and gentlemen,

I would like to start by thanking the Parliamentary All Party Betting & Gaming Group for the kind invitation to speak here today.

I am delighted to have been asked to give my vision, on behalf of the Netherlands Gaming Authority, on the future of regulating the gambling industry.

The title of this seminar is *Regulating the future*. We all know that the future belongs to the young. That is why in this short introduction, I would like to focus on the youth, and especially on the protection of youth against the risks of gambling addiction. A great challenge.

The Netherlands has a long track record of prevention of gambling addiction. For example: State owned Holland Casino has won awards in 2008, 2009, and 2011 at the London Gaming Awards for 'Socially Responsible Casino Operator of the Year'. This international award was given for their approach of combatting gambling addiction. It

has become a worldwide blueprint for other casino operators.

The Netherlands strives to remain leading in combatting gambling addiction. With regard to "*Regulating the future*", this means that we must find ways to deal with transitions taking place in the gambling market. In order to remain leading:

- We have to know the developments in the market;
- We have to understand the risks these developments entail;
- And we have to mitigate these risks.

Therefore, ladies and gentlemen, in order to combat gambling addiction, we first have to know what happens in the market. With regard to the way consumers play, I would like to mention three dominant transitions:

- The first transition is that a larger audience is introduced to gambling, as traditional social games transform into hybrids. Those hybrid games have elements of chance and elements of skill. A popular example is casino games. It is estimated that in the Netherlands 4.1 million

people play social games. That is about nine times the estimated amount of people that participate in online gambling. As gambling elements are added to social games, many of these people, however, get introduced to gambling. In some cases social games look, feel and sound like gambling. Internationally there is a strong convergence between operators of social casino's and online gambling. Four out of the top-10 operators of social casinos are owned by gambling companies.

- Secondly, we see that games are becoming increasingly all-encompassing. We see that traditional brick-and-mortar gambling transforms into virtual, augmented or blended reality gambling. Online gambling is increasingly using elements and techniques of popular video-games, making them more attractive to consumers.
- Thirdly, we see that gambling becomes more accessible. Internet made gambling accessible *anytime*; smart phones made gambling accessible *anywhere*.

We see that these technical developments especially affect our youth. The majority of the attendees in this room will recognize that we don't really know what our children or grandchildren are doing when they are on their smartphones with their friends or in their rooms. They are a new generation growing up with: social media, gaming and streaming. They are often more competent with the use of digital tools than their parents.

I would like to give you some figures to illustrate what is going on:

- 96% of Dutch pupils attending secondary school is active on social media; 86% percent on a daily basis.<sup>1</sup>
- Two-thirds of these pupils play video games and close to 30% does this on a daily basis.
- A quarter of Dutch twelve to sixteen year olds has played an online game of chance. 5% of this category played for money.
- 31% of the sixteen to seventeen year olds has played to play a game of chance.<sup>2</sup> These games

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<sup>1</sup> Trimbos (Netherlands Institute of Mental Health and Addiction)

<sup>2</sup> WODC (Research and Documentation Centre of the Ministry of Security and Justice)

of chance were predominantly slot machines and sports betting.

Just to compare, according to the UK Gambling Commission<sup>3</sup>:

- 16% of eleven to fifteen year olds gambled in the last seven days.
- And 63% of eleven to fifteen year olds have seen gambling advertising on social media.

Minors are spending a lot of time online, and are exposed to sophisticated and cunning forms of gambling promotion. Social media offers advertisers unbounded possibilities. Directly or indirectly, young people are increasingly introduced to flashy free video-games, commercials and social games, with – apparently - attractive starting bonuses. Social games are tempting them to download a free gaming app, which introduces them to gambling.

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<sup>3</sup> Gambling Commission: Young People and Gambling 2016. P.3  
<http://www.gamblingcommission.gov.uk/PDF/survey-data/Young-people-and-gambling-2016.pdf>

Ladies and gentlemen,

What will be the effect of these new developments?  
Which risks will these developments entail?

We see that a larger audience is introduced to gambling. We see that games are becoming more encompassing and accessible (*anytime, anyplace, anywhere*<sup>4</sup>). Therefore, we fear that these developments may increase the risk of gambling addiction, especially with regard to minors. Estimates indicate that half of young people in the Netherlands between the age of thirteen and twenty-four that play social casino games, eventually switch to online gambling.

How can we mitigate the risks that technical developments can have on gambling addiction and on our youth? I see at least two options:

The first option is electronics. Technology not only triggers the increased risk of gambling addiction, it can also be a key to mitigating this risk. Let me give you some examples.

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<sup>4</sup> Dit is de slogan van een Martini Rosso-reclame uit de '80's.

- The trend of electronic games, also raises possibilities to use data to monitor player behaviour. This way, operators can comprehend and anticipate their customer better and intervene if necessary. As in the UK, we demand operators in the Netherlands to know their customers. With the increasing risks *and* availability of data, we will need to set higher standards in know-your-customer requirements.
- Electronic games also increase possibilities to automate part of the interventions that operators need to conduct towards customers with problematic gambling behaviour. Think of interventions like pop-up messages and limits on frequency of play and the amount of money spent.
- Electronic games also increase possibilities to automate part of our work as a regulator. Therefore, we are developing a data vault, which will help us track online gambling operations. These analytics will give us performance data of individual licensees.



The draft online gambling bill in the Netherlands, which has been offered to Senate for approval, will enable us to pursue this electronical option.

However, ladies and gentlemen, technology will not be enough to regulate the future of gambling. It will not be the panacea. More is needed.

The second option concerns promotion. We need to limit the increasing exposure of gambling promotion to consumers. In the Netherlands, by law, the possibilities for gambling promotion are restricted. Promotion is not allowed to encourage people to gamble excessively; it should be focussed on channelling existing players to licensees. Moreover, gambling promotion should not be targeted to minors. Our focus in enforcing these restrictions has always been commercials and advertising. We might need to broaden our focus due to new developments, such as gambling elements in social games. Therefore, we are exploring the boundaries of our regulatory oversight.

Ladies and gentlemen,

Society demands us to safeguard a safe and fair gambling market.

Regulators and policymakers worldwide are facing many of the same challenges. Protecting and empowering consumers is more important than ever. We need to find new, innovative, clever, ways to keep the industry fair, to prevent addiction and to inform the consumer.

I have explained some of the things we know and some of the things we are working on. But there is much more that we do *not* know. Still there is one thing I am certain of: to make it possible for future consumers to gamble in a safe and fair setting, we *all* have to take our responsibility: players, licensed operators, regulators and other organizations involved.

In a future marked by blurring boundaries between jurisdictions, types of games, and gaming and gambling, gaming authorities need to work closely together, as if they were one. *Practical* exchange of

best practices and tips & tricks, pooling of human resources, knowledge, and competences in order to be able to overcome our national limits and shortcomings. In addition, regulators need to work closely together with their licensees.

Let me conclude by saying that cooperation – with the market and internationally – and the mentioned focus on the youth might provide guidance for effectively regulating the future.

Thank you for listening!