

Issues Surrounding the Legal Opening of Online Gambling in France

1

Jean-Michel Costes

(will be presented in French)

**Research Chair on Gambling,
Montreal
September 10, 2014**



Issues of
online
gambling in
France

Legal
framework

Gambling in
France

Online
gambling in
France

Conclusions

Outline



The legal framework :

- **in Europe**
- **in France**

Current situation surrounding gambling in France

Current situation surrounding online gambling in France

- **Data on regulation**
- **General population surveys**

Conclusions

EU: action plan

3

Action Plan 2012 on online gambling

- Current situation (Livre vert)

No common regulation but recommendations based on the following principles:

- **Compliance of national legislation with EU regulations**
- **Protection of consumers and citizens**
- **Prevention of money laundering and fraud**
- **Preservation of the integrity of sports**

EU: recommendations

4

Recommendations for the protection of gamblers (2014)

- Protection of minors (offers, publicity)
- Information on risks
- Responsible advertizement
- Procedure to open a personal account for players
- Game moderators
- Self-exclusion
- Phone help-lines
- Training of operators' employees

Issues of
online
gambling in
France

Legal
framework

Gambling in
France

Online
gambling in
France

Conclusions



France: legal framework

5

Law of 2010

- **The context of the law of 2010**
- **Regulatory bodies established by the law**
 - ✖ ARJEL
 - ✖ CCJ
 - ✖ ODJ

An illustration of the role of ARJEL: supply control

6

Sites monitored since the opening in June 2010 until March 1, 2013

Issues of
online
gambling in
France

Legal
framework

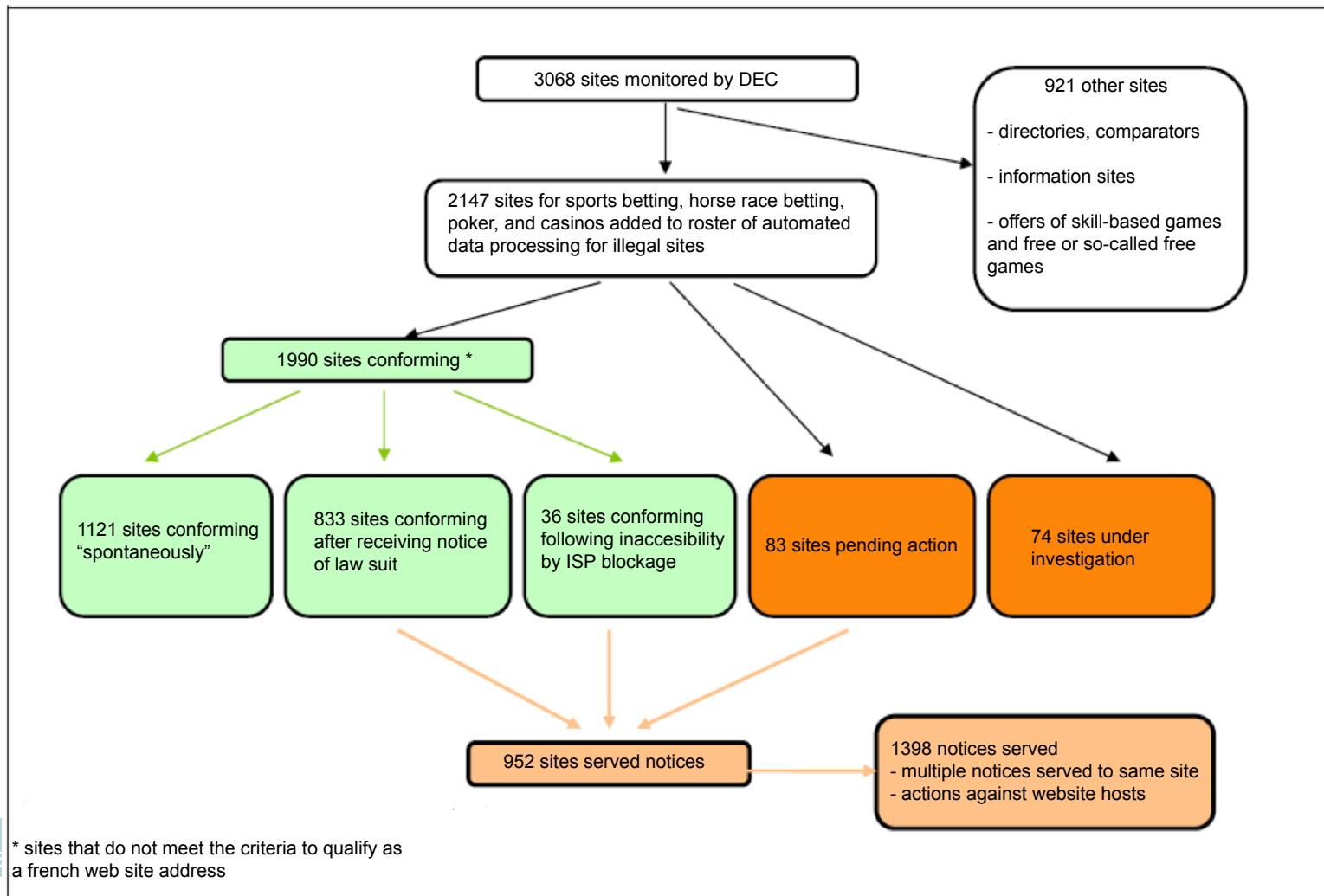
Gambling in
France

Online
gambling in
France

Conclusions



jm.costes@orange.fr



France: changes stemming from the law of 2010

7

Issues of
online
gambling in
France

Legal
framework

Gambling in
France

Online
gambling in
France

Conclusions

The gambling market before and after the law of May 12, 2010

| | BEFORE | AFTER |
|---------------------------|---|--|
| Raffles and scratch cards | FDJ monopoly for offline and online gambling | No change |
| Sports betting | FDJ monopoly offline and online (Loto Foot, Cote & Match) | FDJ monopoly offline + new accredited online operators for parimutuel and fixed odds betting |
| Horse race betting | PMU monopoly offline and online | PMU monopoly offline + new accredited online operators for online parimutuel betting |
| Casino gambling | Casinos offline for table games (<i>jeux en cercle</i>) and slot machines | Casinos offline for table games and slot machines + new accredited online operators for poker (only game authorised for online game providers) Slot machines are prohibited for online gambling |

Offers of legal gambling in France

8

- The casinos, numbering about 200, possess a fleet of 23,000 slot machines
- The horse race betting (Pari mutuel urbain), state-controlled, manages betting on horse racing
- La Française des jeux (FDJ®), a state monopoly, manages raffles, sports betting, and scratch card games
- The operators of online games, approximately 30, run licensed gambling sites covering three domains: sports betting, horse race betting, and poker

Gambling in France

9

Issues of
online
gambling in
France

Legal
Framework

Gambling in
France

Online
gambling in
France

Conclusions

Statistical and administrative data



Issues of
online
gambling in
France

Legal
Framework

Gambling in
France

Online
gambling in
France

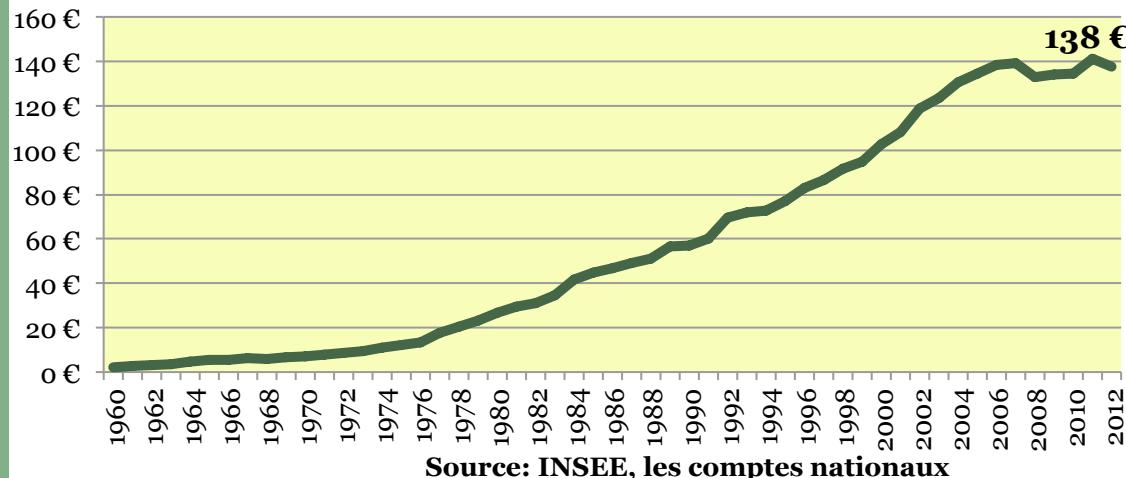
Conclusions



Gambling: Spending of the French people

10

Net spending per inhabitant



Source: INSEE, les comptes nationaux

Portion of the budget spent on gambling

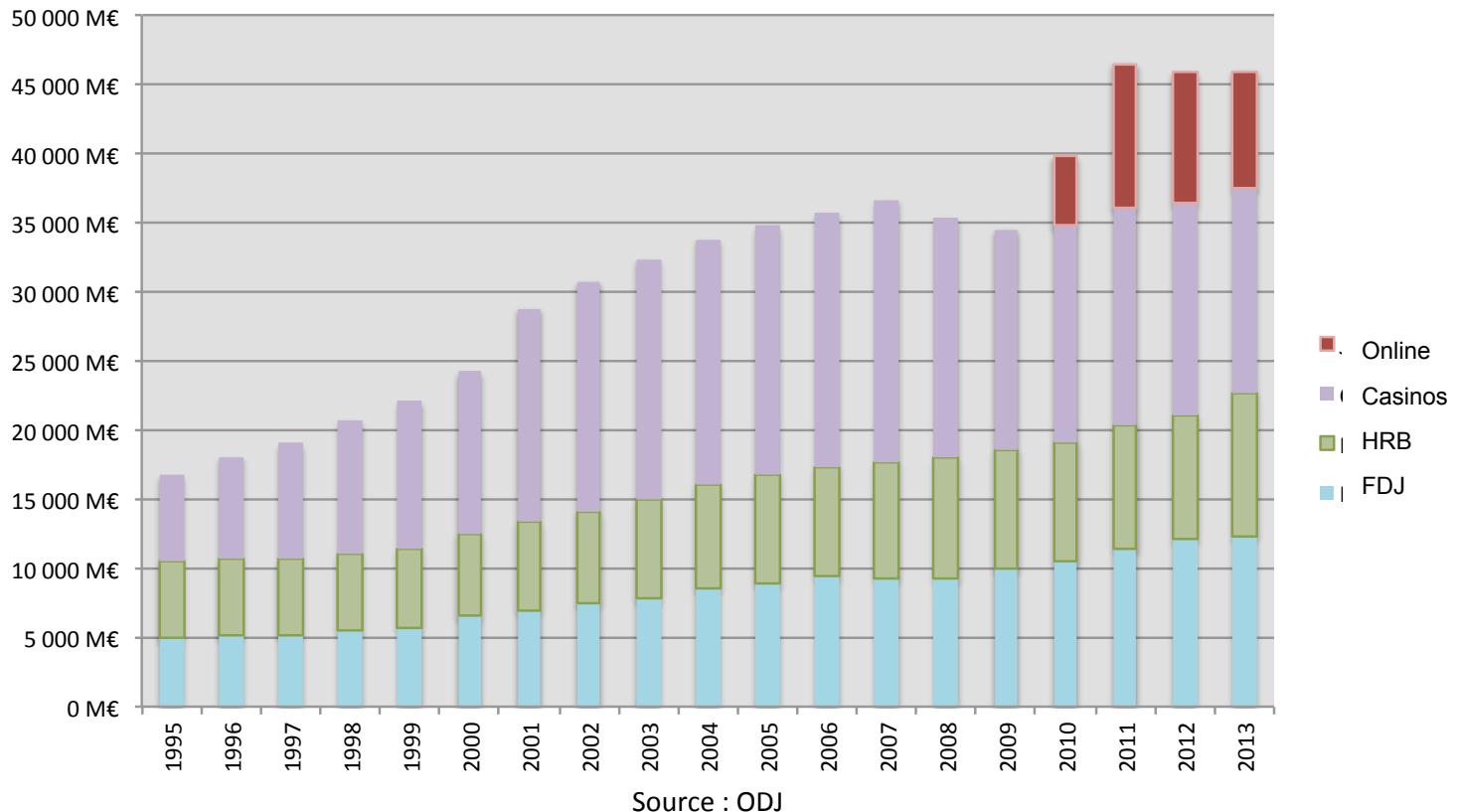


Source: INSEE, les comptes nationaux

Gambling: the gambling industry (1)

11

Revenues from gambling per sector
(bet, in M€)



Source : ODJ

Issues of online gambling in France

Legal Framework

Gambling in France

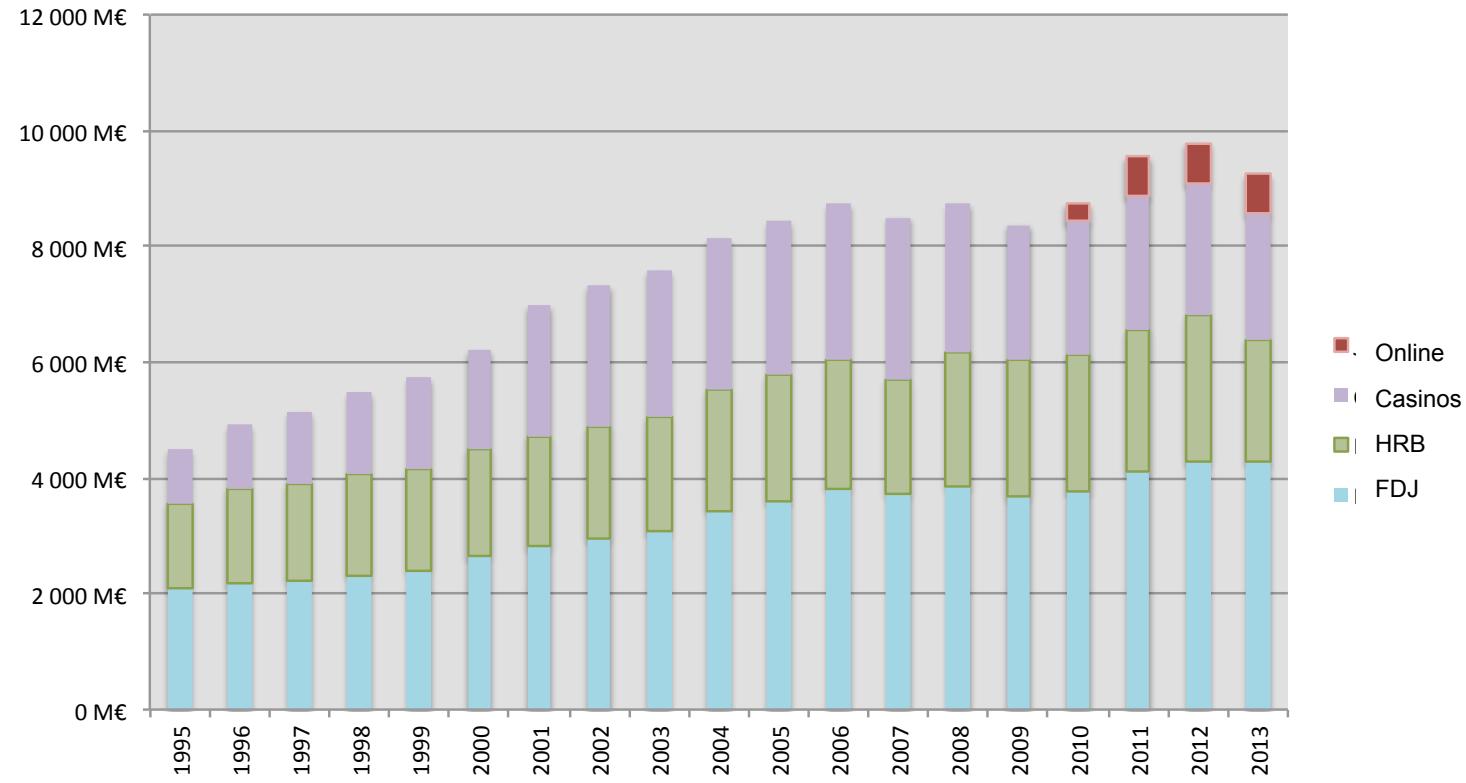
Online gambling in France

Conclusions

Gambling: the gambling industry (2)

12

Gross product from gambling per sector
(bet - win, in M€)

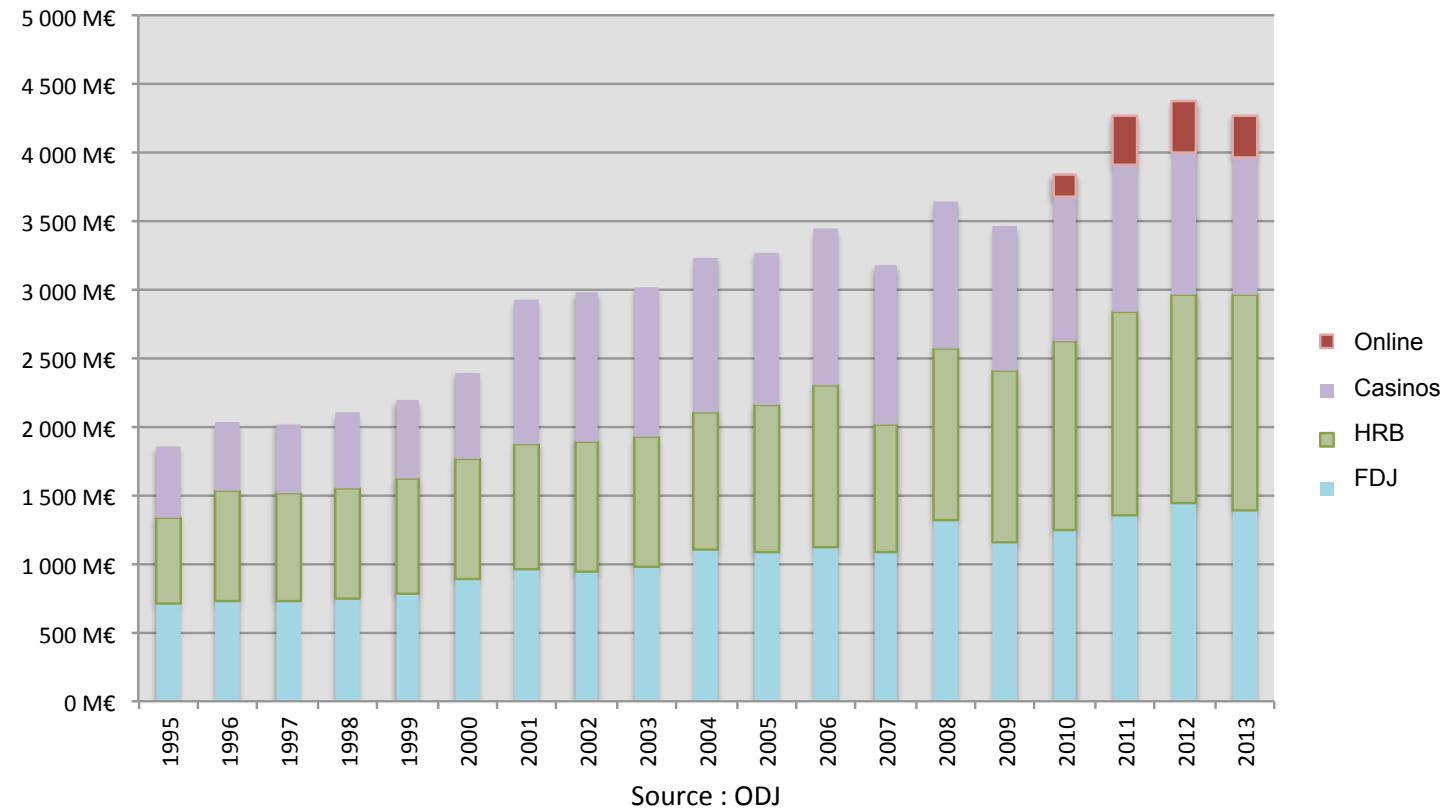


Source : ODJ

Gambling: the gambling industry (3)

13

Net product from gambling per sector
(bet – win – taxes, in M€)



Source : ODJ

Gambling: population approach

14

Issues of
online
gambling in
France

Legal
Framework

Gambling in
France

Online
gambling in
France

Conclusions

Results of the 2010 national survey



Issues of
online
gambling in
France

Legal
Framework

Gambling in
France

Online
gambling in
France

Conclusions



Baromètre Santé 2010 – Volet Jeu

15

Methodology



Partnership OFDT/INPES

- Phone survey, computer-aided telephone interviews (CATI)
- Two stage random sampling
- Field dates: 22 October 2009 - 3 July 2010
- Refusal rate ≈ 40%
- 25,034 individuals aged 18-75

Types of players

16

Gamblers 47.8%
(having played at least once in the last 12 months)



“Problem” gambling: prevalence

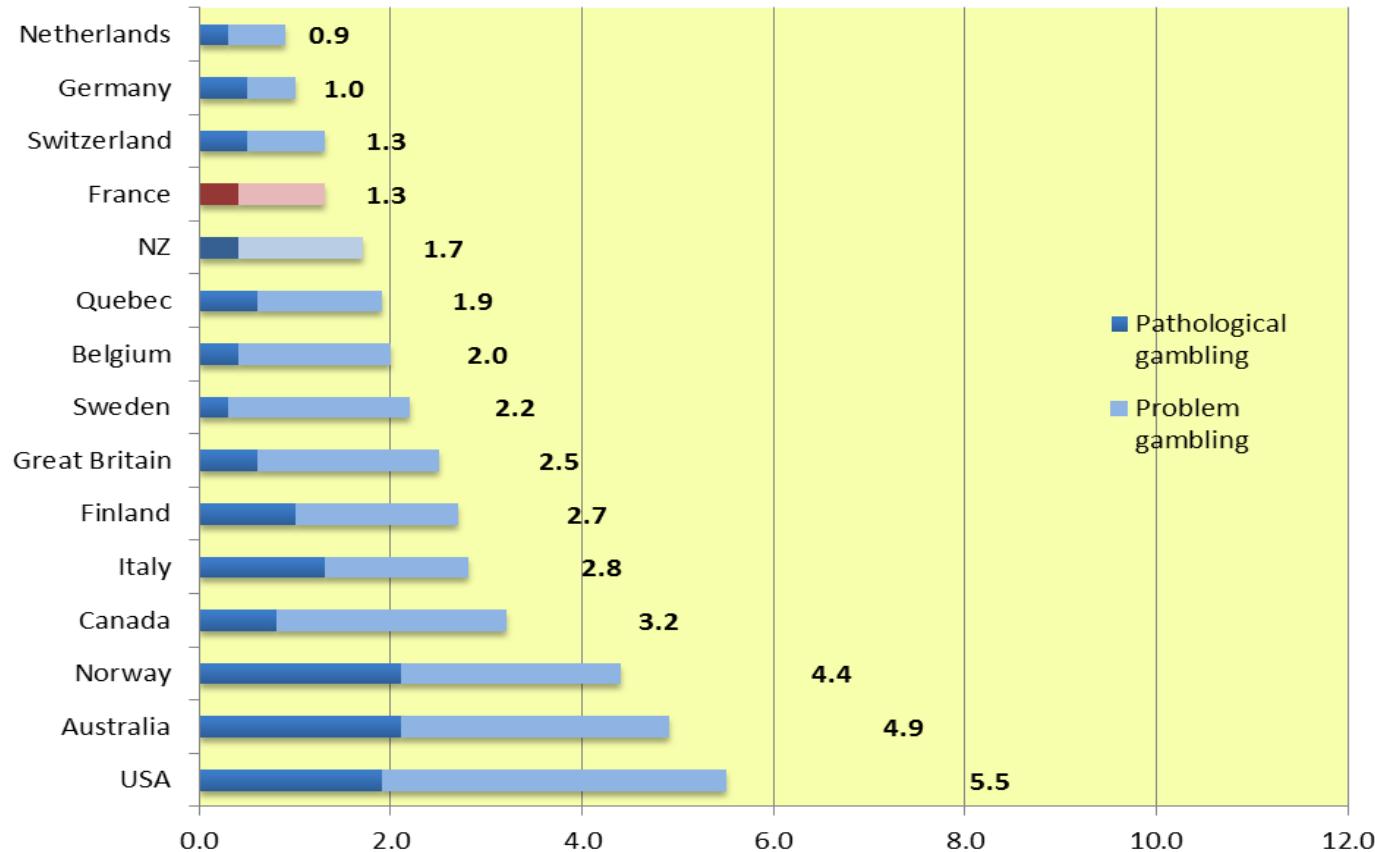
17

| CPGI: prevalence in % | CI at 5 % | "Pathological" gamblers | "Problem" gamblers |
|--------------------------------------|------------------|-------------------------|--------------------|
| In the general population | | | |
| Non gamblers or non-problem/low risk | 98.7 [98.5-98.9] | | |
| Moderate-risk gamblers | 0.9 [0.78-0.94] | | 1.3 |
| Excessive gamblers | 0.4 [0.38-0.50] | 0.4 | |
| In active gamblers | | | |
| Non-problem gamblers | 77.1 [76.1-78.1] | | |
| Low-risk gamblers | 12.2 [11.4-12.9] | | |
| Moderate-risk gamblers | 7.1 [6.4-7.7] | | 10.7 |
| Excessive gamblers | 3.7 [3.2-4.1] | 3.7 | |

PG: France and the world

18

Current "gambling problems" for countries with indicators



Online gambling (OG) in France

19

Issues of
online
gambling in
France

Legal
framework

Gambling in
France

Online
gambling in
France

Conclusions

Data on regulation



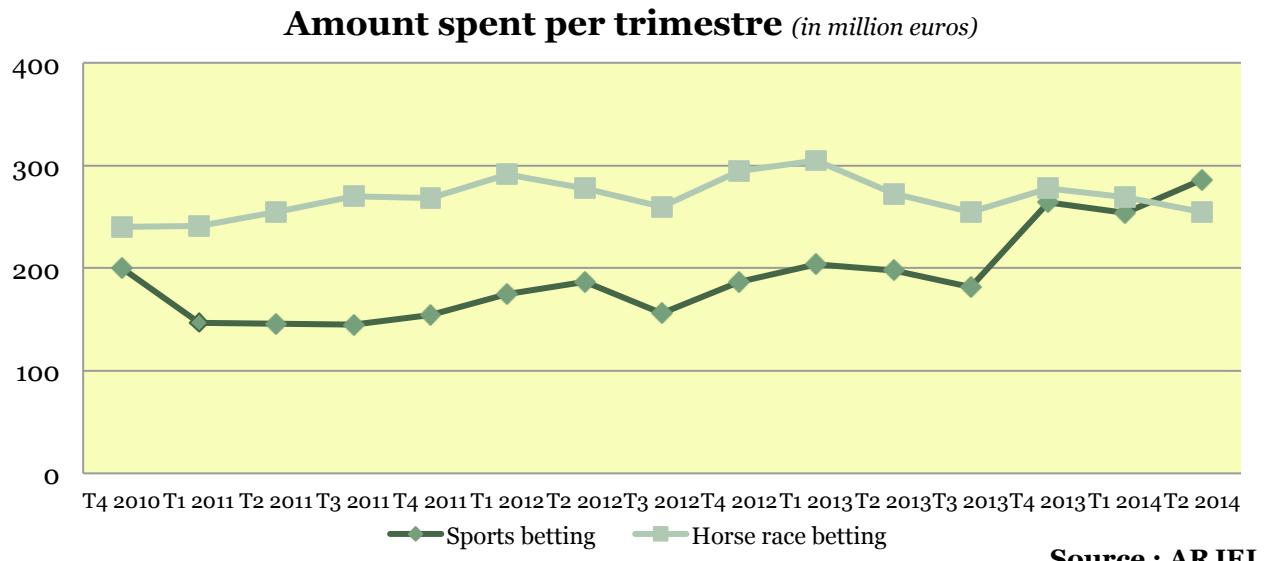
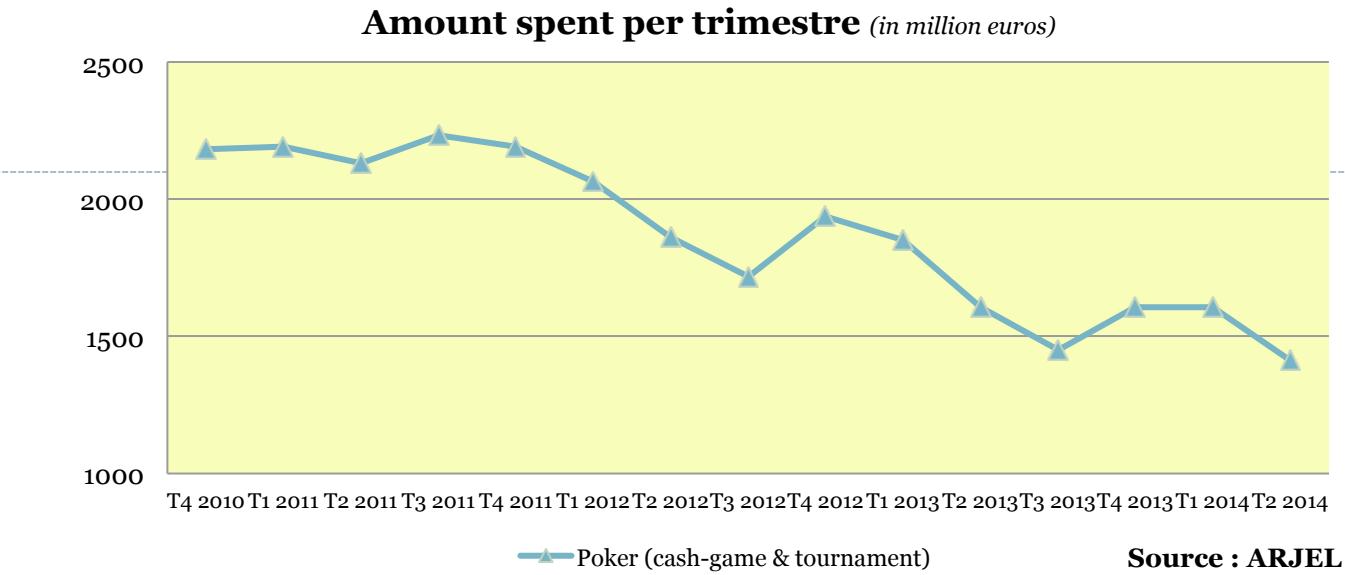
Issues of online gambling in France

Legal framework

Gambling in France

Online gambling in France

Conclusions



Online gambling (OG) in France

21

Issues of
online
gambling in
France

Legal
framework

Gambling in
France

Online
gambling in
France

Conclusions

Results of the 2012 national survey



Issues of
online
gambling in
France

Legal
framework

Gambling in
France

Online
gambling in
France

Conclusions



Enquête Prévalence-e-JEU 2012; ODJ

22

Support: monthly phone survey, "l'Observatoire des Usages Internet" from Médiamétrie

- Phone survey among a random representative sample of the French population.
- 3 survey waves: Sept-Nov 2012
- N = 2,761 French residents aged 18+

Enquête e-ENJEU 2012; OFDT/ODJ

23



Online panel "Media Square" from Médiamétrie

- Address base of 830,000 internet users
- Survey period: 4 weeks, from November 12 – December 11, 2012
- Sample of 20,000 French internet users aged 18-75
- Fixed quotas on sampling of internet users to ensure representativity (criteria: gender, age, region and profession) based on data from the *Observatoire des Usages Internet de Médiamétrie*, 2nd trimester 2012
- Final sample used in the analysis: **N = 4,043 internet users who reported having gambled online in the past 12 months**

Issues of
online
gambling in
France

Legal
framework

Gambling in
France

Online
gambling in
France

Conclusions

Prevalence of online gambling

24

Prevalence of gambling and online gambling in France, in 2012

| French population 18 + years of age | Estimation | Confidence interval (95%) | |
|---|------------|---------------------------|-------------|
| | | Lower limit | Upper limit |
| Prevalence over the past 12 months (in %) | 3.7% | 2.9% | 4.5% |

Source : enquête Prévalence-e-Jeu 2012 ; ODJ - N=2761

Which amounts to approximately 2 million people



Profile of online gamblers: gender, age

(25)

Pyramid by age group of internet gamblers,
structured

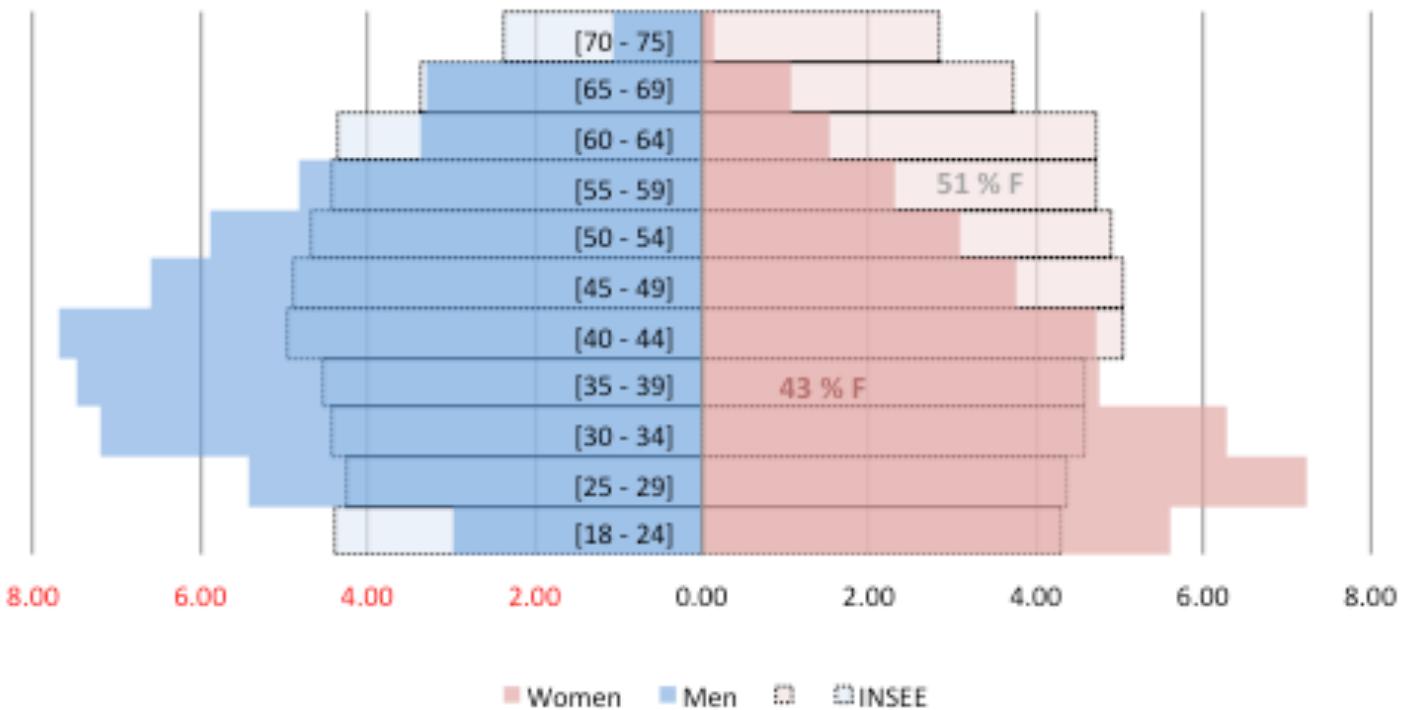
Issues of
online
gambling in
France

Legal
framework

Gambling in
France

Online
gambling in
France

Conclusions



Profile of online gamblers: socio-demographic

26

| In % | Internet gamblers 2012 (n=4,043) | Gamblers Baromètre Santé 2010 (n=11,655) | INSEE data 2012 |
|------------------------|-------------------------------------|--|-----------------|
| Gender | | | |
| Male | 57.2 | 52.3 | 49 |
| Female | 42.8 | 47.7 | 51 |
| Age | | | |
| 18-24 | 12.0 | 11.0 | 12.1 |
| 25-34 | 26.1 | 20.4 | 17.6 |
| 35-49 | 35.0 | 34.2 | 29.1 |
| 50-64 | 21.0 | 26.0 | 27.8 |
| 65-75 | 5.8 | 8.4 | 13.4 |
| Education | | | |
| < B.A. | 22.2 | 42.4 | 59.7 |
| B.A. | 24.9 | 19.0 | 15.9 |
| > B.A. | 53.0 | 38.7 | 24.5 |
| Social category | | | |
| CSP- * | 23.8 | 41.8 | 31.1 |
| CSP+ * | 52.5 | 31.7 | 25.9 |
| Inactive | 23.8 | 26.5 | 43.1 |

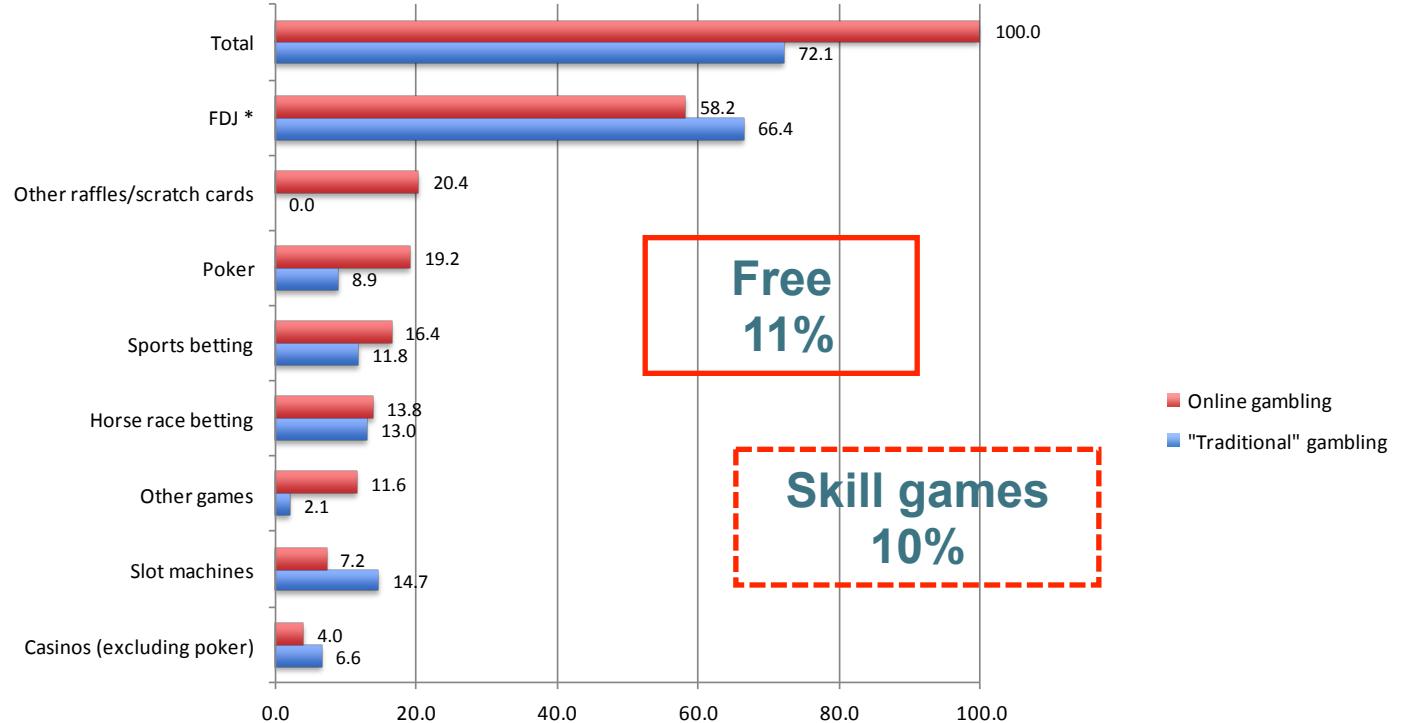
* Socio-professional category

Source: Enquête e-ENJEU2012; OFDT/ODJ

OG practices: types of games

(27)

Prevalence of type of game among online gamblers (n=4,043) in %



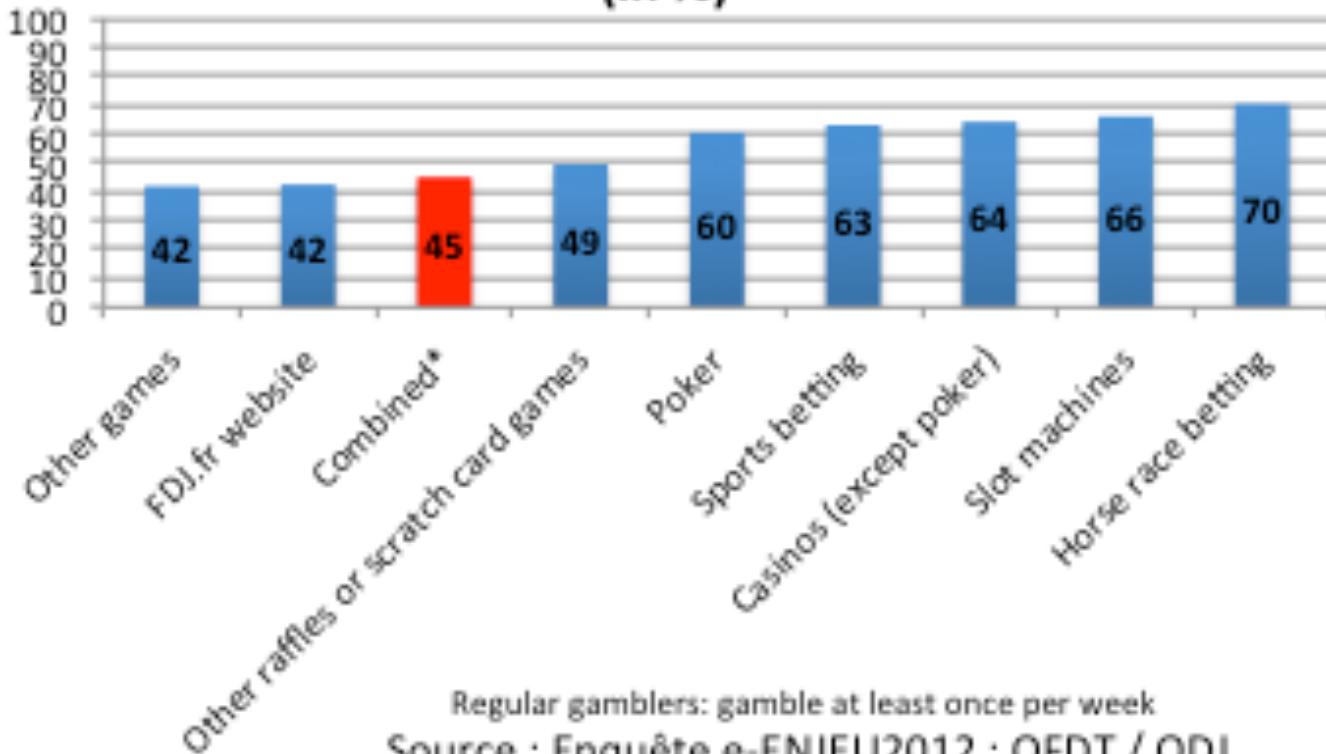
Source: Enquête e-ENJEU2012; OFTD/ODJ

* Key: 58.2% of online gamblers have played FDJ games online over the past 12 months; 66.4% have played them at the point of sale.

OG practices: frequency of gambling

28

Proportion of regular gamblers by type of game
(in %)

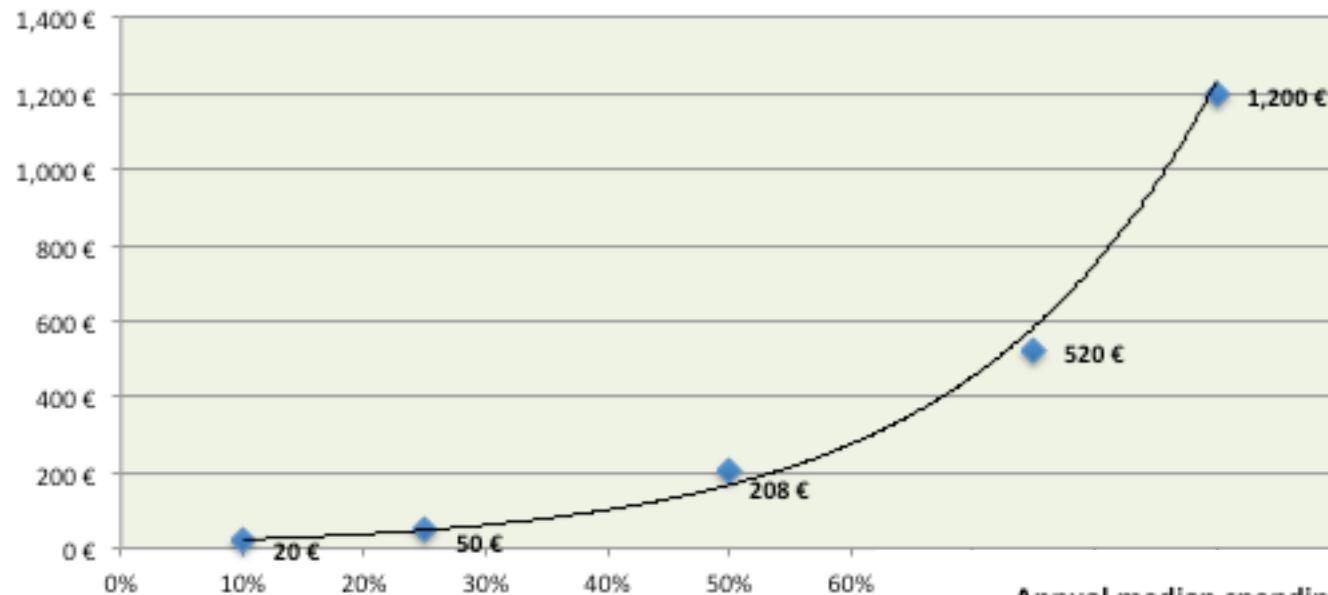


Regular gamblers: gamble at least once per week

Source : Enquête e-ENJEU2012 ; OFDT / ODJ

OG practices: spending

Distribution (percentile) of online gamblers by level of spending

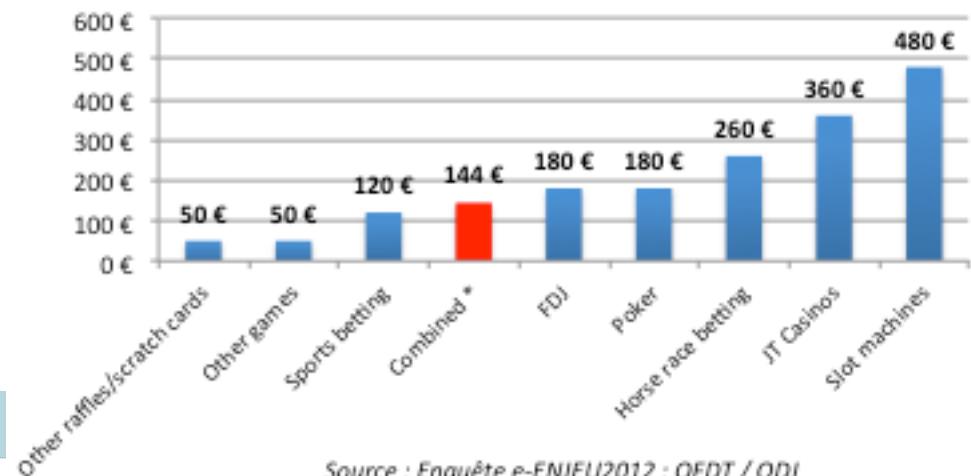


% of gamblers with a spending of \geq :

Clarification: 50 % of gamblers have spendings ≥ 208 €

Source : Enquête e-ENJEU2012 ; OFDT / ODJ

Annual median spending by type of game, for exclusive gamblers, in €



OG practices: gambling medium

30

Issues of
online
gambling in
France

Legal
framework

Gambling in
France

Online
gambling in
France

Conclusions

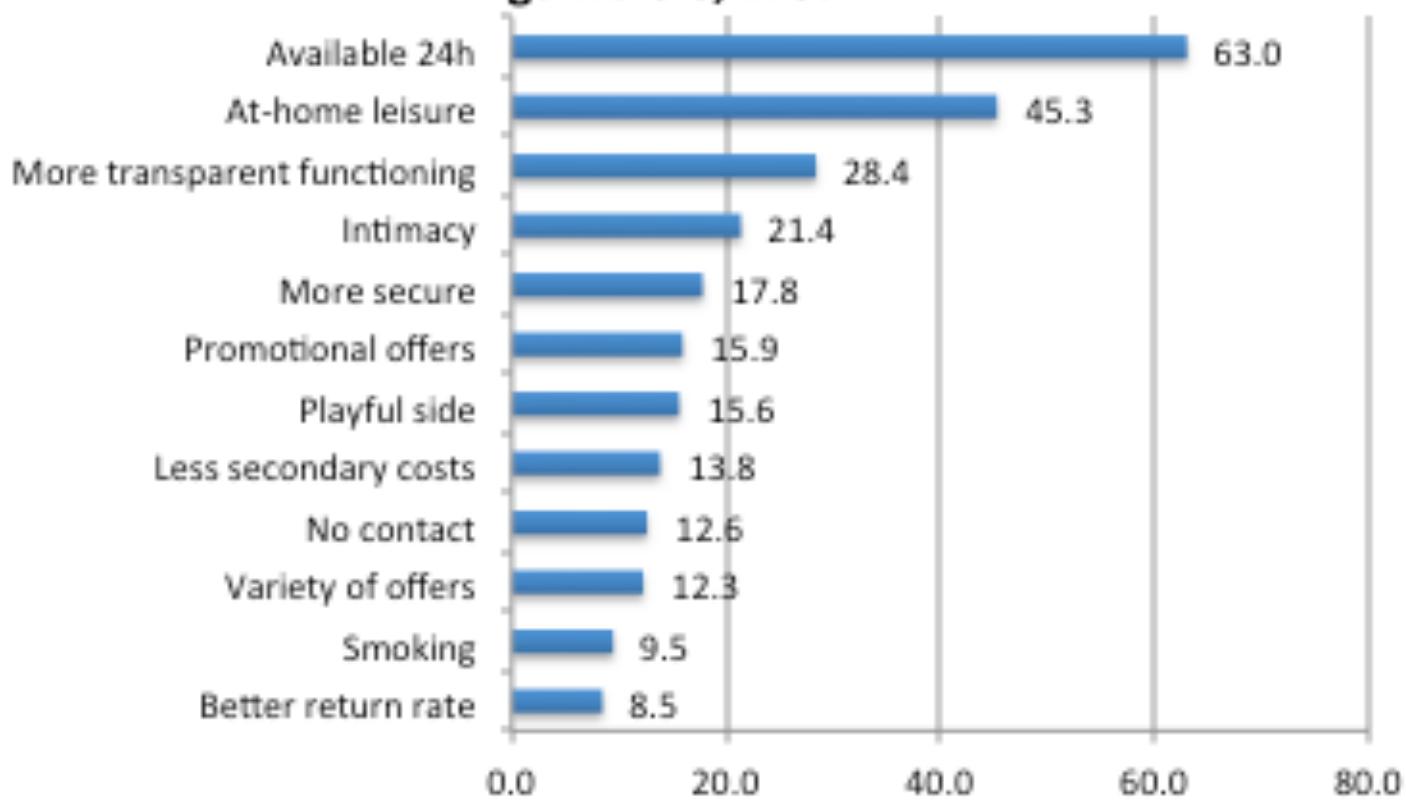


Source : Enquête e-ENJEU2012 ; OFDT / ODJ

Perceptions of online gamblers: advantages

31

Advantages of online gambling reported by online
gamblers, in %



Source : Enquête e-ENJEU2012 ; OFDT / ODJ

Issues of
online
gambling in
France

Legal
framework

Gambling in
France

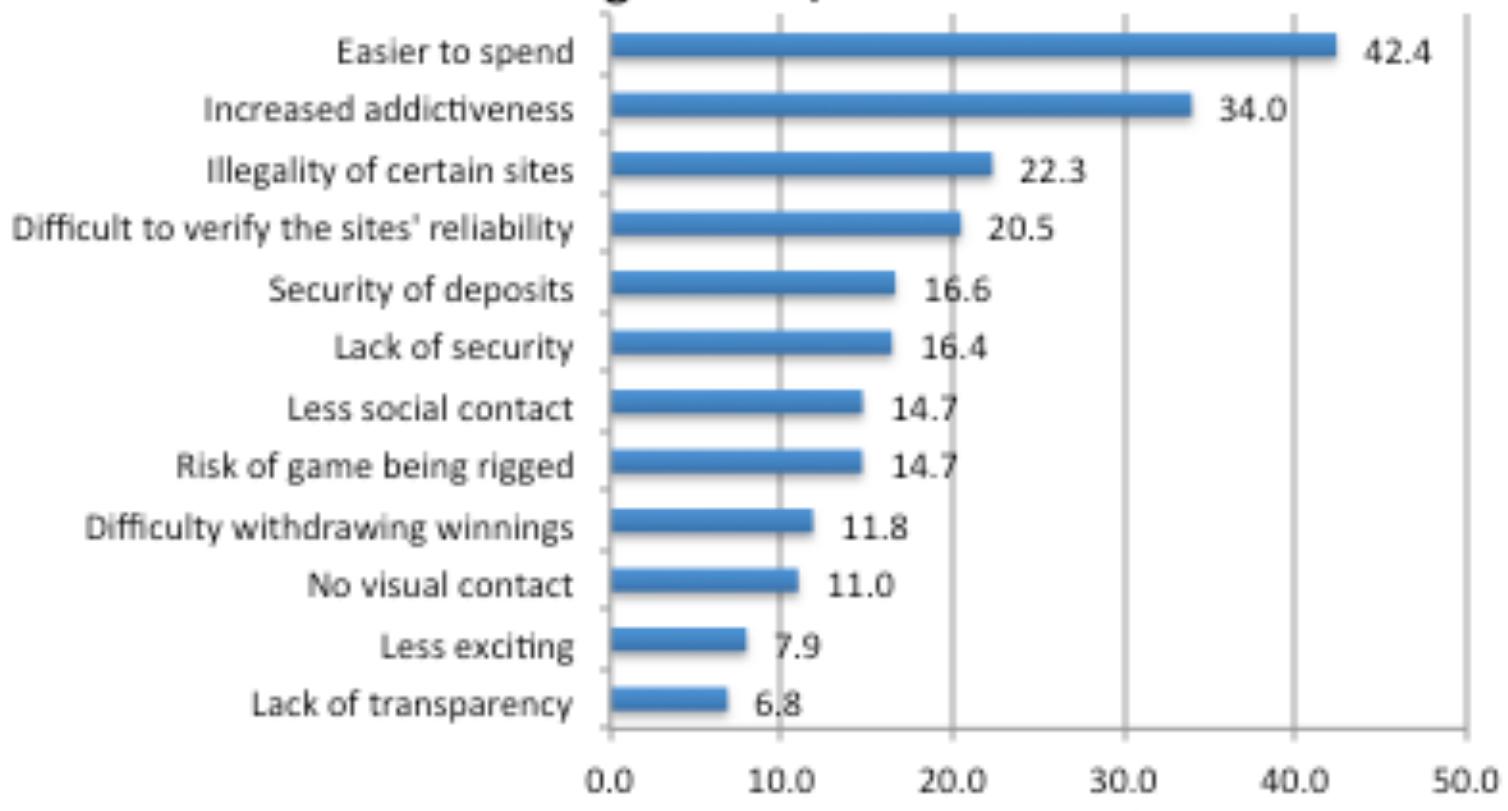
Online
gambling in
France

Conclusions

Perceptions of online gamblers: inconveniences

32

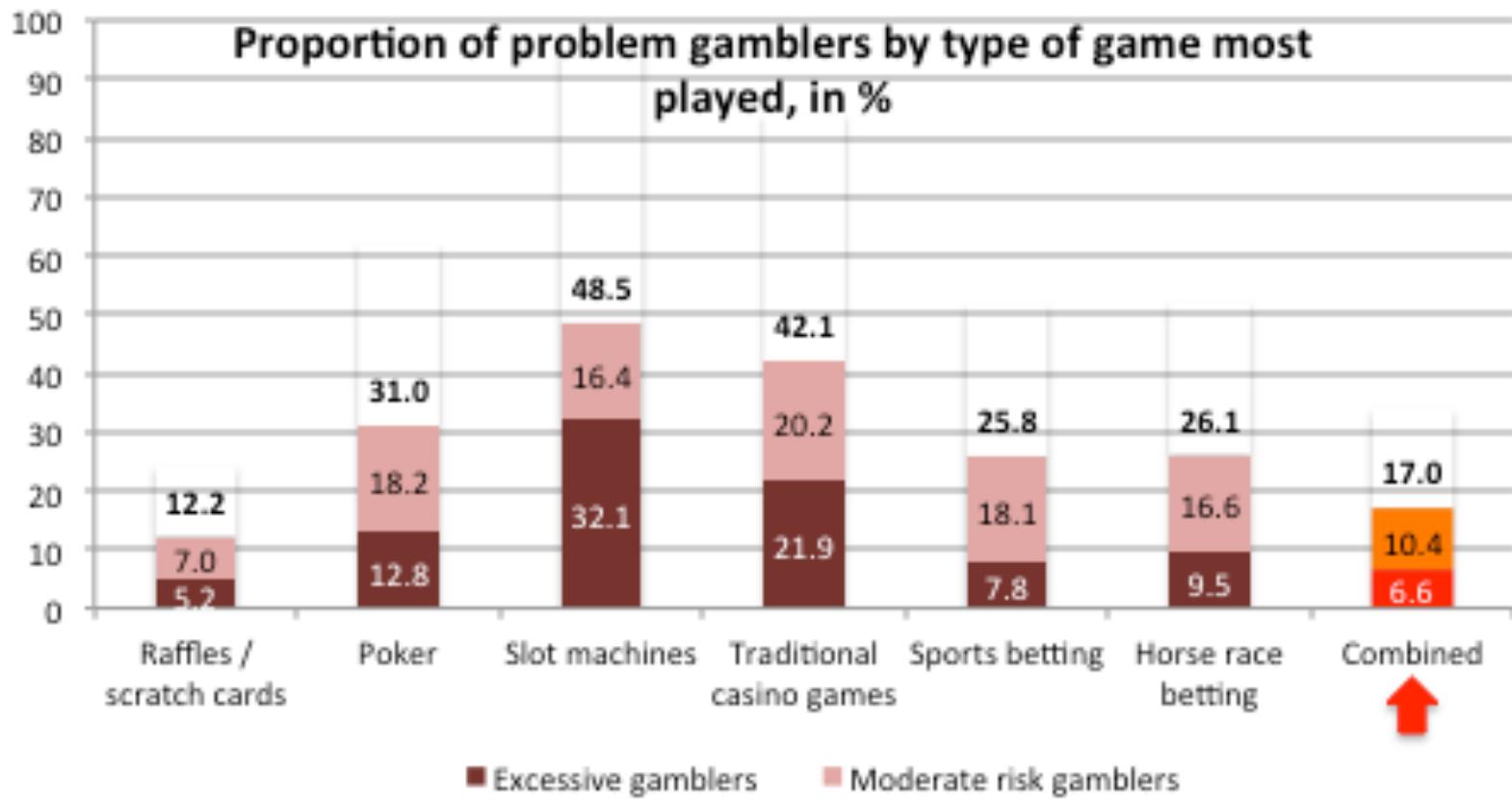
Inconveniences of online gambling reported by online
gamblers, in %



Source : Enquête e-ENJEU2012 ; OFDT / ODJ

Problem OG: prevalence

33



Source : Enquête e-ENJEU2012 ; OFDT / ODJ

Is the regulation effective ?

34

Share of regulated supply

According to a composite indicator, based on variables addressing the issue of the legal nature of the game offerings

| | in % | All players (N=4043) | Excluding "free" (N=3756) | Poker (n=335)* | Sport/horse betting (n=317)* |
|---------------------|------|-------------------------|------------------------------|-------------------|------------------------------------|
| Regulated offer | | 54% | 58% | 53% | 70% |
| Non-regulated offer | | 19% | 15% | 23% | 6% |
| Mixed offer | | 27% | 27% | 24% | 24% |

source : Enquête e-ENJEU2012; OFDT/ODJ

* exclusive players

Does the regulation protect?

35

**Issues of
online
gambling in
France**

Legal
framework

Gambling in
France

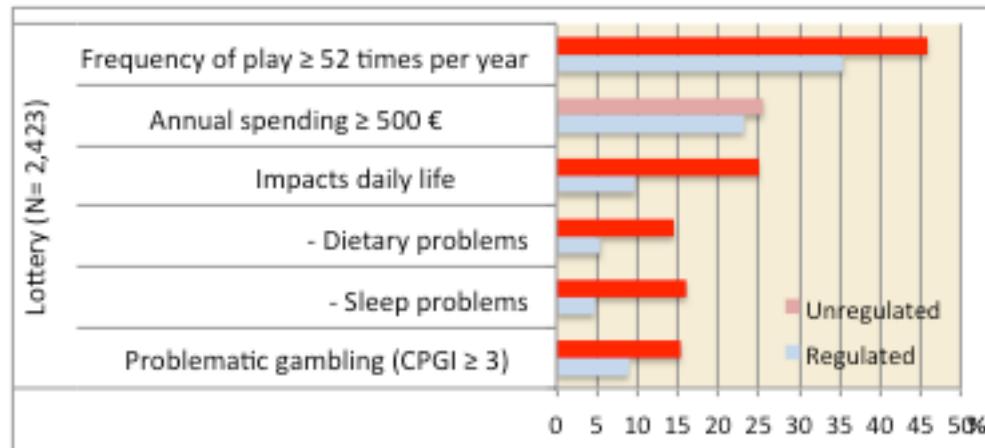
Online
gambling in
France

Conclusions



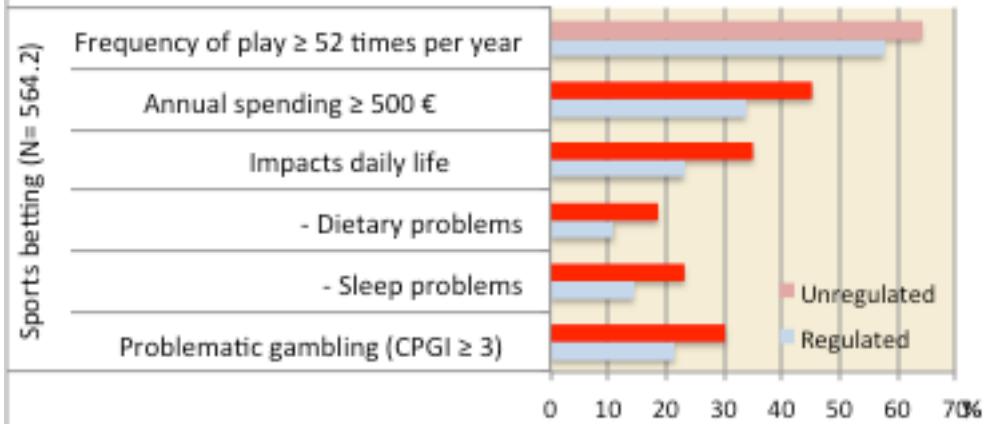
jm.costes@orange.fr

10/09/2014



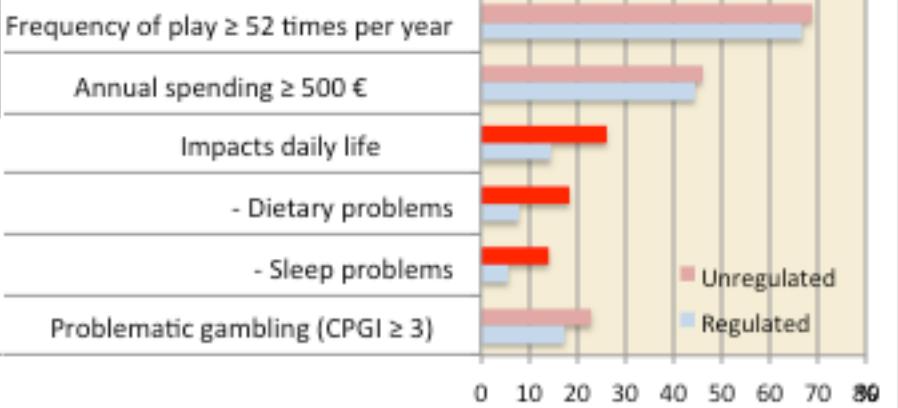
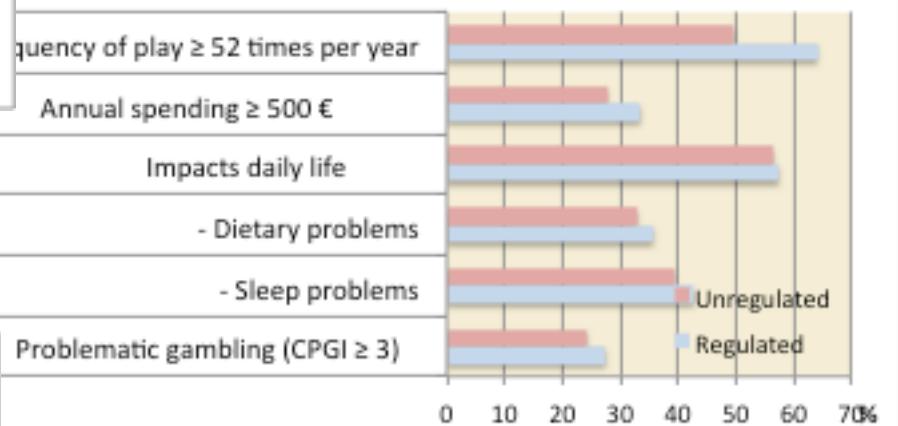
Issues of online gambling in France

Legal



jm.costes@orange.fr

What regulation protect?



**Issues of
online
gambling in
France**

Legal
Framework

Gambling in
France

Online
gambling in
France

Conclusions



jm.costes@orange.fr

Conclusions (1)

37

Return to the objectives of the law

10/09/2014

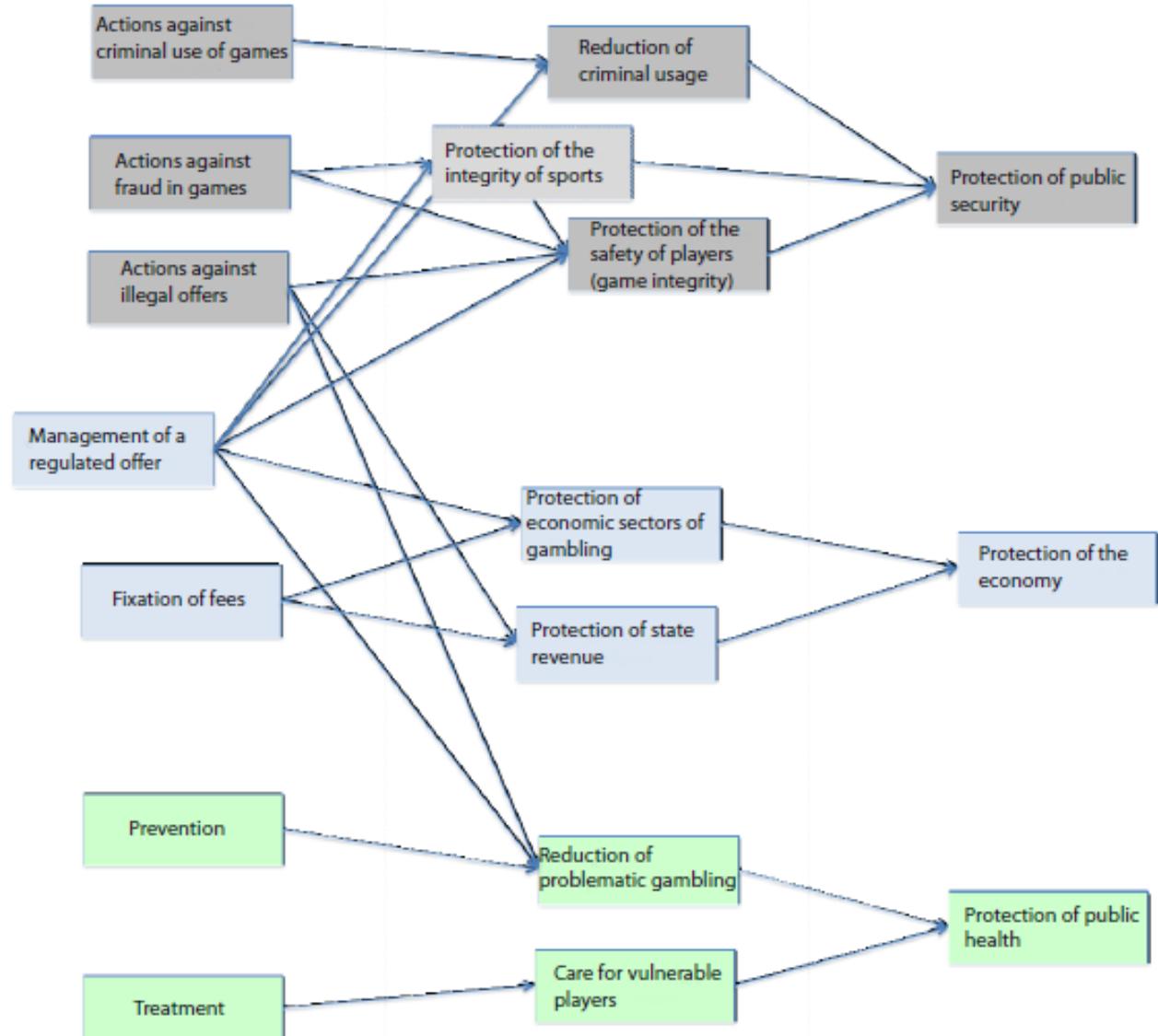
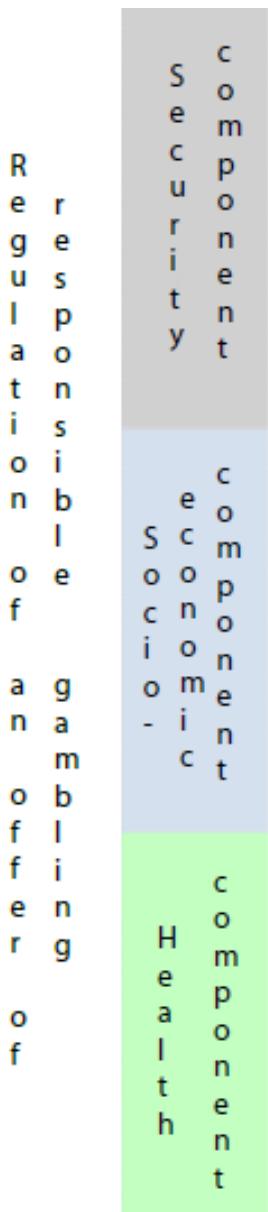
Issues of online gambling in France

Legal Framework

Gambling in France

Online gambling in France

Conclusions



Conclusions (2)

39

What is known about OG in France:

- ✓ OG concerns 3.7% of the French population
- ✓ Young people, people with college/university education, and well integrated
- ✓ More intense and problematic practices
 - 10.4% of gamblers are moderate risk
 - 6.6% are excessive gamblers
- ✓ Mostly a legal offer of games, but not exclusive
 - 55-80%
 - Practices focus on offering illegal games that aren't available legally
- ✓ Emergence of "free" sites
- ✓ Development of new mobile gambling devices

Conclusions (3)

40

Challenges for the coming years:

- ✓ Develop specific preventative measures of online gambling problems, adapted to this particular population
- ✓ Re-examine the foundations of public policy:
 - ✓ **Is the "regulation" strategy effective?**
 - ✓ **Responsible gambling: place of each stakeholder, ethical questions**
 - ✓ **Scope of gambling**
- ✓ Monitor developments in online gambling

**Issues of
online
gambling in
France**

Legal
Framework

Gambling in
France

Online
gambling in
France

Conclusions



jm.costes@orange.fr

41

Thank you for your attention

To find out more:

<http://www.economie.gouv.fr/observatoire-des-jeux>

10/09/2014