



EUROPEAN COMMISSION

## MEMO

Brussels, 14 July 2014

# Commission Recommendation on online gambling - Frequently Asked Questions

See also [IP/14/828](#)

## What is a Commission Recommendation?

A Recommendation is a non-binding instrument used by the European Commission to send a clear message to Member States as to what actions are expected to remedy a situation, while leaving sufficient flexibility at national level as to how to achieve this. By setting the objectives to be attained, it should act as a catalyst for the development of consistent principles to be applied throughout the European Union.

## Who is covered by the Recommendation?

The Recommendation is addressed to EU Member States. The Commission is inviting Member States to apply the principles set out in the Recommendation in their national gambling regulations. To this end, the Commission is also encouraging Member States to designate competent regulatory authorities so that these may be in a position to monitor and supervise its compliance. It does not interfere with the right of Member States, in compliance with EU law, to set out their national gambling policies and levels of protection.

The principles of the Recommendation are intended for private and public operators that offer online gambling services and media service providers facilitating commercial communication of online gambling (advertising, sponsorship, promotion).

For the online gambling operators, this Recommendation covers private and public operators of one or more types of online gambling services, and, where applicable, third parties including so-called affiliates promoting online gambling services on their behalf.

For the media service providers, this includes printed press, TV, radio, internet and outdoor advertising and promotion.

Regarding the online service, the principles of the Recommendation are intended to be applicable in a practical manner to all devices that are used for online gambling, such as computers, mobile phones, smart phones, tablets and digital TV.

## Why does the Recommendation focus on online gambling?

Online gambling continues to be a fast developing activity in Europe, in terms of supply and demand – gambling commercial communication and offers reach an ever increasing share of the population. In 2008, online gambling accounted for annual revenues of €6.16 billion, and available figures projected that figure to double to €13 billion in 2015. National levels of demand vary across the EU. However, with an estimated 6.84 million consumers, in 2012 annual revenues were €10.54 billion.

At the same time, rules and policies in this area are being developed at national level and the degree to which Member States address the identified issues varies from one Member State to another. Online gambling operators established in the EU increasingly hold multiple licences across several Member States which have chosen license-based systems in relation to gambling regulation. They could benefit from a more common approach. Furthermore, the multiplication of compliance requirements can create unnecessary duplication of infrastructure and costs, resulting in an unnecessary administrative burden on regulators.

Furthermore, the inherent nature of the online environment also means there is a significant presence of unregulated gambling sites in the EU. Consumers in Europe search across borders for online gambling services and can consequently be exposed to a number of risks, such as fraud and problem gambling. There is a lack of efficient measures in the Member States for social responsibility when it comes to commercial practices, which also affects minors, and for the protection of online gambling consumers.

Nonetheless, whilst the Recommendation does focus on online gambling, a number of principles may also be applied by the land based sector, such as: prohibiting minors from gambling; identity checks, including age verification; limit-setting and exclusion possibilities; and displaying information about responsible gambling and inherent risks.

### **Why is the Commission focusing on consumer protection?**

A public consultation held in 2011 ([IP/11/358](#)) identified the protection of consumers - including minors - of online gambling as a priority area. Based on this finding, the Commission launched a dialogue with Member States and the online gambling industry on matters concerning consumers of online gambling services and commercial communications as regards gambling.

The cross-border nature of online gambling means that Member States face common challenges: regulatory, societal and technical. The European Parliament has also repeatedly called for consumer protection in this area - [Resolution of 10 September 2013](#). The EU Court of Justice has also insisted on the need to ensure adequate consumer protection when regulating online gambling activities. Finally, a number of Member States are currently reviewing and/or reforming their legal framework in this field. They should be able to use the Recommendation as guidance.

For the majority of the population taking part in online gambling it is a recreational activity. It can comprise different games of chance, such as sports betting and poker, casino and lotteries. However, for some individuals their gambling behaviour turns into a problem - even to the point of affecting their health. Overall, between 0.2% and 3% suffer from some form of gambling disorder.

This Recommendation primarily aims at providing consumers with an adequate level of protection. As Member States undertake regulatory reforms, a first step is to ensure that EU consumers are sufficiently aware of the risks associated with online gambling and of the safeguards that should be in place to keep gambling within recreational parameters, avoiding harmful offers.

The Recommendation also seeks to prevent minors from gambling online. Research shows that adolescents are attracted to the internet because of their developmental characteristics, and that 5.9% of 14-17 year olds gamble online in the EU, compared to 10.36% in the offline environment ([Research on Internet Addictive Behaviours among European Adolescents](#), funded under Safer Internet plus).

## **Why has the Commission not proposed legislation?**

There is no sector specific EU legislation in the online gambling services sector and it was not considered appropriate to propose such specific legislation. Moreover, a Commission Recommendation can be adopted immediately whereas proposals for legislation would have to be adopted by the EU's Council of Ministers and the European Parliament which can take time. This Recommendation forms part of a set of actions announced in the Commission's Action Plan of 2012 "Towards a comprehensive European framework for online gambling" aimed at clarifying the regulation of online gambling and encouraging cooperation between Member States (see [IP/12/1135](#) and [MEMO/12/798](#)). The Action Plan followed the public consultation in 2011 ([IP/11/358](#)), the replies to which revealed that a step-by-step approach in the EU is required.

However, there is EU legislation which also applies to gambling and consumers, such as the [Unfair Commercial Practices Directive](#) and the [Unfair Contract Terms Directive](#). That legislation is primarily concerned with the protection of economic interests of consumers. The Recommendation puts forward a number of principles, drawing in particular from the consultations held with Member States, as well as with relevant industry stakeholders. An evaluation of the effectiveness of these principles will inform the need for further action in this field.

## **How does the Recommendation relate to other policy work of the Commission in the area of online gambling services?**

The Action Plan set out an approach bringing together the EU, Member States and industry. This is necessary to tackle a number of issues from all angles, namely to prevent and deter fraud, match-fixing and money-laundering through online gambling. To this end, the Commission also established an expert group, one of the aims of which is to facilitate exchanges of experience on regulation and compliance between Member States.

## **Does the Recommendation deal with enforcement of national rules?**

The Recommendation does not introduce binding rules for the Member States. Consequently, it does not interfere with enforcement of national rules. Besides, in the absence of EU harmonisation in this area, the enforcement of national rules is the responsibility of the Member States.

Nonetheless, EU consumers should be well-informed about the online gambling website they choose to play, or place a bet, on. The Commission deems that an informed consumer together with an attractive range of competitive gambling opportunities is essential in order to channel consumers towards gambling that is allowed and supervised in the Member States. Therefore, as a general rule, the Commission recommends that the details of the operator and of the respective regulating gambling authority should be clearly displayed on the gambling website. In a similar vein, there should not be commercial communication of online gambling services where the online gambling service is not allowed.

Online gambling in the EU is characterised by diverse national regulatory frameworks. The Commission believes that national enforcement issues should be discussed with the Member States, in particular in the group of experts on gambling services. This group provides a more appropriate platform for discussing technical and regulatory practices and for facilitating constructive administrative cooperation. A comprehensive and common approach in the area of online gambling services is necessary to address the risks to

consumers and the challenges for national competent authorities in their day-to-day supervision and monitoring of national measures in this field.

**More information is available at:**

[http://ec.europa.eu/internal\\_market/services/gambling\\_en.htm](http://ec.europa.eu/internal_market/services/gambling_en.htm)