Benchmarking Report by the Nordic Gambling Supervisory Authorities
A BENCHMARKING REPORT BY THE NORDIC GAMBLING SUPERVISORY AUTHORITIES

1. Introduction

Gambling has been a worldwide activity for quite some time, which represents something of a challenge to the supervisory authorities. Similarly, trends such as digitisation, the expansion of online gambling and the sector’s rapid development on the whole are putting pressure on gambling supervisory authorities to exchange information, experiences and ideas with authorities in other countries.

Nordic gambling supervisory authorities have decades of experience of working together in various forums. This cooperation also includes the publication of a benchmarking report in 2006 and 2012. These reports assess and compare the operations, duties and working environments of the Nordic supervisory authorities. All participating countries have considered these reports useful and practical. Considering the rapid changes and developments seen in the industry, it is vital that the supervisory authorities continuously assess their powers, resources and working methods to make sure that they are up to date and effective. Exchange of information, experiences and views between the Nordic authorities, which all operate in relatively similar gambling markets, is important for benchmarking purposes.

The first benchmarking report was prepared in 2006, with Denmark, Norway and Sweden participating and Denmark having overall project responsibility. In 2012, Norway had overall responsibility for the benchmarking project, and the participating countries now included Finland, in addition to the above.

The report at hand has been prepared in close cooperation between the supervisory authorities of Denmark, Finland, Norway and Sweden. Responsibility for the finalisation of the report rests with the Gambling Administration of Finland (Arpajaishallinto), the Finnish supervisory authority which operates as a special unit under the National Police Board (Poliisihallitus). In Denmark, the supervisory authority is the Danish Gambling Authority (Spillemyndigheden), which is an independent agency operating in the administrative branch of the Ministry of Taxation (Skatteministeriet). In Norway, gambling supervision is assigned to the Norwegian Gaming Authority (Lotteri- og stiftelsesstilsynet), which operates under the auspices of the Ministry of Culture (Kulturdepartementet). In Sweden, the supervisory authority is the Swedish Gambling Authority (Lotteriinspektionen), an independent agency working under the Ministry of Finance (Finansdepartementet).

The members of the working group were Finance Officer Mikkel Rosenvold from Denmark, Senior Advisers Sari Laitakari and Leena Mäkipää, and Chief of Gambling Administration Saaramia Varvio from Finland, Financial Controller Stig Starheim from Norway, and Statistician and Business Intelligence Officer Joel Kitt Junros and Financial Officer Katarina Andersson from Sweden.

Changes in the gambling industry occur very rapidly, creating continuous challenges for the supervisory authorities. As an online business, gambling will become increasingly popular and significant. Similarly, games will be faster, with more focus on the gambling experience and multidimensionality, which poses a challenge to technical supervision and to formulating legal definitions and setting legal boundaries for the operating environment. The requirements of laws applicable in the EU and EEA on non-discrimination, on compliance with the principle of proportionality, and on the legitimacy of the prevailing system require constant observation, supervision and redefinition of the gambling industry by the national authorities. Section 3.4 provides a more detailed account of future changes in the operating environment of the Nordic supervisory authorities.

An examination of gambling involves the various forms in which games are implemented. In this report, gambling refers to an activity involving a participation cost and an opportunity to win – based fully or partly on chance – a prize of monetary value.
It should be noted that the report covers four very different gambling markets and that the statistics and figures concerning the different authorities are not directly comparable. The report should be read as a whole to fully comprehend the nature of each of the Nordic gambling markets and the authorities covering them.

2. Overview of the systems of gambling

2.1 The systems of gambling

Globally, various systems are used to organise gambling activities, such as monopolies (i.e. exclusive rights, licensing, or a combination of the two). The gambling systems of the countries presented here are similar to some degree in that all are characterised by a system at least partially based on a monopoly. However, in recent years the systems in Denmark, Finland, Norway and Sweden have begun to develop in slightly different directions. A brief summary of the gambling systems in each country is presented below, as well as a presentation of the regulatory framework in each country. The distribution of returns and taxation are also looked at in summary. To provide a deeper understanding of the countries’ varying contexts, the proportions of game categories in each country are presented. Finally, Table 1 presents key indicators highlighting both the differences and similarities between the countries’ systems of gambling.

The Danish gambling market is a partially liberalized market with some elements remaining in the monopoly, some fully liberalized and some offered for limited provision. In general, the Danish market is characterized to a large degree by stability and transparency while still maintaining diversity in forms of gambling with relatively high pay-out ratios.

Lotteries. Apart from four state controlled companies, licences for lotteries are only granted to charity lotteries, which constitute about 10% of the overall consumption on lottery games. The four state controlled companies are divided into two controlled by the Ministry of Justice (Landbrugslotteriet and The Goods Lottery) and two controlled by the Danish Gambling Authority (Danske Lotteri Spil and Klasselotteriet). Danske Lotteri Spil is the only supplier of lotto games, scratch tickets, keno and online bingo games. The revenue from Danske Lotteri Spil and Klasselotteriet is distributed for the public good by mainly the Ministry of Culture.

Land-based casinos. Currently, seven land-based casinos operate in Denmark. The number of casinos is limited by law to less than ten. A licence is granted after a tender process and issued for a period of up to 10 years. The land-based casinos are geographically located across the country in the major cities of Copenhagen, Aarhus, Vejle, Odense, Aalborg and Elsinore as well as the ferry between Copenhagen and Oslo.

Betting and online casino. The market for betting and online casino is liberalized under the supervision of the Danish Gambling Authority. This means that once the set criteria are met, any operator can offer betting and online casino services to the Danish market. The state-owned Danske Licens Spil functions as a licensed operator on level terms with all other companies. The market for betting and online casino enjoys a steady growth and presents very high payout ratios when compared to overseas operators. Since the partial liberalization, the number of online operators has remained stable around 30, of which about half have licences for both betting and online casino.

Gaming machines. The market for gaming machines is equally liberalized and despite a minor decline in the recent years remains a significant part of the Danish gambling market. The Danish Gambling Authority issues licences for installing and operating gaming machines on gambling arcades as well as in restaurants with an alcohol licence, who may install up to three machines.
Other types of gambling: The Danish Gambling Authority also issue licences for the operation of poker tournaments, horse racing and other types of gambling. These gambling types hold relatively small market shares, but are subject to the same standards of supervision and similar licensing procedures as the other types of gambling.

The total gambling expenditure of Danish consumers grew around 10% as a consequence of the partial liberalization as of January 1st, 2012. Since then, gaming expenditure has grown at approximately the same rate as the general private consumption in Denmark. This indicates a steady and healthy development of the gaming expenditure under the current market system. The largest growth on the Danish market is within betting and online casino. Lotteries, however, continue to hold the largest market share of about 35% of the total. On a general note, the average payout-ratio for fixed odds and pool betting games has seen a steady increase since the partial liberalization in 2012, rising from about 86% to 89%.

Figure 1: Proportion of game categories of the total GGR in the year 2015 in Denmark

At the end of 2015, Finland's population was 5,487,308. In Finland, the Lotteries Act (1047/2001) includes key provisions regarding gambling activities. The Act includes definitions of lotteries and gambling activities. According to section 2 of the Lotteries Act, a lottery means an activity in which participants may win a prize of monetary value based fully or partly on chance and which involves a charge for participation. According to Section 4 (1 a) and 4 (2) of the Lotteries Act, gambling activities are defined as the running of a lottery in which players can win money. According to Section 3 of the Lotteries Act, acceptable forms of gambling include money lotteries, betting, pools, slot machines, casino games (including online casino games like poker), casino operations and totalisator betting.

In Finland, gambling activities are based on a system of statutory monopolies. The objective of the system is to control social and health-related harms such as problem gambling and the harms and criminal activity associated with excessive gambling, and to guarantee the integrity of gambling and the legal protection of consumers.

In addition to lotteries involving cash prizes, non-money lotteries may be organised in Finland. As well as actual non-money lotteries, these include guessing games, bingo games and non-money prize machines. Non-money lotteries are activities in which items or vouchers or coupons exchan-
geable for items or services can be won in a draw or in a comparable manner based on chance. Participation in non-money lotteries carries a charge. Running non-money lotteries requires a licence. The National Police Board grants licences for non-money lotteries that extend to an area beyond a single police district. Non-money lottery licences can be granted to associations and foundations whose purpose is to promote a non-profit cause.

Entities granted a monopoly for gambling service provision include Veikkaus Oy, a fully government-owned enterprise; Finland's Slot Machine Association, an organisation operating under public law; and Fintoto Oy, a company owned by Finland’s national confederation of harness racing and horse breeding associations. The games provided by the entities referred to above must be sufficiently dissimilar. The National Police Board supervises the gambling operations of all entities granted a monopoly.

Finns are a nation of gamblers: a survey conducted in 2015 showed that 80 % of respondents aged 15–74 had played at least one gambling game in the previous year. This figure was two percentage points higher than in the previous survey of 2011.

The Finns’ love of gambling is also reflected in the amount of money spent on gambling. According to a survey conducted in 2015, Finns who announced having gambled in the last 12 months at least once reported spending EUR 11,30 per week on gambling. Annually this would thus mean EUR 587,60. The total gross gaming revenue of the Finnish gambling operators was EUR 1 743 million in 2015. In 2015, the Finnish gambling market expanded by 2,5 % from the previous year.

In Finland, the autonomous region of Åland is entitled to define its own gambling policy and to decide on its gambling regulation under the Act on the Autonomy of Åland (1144/1991). Åland has, in fact, passed a separate law on lotteries (landskapslag om lotterier, 1996:10). In Åland, gambling activities are run by PAF under a licence granted by the provincial government and under its supervision. The supervisory powers of the National Police Board regarding gambling only cover operations falling under the scope of the Lotteries Act, which means that the National Police Board does not supervise PAF’s gambling operations except where operations are deemed to be in violation of the Lotteries Act. For Finland’s part, the scope of the report covers the mainland; the information and figures presented in the report do not apply to the region of Åland.

Online gambling on foreign operators’ sites is not prohibited in Finland. No precise figures are available on Finnish players’ online activities on foreign operators’ websites. According to estimates, 5–10 % of Finnish online gambling takes place on foreign gambling websites, and the estimated monetary value of this gambling is around EUR 100–150 million per year.

Gambling operators in Finland. The statutory monopoly for gambling, pools and lotteries in Finland is granted to Veikkaus Oy, a state-owned limited liability company. Veikkaus Oy’s gross gaming revenue in 2015 was EUR 885,1 million. Proceeds from the operations of Veikkaus Oy are used to promote sports and physical education, science, the arts and youth work.

Finland’s Slot Machine Association, a public organisation, has the monopoly specified in the Lotteries Act on keeping slot machines available and operating casino games and casinos. The Slot Machine Association has 94 member organisations in the health and social welfare sector.

The Slot Machine Association’s gross gaming revenue in 2015 amounted to EUR 794,7 million. Proceeds from the operations of Finland’s Slot Machine Association are used to promote health and social welfare.

According to the government decree on the gambling operations of Finland’s Slot Machine Association, the Slot Machine Association may keep no more than 22 500 slot machines available to the public, with 18 600 slot machines placed in various gaming locations and 3 900 in designated gaming arcades. In addition, no more than 500 casino games and similar games where players can win money may be kept available for the public in gaming locations and designated arcades.

2 Oy is short for osakeyhtiö or Public Limited Liability Company
3 Gross gaming revenue refers to the total amount of money spent on gambling, less the prizes paid out to players.
**Finland's Slot Machine Association** may run casino operations in one casino in the City of Helsinki, and in one casino outside the Metropolitan Helsinki region.\(^4\)

No more than 800 slot machines and 120 casino games and similar games where players can win money may be kept available to the public in casinos. For the time being, **Finland's Slot Machine Association** only has one casino, located in Helsinki (Casino Helsinki).

Under the Lotteries Act, **Fintoto Oy** has a monopoly on operating totalisator betting. In totalisator betting games, players bet on the results of horse races. **Fintoto Oy** is a limited company fully owned by Suomen Hippos Oy, Finland’s national confederation of harness racing and horse breeding associations. Proceeds from the operations of **Fintoto Oy** are used to promote horse breeding and horse racing sports. In 2015, Fintoto Oy’s gross gaming revenue was EUR 63.4 million.

**Figure 2: Proportion of game categories of the total GGR in the year 2015 in Finland\(^5\)**

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**Norway** has a population of just over five million. The regulated Norwegian gambling market is dominated by two state controlled companies, **Norsk Tipping** and **Norsk Rikstoto**, which have a national monopoly on a large part of the market, including gambling and horse racing respectively. In addition, there is a private lottery market including traditional lotteries and bingo. Broad political agreement prevails in Norway that money games must be regulated to prevent undesirable gambling problems. The Ministry of Culture and Ministry of Food and Agriculture introduces any changes in the law.

The largest operator in Norway is **Norsk Tipping** with about 77% of total turnover and 74% of GGR in 2015. The company was established in 1947 and is a wholly government owned corporation. For a long period football betting was by far the biggest sector of gambling in Norway. The numbers game Lotto was introduced in 1986, and since then this and other variants of the numbers games have taken over much of the market in terms of turnover. Today **Norsk Tipping** operates Lotto, Viking Lotto, Euro Jackpot, Extra, Joker, Keno, Flax (scratch tickets), Nabolaget and sportsbetting (LangOddsen and LiveOddsen (introduced 2012)). In 2014 Norsk Tipping launched their online casino including a various selection of games, table games, slots, electronic scratch tickets and online bingo.

Today **Norsk Tipping** also operates Multix (IVT), which after amendment of the law has taken over for the privately owned slot machines. Multix are far more limited in number and turnover than the

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\(^4\) In late 2015 the ministerial committee of economic affairs made a decision in principle on changing the decree in question so that **Finland’s Slot Machine Association** may in future operate casino activities in one casino “outside the metropolitan area of Helsinki” instead of “the region of Eastern Finland”. The decree hasn’t been officially changed, however.

\(^5\) Chart’s percentage points add up to 101 % because numbers have been rounded up.
former slot machines. Moreover, *Norsk Tipping* has from 2011 similar IVT’s for bingo halls (Belago). Belago have replaced the previous bingo machines in bingo premises. The Act on Gaming regulates the activities of *Norsk Tipping*, and The Norwegian Gaming Authority is the supervisory authority.

*Stiftelsen Norsk Rikstoto* (later called *Norsk Rikstoto*) is a foundation created in 1982. Norsk Rikstoto has a licence to operate horse race betting. They have about 10 % of turnover in the Norwegian gambling market and 12 % of GGR. They offer the game V75 and several others in different countries in addition to Norway (e.g. Sweden, Finland, Denmark and France). Some of this is offered on collaboration with ATG in Sweden. The Totalisator Act regulates the operations of *Norsk Rikstoto*.

In 2015 Norwegians played for EUR 4 300 million on the regulated games in Norway. Of the total amount   EUR1 508 million was spent on the games operated by *Norsk Tipping*, EUR 1 106 million on Multix- and Belago games and EUR 707 million on the new online games launched by *Norsk Tipping* in January 2014. On horse race betting the Norwegians spent EUR 416 million through *Norsk Rikstoto*.

Bingo and lottery constitute the private part of the market. Bingo represents about 11 % of the turnover in the Norwegian gambling market and 9 % of GGR. The entrepreneur bingo (bingo run by a professional bingo organiser) constitutes the major part. Today there are about 230 bingo halls in Norway. The turnover for bingo was in 2015 about EUR 469 million and with a GGR of EUR 101 million.

The private sector of the market also offers nationwide lottery and local lottery. Measured against the major actors, the turnover of these is relatively small, amounting to about 1 % of the market. They had in 2015 a turnover of EUR 45 million and GGR of EUR 34 million.

Gambling on ships also constitutes about 1 % of the Norwegian market. In 2015 the amount gambled on the Norwegian ships that sail between Norwegian and foreign ports was EUR 46 million and GGR of EUR 9 million.

Online gambling has seen an increase in recent years in Norway when it comes to gambling on the websites of *Norsk Tipping* and *Norsk Rikstoto*. Norsk Tipping had in 2015 32 % of their GGR from online betting. Norsk Rikstoto had first half 2016 46 % of their turnover through Internet and mobile.

On average, the adult population in Norway (above the age of 18) wagered EUR 1 057 on regulated gambling in 2015. When the winnings are deducted, they lost in average EUR 267, and this constitutes 0,7 % of the household disposable income.

*Figure 3: Proportion of game categories of the total GGR in the year 2015 in Norway*
Sweden has a population of just under ten million. The following statistics only relate to the licenced gambling market in Sweden.

In 2015 the Swedish gambling market had gross gambling revenue of EUR 1.8 billion. The two largest operators on the Swedish gambling market are AB Svenska Spel (Svenska Spel) and AB Trav och Galopp (ATG). Svenska Spel and its wholly owned subsidiary, Casino Cosmopol AB (Casino Cosmopol) offer gambling on sports games, number games, lotteries, gambling machines, online poker and casino games. ATG runs gambling on horse races. Svenska Spel (including Casino Cosmopol) has 54% of the Swedish gambling market and ATG has 22%. Both Svenska Spel and ATG receive their permits (concessions) from the Swedish government for a certain period of time.

The government decides on the framework for permits and the basic conditions for such activities, and instructs the Swedish Gambling Authority to issue detailed conditions in accordance with government decisions. It is the responsibility of the Gambling Authority to ensure that regulated operators comply with the established conditions through regulatory actions. This applies to all games organised by Svenska Spel, including Casino Cosmopol, gambling machines, and all products from ATG.

Casino Cosmopol, which is a wholly-owned subsidiary of Svenska Spel, is the only company in Sweden with a permit to run casinos ashore with international rules. There are four casinos in Sweden, located in Stockholm, Gothenburg, Malmö and Sundsvall.

Non-profit organisations with public benefit activities may organise nationwide lotteries by applying for a permit to the Gambling Authority. On 31 December 2015 there were 65 permits for national lotteries and the market share of these lotteries was 21% of the Swedish gambling market. The surplus from these lottery activities must go to the organisations’ public benefit activities. These may include sport, culture, charity, environmental care and activities for children and young people with disabilities. The associations must pursue public benefit activities, be open to everyone and need income for their activities. The Gambling Authority issues permits and supervises national lotteries.

Other forms of gambling on the Swedish market are restaurant casinos, amusement machines and merchandisers. These games may be run by individuals and companies. Their share of the Swedish market is 1% for restaurant casinos, and less than 1% for amusement games and merchandisers. On 31 December 2015 there were 460 permits for restaurant casinos, 135 permits for amusement games and 5 permits for merchandisers. These games all have small bets and small winnings.

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6 A merchandiser is an arcade gaming device, which features a machine that contains a display of merchandise, which can be won by playing the game.
Figure 4: Proportion of game categories of the total GGR in the year 2015 in Sweden

Table 1: Systems of gambling in the year 2015 in Denmark, Finland, Norway and Sweden

<table>
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<th>Denmark</th>
<th>Finland</th>
<th>Norway</th>
<th>Sweden</th>
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</thead>
<tbody>
<tr>
<td>System based on monopoly, licences or both</td>
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<td>Monopoly</td>
<td>Both</td>
<td>Both</td>
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<tr>
<td>Number of legal/licensed gambling operators on the market</td>
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<td>3</td>
<td>~ 70</td>
<td>160</td>
</tr>
<tr>
<td>Gross gaming revenue of the legal gambling operators (€) in 2015</td>
<td>1 125 M€</td>
<td>1 743 M€</td>
<td>1 085 M€</td>
<td>1 785 M€ ¹</td>
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<td>Proportion ² used on internet gambling of the money used for gambling on the legal market (%)</td>
<td>45 % ³</td>
<td>28 %</td>
<td>36 % ⁴</td>
<td>22 %</td>
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<td>Average sums of money used for gambling by a citizen per year (€) ⁵</td>
<td>198 €</td>
<td>319 €</td>
<td>210 €</td>
<td>182 €</td>
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<td>Total population</td>
<td>5 676 500</td>
<td>5 487 308</td>
<td>5 189 894</td>
<td>9 804 082</td>
</tr>
</tbody>
</table>

¹ GGR of Swedish offshore gambling is estimated to be 468 M€
² Of GGR
³ Includes offline betting
⁴ Including Rikstoto
⁵ GGR/total population

2.2 The regulatory framework

With the established intent of securing an orderly and regulated gambling market in Denmark, the Danish gambling market is regulated by the gambling act, “Lov om Spil”. The gambling act outlines the definition of gambling, the general legal framework for gambling in Denmark and the regulatory basis for the operations of the Danish Gambling Authority.
The purpose of the act is stated as:

a) Maintaining private consumption of gambling products at a moderate level

b) Protecting adolescents and other vulnerable individuals from exploitation and problem gambling

c) Protecting players by ensuring that gambling takes place in a reasonable, responsible and transparent manner

d) Maintaining public order and preventing gambling from supporting criminal activities.

The specific regulations on different types of gambling are established in the executive order for the gambling act, including the following:

**Lotteries:** The monopoly on lotteries is established and limited to Danske Spil A/S and Klasselotteriet A/S. Aside from these companies (and the two controlled by the Ministry of Justice as stated in 2.1) the only allowed form of lotteries are charity lotteries. The age limit for lottery games is 16 years.

**Betting:** Licences for betting can be obtained for 5-year terms. This does not cover horse or dog racing, which can only be operated by Danske Spil A/S. Only persons over the age of 18 may take part in betting under the gambling act.

**Online casinos:** Licences for online casinos can be obtained in a similar manner to the betting licences. The licence generally covers roulette, baccarat, punto banco, black jack, poker and gaming machines online, but can be expanded or limited. Only persons over the age of 18 may use online casinos.

Land-based casinos: 10-year licences are issued for land-based casinos and cover the same gambling types as the online casinos. The total number of licences is limited to ten nation-wide, of which seven are currently in operation. Land-based casinos must be publicly accessible for all persons over the age of 18.

Gaming machines: Licences to operate gaming machines can be issued for both restaurants with alcohol licence and arcades. The licensing procedure and operational rules for these two types of operators vary slightly but share the rule that no person under the age of 18 may use the gaming machines and that the machines must offer cash or cash vouchers as prizes.

The executive order also established the limits of certain other types of gambling and sets general as well as specific rules for the operators, employees, facilities, marketing etc.

In **Finland**, the provisions on offering gambling services are laid down in the Lotteries Act (1047/2001). According to Section 1 of the Lotteries Act, the Act lays down provisions on running lotteries and supervising the running of lotteries, the settlement and use of lottery proceeds, and supervising the use of such proceeds. In short, the Lotteries Act regulates the offering of gambling services and other lotteries.

The Lotteries Act contains for example definitions for lotteries and gambling, and provisions on monopolies for offering gambling services, on gambling proceeds, and on the offering, age limits and marketing of gambling. It also provides for the supervision of gambling services, the powers of the National Police Board and prohibitions of gambling services.

Complementing the Lotteries Act is the Government Decree on Lotteries (1345/2001), which contains provisions on information to be shown on tickets for a money lottery, making the draw, mixing the tickets for a money lottery, draw records, confirmation records of the results of pools, betting and totalisator betting, and applications for recommended decisions and on recommended decisions themselves.

Besides the Lotteries Act and the Government Decree on Lotteries, gambling is regulated by the rules of gambling laid down in Decrees of the Ministry of the Interior. According to section 13 c
of the Lotteries Act, these rules must include provisions on the distribution of winnings and the return of stakes and the maximum permitted stakes for slot machines and casino games. Rules on money lotteries, pools, betting and totalisator betting must also include provisions concerning the related draw. The rules may also include other regulations concerning the pace of a game or another characteristic typical of a specific category or type of game that are necessary to reducing the harms associated with games or making a sufficient distinction between them.

In addition, according to section 13 c of the Lotteries Act, a Government Decree contains provisions on 1) the proportion of the accumulated participation charges that shall be paid out to players as winnings, how the winnings are rounded and how unclaimed winnings are distributed; and on 2) the type and maximum number of slot machines and casino games in gaming locations, designated arcades and casinos, the maximum number of designated arcades, and the number, location and opening hours of casinos. A Government Decree may also lay down provisions concerning the permitted hours of gambling.

The Norwegian Gaming Authority is a public authority reporting to the Ministry of Culture. The Gaming Appeals Board, a separate independent unit, handles the appeals made against The Norwegian Gaming Authority’s decisions.

The Norwegian Gaming Authority has the responsibility to ensure that the country has a sound lottery and gaming market with the aim to prevent negative consequences of gambling. The Authority enforces restrictions on access to the lottery market and the market is dominated by two license holding companies Norsk Tipping and Norsk Rikstoto. The Gaming Authority shall detect and prevent illegal lottery and gambling. The Authority maintains a register of all actors and granted permits.

Three laws regulate gaming in Norway:

- The Lottery Act (Lotteriloven): includes the private lotteries in various forms including poker (Norwegian Championship/poker in private homes), Bingo games and casino on ships.
- The Gaming Scheme Act (Pengespilloven): regulates games that Norsk Tipping operates • Totalisator Act (Totalisatorloven: regulates totalisator games that Norsk Rikstoto operates.

The regulation aims at:

- Ensuring that gaming schemes are arranged in a satisfactory manner under public control.
- Preventing negative consequences of gaming.
- Ensuring that profit from games can be allocated to approved good causes.

Some games are illegal in Norway. These include land-based casinos and all forms of pyramid games.

The major part of the Swedish gambling market is governed by the Lotteries Act (1994:1000). The Lotteries Act contains the basic provisions concerning definitions, requirements for permits, who may obtain a permit, limits on bets and winnings, legal penalties, etc.

There are two parts of the gambling market that are not governed by the Lotteries Act. One is Casino Cosmopol, which is supervised by the Casinos Act (1999:355), which states the basic provisions for the four national casinos. The Act allows for two further casinos. The second exception concerns amusement machines, which are governed by the Act concerning certain forms of gaming machines (1982:636). These acts stipulate requirements for permits, operators and premises.

In addition to these laws, there are also ordinances for lotteries and gaming machines which specify what must be attached to an application, delegations to the Gambling Authority, charges, etc.
2.3 Distribution of returns and taxation

In Denmark, the licensed operators are in general under no obligation to distribute their returns to certain purposes or third parties. As such, rules regarding distribution of returns only apply to the state-owned monopoly companies and charity lotteries.

Charity lotteries must be set up to distribute their entire profit to charities or non-profit purposes. This category includes bingo games, scratch cards, lottery tickets and tombola games.

The state-owned companies include the monopoly company Danske Lotteri Spil and the liberalized company Danske Licens Spil. Danske Lotteri Spil is only allowed to provide lotteries and their entire profit is distributed for charities and non-profit purposes. Danske Licens Spil offer betting and online casino and are supervised and licensed as an ordinary operator. Their entire profit accrues to the Ministry of Finance.

Nearly all gambling operators pay supervision fees to the Danish Gambling Authorities. The exact fees vary from one type of gambling to another as they are calculated in order to match the supervision expenses related to the gambling type. The operators also pay duties ranging from 15 to 30% on winnings. The duties are established in a separate law “Lov om afgifter på spil”. Charging of duties is administered by the Danish Tax Authority.

Distribution of returns in Finland. The gambling organisations pay out a certain proportion of their accumulated participation charges to players in prizes. The remaining gambling proceeds are used to cover operating expenses and pay the lottery tax to the State. Net proceeds are distributed in their entirety to beneficiaries for socially beneficial purposes. Gambling proceeds are included in the State budget to ensure they are distributed in what is socially the most appropriate way, even though the operations of gambling organisations are otherwise not included in on-budget activities.

The Lotteries Act contains provisions on the purposes for which gambling proceeds are used. According to section 17, the proceeds from money lotteries, pools and betting (Veikkaus Oy) are used to promote sports and physical education, science, the arts and youth work. Distribution of the proceeds from lotteries, pools and betting is managed and supervised by the Ministry of Education and Culture.

The proceeds from slot machines, casino games and casino activities are used to promote health and social welfare. Finland’s Slot Machine Association, the organiser of these games, presents a proposal for the distribution of grants – on the basis of applications received – to the Ministry of Social Affairs and Health. The Ministry then presents the proposal to the Government, which makes the final decision on the distribution of grants. With guidance from the Ministry of Social Affairs and Health, Finland’s Slot Machine Association manages the payment of grants, supervises their use, and monitors and assesses the operations of grant recipients.

The proceeds from totalisator betting are used to promote horse breeding and horse racing sports. It is prescribed in a Government Decree (1010/2011) that the total proceeds from totalisator betting must be divided into a portion to be spent by Fintoto Oy under the supervision of the Ministry of Agriculture and Forestry, and a portion to be paid out in grants (equine welfare grant).

In 2015, Veikkaus Oy’s profits used for socially beneficial purposes totalled EUR 515,6 million, and those of Finland’s Slot Machine Association EUR 426,3 million. The grants and statutory government contributions paid by Fintoto Oy amounted to EUR 30,7 million in 2015.

Gambling taxation in Finland. After prizes have been paid out to players, the operating expenses and lottery tax payable to the state are paid from the gambling proceeds. According to section 1 of the Lottery Tax Act (552/1992), gambling organisations are required to pay lottery tax to the State for any lotteries they organise. Gambling organisations pay 12% tax on the proceeds of...
gambling, in other words the difference between the total amount of stakes and the prizes paid out to players. In 2015, gambling organisations paid lottery tax to the State as follows: Fintoto Oy EUR 7.6 million, Finland’s Slot Machine Association EUR 95.4 million, and Veikkaus Oy EUR 107.2 million. The lottery tax revenue is used to cover government expenses in accordance with the budget. According to Section 59 of the Value Added Tax Act (1501/1003), gambling organisations are not required to pay value added tax on the gambling services they provide.

According to Section 85 of the Income Tax Act (1535/1992), lottery prizes are, as a rule, non-taxable income in Finland.

In Norway, around EUR 580 million was in 2015 paid as income to associations and foundations, the purpose of which is to promote a non-profit cause. The largest part of the earnings (EUR 501 million) came from Norsk Tipping. There is also a relatively large percentage part for purposes of net sales (62%). From Norsk Rikstoto EUR 62 million was paid to the horse sport.

Among the private games most in percentage was paid to common good purposes from the local lotteries, bingo without entrepreneur. For entrepreneur bingo and gaming on ships, the revenues for the charities were under 30% of net turnover.

From bingo with entrepreneur the common good purposes received EUR 24 million, or 24% of net turnover. Many of the purposes in contracting bingo also get income from the Norsk Tipping Belago terminals.

From games on Norwegian ships in service between Norwegian and foreign harbours the common good purposes got EUR 1.9 million.

Profits from Norsk Tipping distributed first with 6.4% for health and rehabilitation purposes. Thereafter, the remaining surplus by 64% to sports, 18% to culture and 18% to charitable or humanitarian organizations that are not affiliated Norwegian Olympic and Paralympic Committee and Confederation of Sports (Gaming Scheme Act §10).

The sport sector got its grant through the Ministry of Culture (64% of funds). Funding for culture (18%) was paid outside the state budget. Funding for charitable or humanitarian purposes (18%) was disbursed in several ways. Most of it was disbursed directly from the Norwegian Gaming Authority for specific distribution.

"Grasrotandelen" and funding for measures in the action plan against problem gambling also comes from the play turnover from Norsk Tipping, and is not included in the distribution formula.

On the regulated Swedish gambling market, only restaurant casino operators and ATG pay gambling tax. ATG pays 35% of its profits to the state, while restaurant casino arrangers pay an excise duty. The excise duty varies between EUR 214 up to EUR 534, depending on how many gambling tables the operators has a permit for. Svenska Spel is owned by the state and pays the amount established in advance to the state at the end of the year. All other games are given permits on condition that the surplus goes to charitable purposes. These operators pay no gambling tax.

In 2014 the total surplus from gambling was EUR 987 million. EUR 650 million of the surplus went to the state, of which EUR 509 million came from Svenska Spel, EUR 139 million from ATG’s horse betting and EUR 2 million from restaurant casino arrangers in the form of excise duty. Compared to the previous year, this represents a decrease of EUR 3 million in state revenue. The surplus from charity lotteries in 2014 was EUR 162 million, while the surplus from trotting sport was EUR 175 million.
Data on surpluses for 2015 are not currently available, but it is possible to make estimates based on turnover trends in 2015. Based on the regulated market’s growth in 2015, there will be an increase in the total surplus in 2015 to EUR 999 million, of which the state surplus is estimated to be approximately EUR 653 million.

Summary: the systems of gambling

- The gambling markets of all of the countries involved – Denmark, Finland, Norway and Sweden – are somewhat similar as regards the size of the market and the types of games offered. GGRs in each of the countries range from around EUR 1 100 million (Denmark, Norway) to more than EUR 1 700 million a year (Finland, Sweden).

- Somewhat similar forms of gambling or types of games are in use in each of the countries. Lotteries and number games, slot machines, betting and horse race betting are operated in all of the countries. This also applies to bingo, even though in Finland bingo may only be offered by non-profit organisations and with non-monetary prizes. Where Denmark, Finland and Sweden have casinos, and Denmark and Finland have online casino games, in Norway these types of games are basically not legal forms of gambling. Lotteries and number games are the most popular forms of gambling in each of the countries with a market share of almost 40 to 65 % (of the GGR).

- There are also some significant differences as to the systems of gambling in the countries involved. In these countries there are different systems as regards the way of organising the gambling services. Even though all of the countries are characterised by a system at least partially based on a monopoly, in recent years, the systems in Denmark, Finland, Norway and Sweden have developed in somewhat different directions. In Finland, the system of gambling for money is as a whole based on monopolies. Norway is also considered a rather clear monopoly, even though a minor part of the market as regards lotteries and bingo is run by private operators. A large part of the market in Sweden is also run by monopoly operators, but non-profit organisations with public benefit activities may also organise nationwide lotteries. The Danish gambling market may be described as a mix of monopoly and liberalisation; the markets of betting and online casino as well as gaming machines and casinos are liberalised whereas lotteries are mainly operated by state controlled companies.

- A specific function for the government has been established in each of the countries in order to supervise the operating of gambling. Specific acts have also been introduced in the area of gambling in all of the four countries, the purpose of which is to protect the players and to prevent both criminal activities related to operating gambling and problems associated with excessive gambling.

3. The regulatory authorities

All of the countries in question have for some time ago established a specific function for the government in order to supervise the operating of gambling. The responsibilities and tasks of the supervising authorities are somewhat similar; all of the authorities are responsible for supervising the legal operators of gambling, as well as the illegal operating of gambling. There are, however, some differences in the responsibilities of the authorities. The Danish and Swedish systems of gambling include partial licensing elements, which naturally affect the tasks of the authorities in charge of the licensing process. Actions to prevent problem gambling are also included in the responsibilities of the authorities in Sweden and Norway but not as much in Finland and Denmark. In
Finland and Norway, the supervision of marketing of gambling operations is one of the key responsibilities of the supervisory authorities whereas in Denmark and in Sweden these tasks have a somewhat minor role.

The background and history of each of the authorities are presented below, as well as their tasks. The cooperation of the authorities with other authorities and interest groups are also introduced. At the end of the chapter, some essential future trends are looked at, both at the level of the gambling environment as a whole and from the point of view of each authority.

3.1 Background and history

The Danish Gambling Authority was established in 2012 as an executive authority within the Ministry of Taxation. Before 2012, the Authority was an internal unit within the Ministry of Taxation. Beforehand, the supervision and licensing of many type of gambling were administered by several ministries, local police departments or the local tax authorities. These functions are now administered by the Danish Gambling Authority which has allowed for significant streamlining and modernization of rules and procedures.

The establishment of the Danish Gambling Authority as an independent agency coincided with a major reform of the Danish gambling market, which, among other initiatives, saw the introduction of licensed betting and online casino. The new Gambling Act has since set the pace and direction for the development of the authority and its methods of supervision and licensing.

Since its inception, the Danish Gambling Authority has in particular developed the supervision of the online gambling market, the participation in international co-operation and the structural set-up of an individual authority.

The Danish Gambling Authority currently employs around 75–80 employees including officials, clerks and technical supervisors. Since the reform and partial liberalization of the Danish gambling market, the budget and personnel level of the Danish Gambling Authority has remained on roughly the same level. The first and current director of the Danish Gambling Authority, Birgitte Sand, has headed the authority for eight years.

As for Finland, the Lottery Act entered into force in 2001. When passing the Act, the Finnish Parliament presented certain requirements to the Government, including continuous monitoring of the social impacts of gambling, and adequate, uniform and sufficiently resourced supervision of lottery draws. In consequence, a Lottery and Firearms Administration unit was established in 2002, under the auspices of the Ministry of the Interior’s Police Department. The unit was assigned responsibility for various tasks prescribed for the Ministry of the Interior in legislation concerning lotteries, entertainment devices and fundraising. Under the Government regionalisation decision, the Lottery and Firearms Administration unit was set up in Riihimäki rather than in the Metropolitan Helsinki area.

The overhaul of the police administrative structure in early 2010 involved the introduction of the National Police Board, a new central administrative agency which assumed responsibility for operational management and the related activities from the Ministry of the Interior’s Police Department. After the adoption of the new organisational model and the transfer of operating activities, tasks previously assigned to the Ministry of the Interior’s Police Department were divided between the Police Department and the National Police Board.

The Police Department is responsible for strategic steering and supervision in the policing sector. The Police Department’s responsibilities include matters having to do with for example the National Police Board’s performance guidance, police administration, general order and safety, comba-
ting crime, licence administration, firearms, gambling administration and gambling policy, as well as international affairs. The Police Department makes preparations and plans for legislation in the areas mentioned above, and performs the related international duties.

The National Police Board’s tasks include planning, directing, developing and supervising police operations and the related support functions. In addition, it is responsible for ensuring the equal availability of police services nationwide, decides on cooperation between police units and is in charge of their performance management. The National Police Board also performs other duties prescribed by law, or otherwise assigned to it.

The areas of responsibility of the National Police Board's Gambling Administration include matters prescribed as the National Police Board's duties in legislation concerning lotteries, entertainment devices and fundraising; the related guidance and development; and IT procurement related to gambling supervision. The Gambling Administration is located in Riihimäki, around 70 kilometres north of the capital city Helsinki. Ms. Saaramia Varvio is the Chief of Gambling Administration.

The Norwegian Gaming Authority was established at the request of the Parliament partly to gain better control of the growing market for gambling and lotteries. Especially the market of slot machines was in strong growth in the years before and after their creation. In the first years after the millennium, there were just under 20,000 legal slot machines deployed, and practices for approval of installation site had in the years preceding the establishment of the Authority been relatively liberal. Gambling on Norsk Tipping and Norsk Rikstoto also had a positive development. Towards the end of the 1990s, online gaming was believed to become a rapidly growing phenomenon, and authorities had very limited visibility and control over this.

The Official Report 1997:14 “Games for money”, proposed to create a gaming board that would oversee the practical management of the private lotteries and control both the private lotteries and state games. In 1999, a proposal for a new Lottery Act was submitted. It was also proposed that a central lottery management would be established. Moreover, Proposition no. 49 (1999–2000) was the legal basis for the creation and funding of a gaming board and a separate appeals board for the Norwegian Gaming Board’s decision taken into the Lottery Act.

The Norwegian Gaming Board and the Appeals Board were established on 1 January 2001. The Norwegian Gaming Board was the first state directorate located in what is commonly known as a district county in Norway. There was some scepticism as to whether this was the right location. In the first year, however, the new authority already had 40 employees at the office in Førde. In 2005 the Gaming Board was co-organized with the Foundation authority and the official name became The Norwegian Gaming and Foundation Authority.

From 2008, the Norwegian Gaming Authority took over the lottery related tasks from the the police. After this, the Gaming Authority had all administrative and supervisory tasks on the lotteries in Norway.

All the approximately 45 employees of the Norwegian Gaming Authority are located in Førde. In 2016, after the first 15 years, one can affirm the Authority has been smoothly conducting the state supervision task based in the county of Sogn og Fjordane. The Authority has been given several new tasks over the years, e.g. VAT-compensation to voluntary, supervising the Grassroot scheme and matchfixing. Atle Hamar is the Director of the Authority.

In Sweden, the Gambling Authority, which is subordinate to the Ministry of Finance, is the current supervisory authority for gambling and lotteries in Sweden. The Authority is based in Strängnäs, about 80 kilometres from Stockholm, and is governed by a board with full responsibility. The Director-General of the Gambling Authority Håkan Hallstedt is also part of the board.
The Lottery Board was first established on trial basis in 1974 and became a permanent board in 1983. The main reason for establishing a special board in Sweden was the expanding lottery and gambling market at the end of the 1960s and beginning of the 1970s. New tasks were gradually added during the about 20 years that the Lottery Board was active, such as issuing permits to the national lotteries and supervision of the restaurant casino games and the type approval of lottery tickets.

In 1995 the Lottery Board evolved into the Gambling Authority in connection with the review of the Lotteries Act. Its area of operations expanded with the issuing of permits for restaurant casino games, merchandisers, gaming machines and the supervision of state-owned gambling companies, as well as ATG. Supervision of prize draws in banks’ capital savings schemes and Swedish state premium bonds were also added to the authority’s remit.

In 1999 the Swedish Parliament made a decision on a Casino Act, which made it possible to conduct international casino gambling. Svenska Spel was granted the permit to arrange casino gambling through its wholly owned subsidiary, Casino Cosmopol. There are currently four international casinos in Sweden. They are located in Stockholm, Gothenburg, Malmö and Sundsvall.

An amendment to the Lotteries Act was introduced in 2002 allowing lotteries to be arranged through electromagnetic waves (EMV lotteries), meaning that lotteries could be run through the Internet, smartphones and digital TV.

With effect from 1 January 2005, the Gambling Authority took over responsibility for permits and supervision of amusement games.

In November 2005, Svenska Spel was given the go-ahead by the government to run online poker. Svenska Spel’s online poker started in March 2006.

In 2014 the government decided that gambling regulations needed to be reviewed, and at the same time advocated a licensing system. A commission was initiated in 2015 and will be completed in March 2017.

3.2 Tasks

The main tasks of the Danish Gambling Authority are defined in the annual Danish Budget Act. They currently stand as follows:

Support functions, management and administration. Mainly performed by the Policy and Finance unit, this task involves the daily running of financial and strategic controlling as well as the calculation and charging of fees and general administration.

Licensing. Licences for all types of gambling are issued by the Danish Gambling Authority. These range from renewals of licences for monopoly lotteries and major betting/online-casino licences to local charity lotteries. The licensing task also involves the screening and authorization of gaming arcade managers, land-based casino employees etc.

Information activities and international co-operation. The Danish Gambling Authority is actively engaged in international co-operation on both regional, continental and global levels. International co-operation is a core task of the authority and contributes to the continued development and optimization of the Danish licensing and supervision apparatus through the sharing of legislation and procedures as well as constant attention to technical developments in the international gaming market.

Supervision and compliance. When a licence is granted, the operator is taken under continued supervision to ensure compliance and contribute to a fair and transparent gambling market in
Denmark. This task also engages the fields of match-fixing, money laundering and other aspects of responsible gambling.

The supervision is broadly split into two areas – online and land-based. The former is mainly supervised by a gaming control system (Spilkontrolsystemet), which allows the Danish Gambling Authority to ensure compliance on transaction-level. The supervision regime of online operators begins as early as the licensing process and develops naturally from there. The Danish Gambling Authority maintains ongoing communication and frequent meetings with operators and supervises their financial compliance. The land-based operators are supervised by general compliance and service visits as well as specialized controls as part of a general risk-based supervision strategy. This is carried out by the units Compliance and Land Based Gambling.

The Danish Gambling Authority is not responsible for the drafting or development of new legislation, although the Authority regularly contributes to this work, which is anchored in the Ministry of Taxation. Equally, the Authority does not deal with complaints by players or the public in general, which are dealt with by the Danish Competition and Consumer Authority.

In Finland, the areas of responsibility of the National Police Board’s Gambling Administration include matters prescribed as the National Police Board’s duties in legislation concerning lotteries, entertainment devices and fundraising; the related guidance and development; and IT procurement related to gambling supervision.

According to the Lotteries Act, the running of a lottery is supervised in order to guarantee the legal protection of lottery participants, to prevent abuse and criminal activity and to reduce the social problems associated with lotteries. The National Police Board’s Gambling Administration is responsible for supervising lotteries at national level and for compiling statistics on lotteries. The Gambling Administration has the authority to issue opinions and guidelines relating to lotteries and the supervision of lotteries. The Gambling Administration may issue statements and instructions on matters included in its responsibilities to other authorities, organisations and private operators. Its duties also include giving recommended decisions in the event of a dispute between a gambling organisation and a player. Besides carrying out duties related to gambling operations, the Gambling Administration acts as a licensing and supervisory authority in non-money lotteries extending beyond the jurisdiction of one police department.

In practice, the Gambling Administration supervises both legal and illegal gambling activities. Besides monitoring legal compliance on a general level, the Gambling Administration supervises the marketing of gambling services and carries out tasks associated with the appointment of so-called official supervisors. Other areas of responsibility include the supervision of actions to prevent money laundering and terrorist financing, and the monitoring and supervision of sports events manipulation (match-fixing) within the administrative branch of the gambling administration. Conducting and developing the technical supervision of gambling is a separate segment within the Gambling Administration’s area of responsibility.

Its duties also include national cooperation in the gambling sector, for instance in the preparation of regulations on gambling operations and the rules of gambling, evaluation of the harms of gambling alongside suppliers of surveillance systems; and Nordic and international cooperation.

In addition to the above-mentioned duties, the National Police Board’s Gambling Administration is responsible for the general supervision, guidance and compilation of statistics on fundraising operations. The task includes supervising that fundraising operations are not carried out in the form of pyramid schemes. The Gambling Administration has the authority to issue opinions and guidelines relating to the organisation of fundraising campaigns. The Gambling Administration also grants licences for fundraising campaigns organised across multiple police districts, and supervises the campaigns it has licensed.
Furthermore, the officials of Gambling Administration train other civil servants, such as police personnel, in matters included in their job role.

The **Norwegian** Gaming Authority has the responsibility of ensuring adequate lottery and gaming offers in Norway. The Authority administers its task by:

- Approving all charity organisations that can extract income from the private sector of the lottery market, excluding message lottery and Bazaar.
- Authorizing major lottery organisers, for example entrepreneurs engaged in bingo halls.
- Authorizing the lotteries that have a turnover of over EUR 200,000 a year.
- Preventing all forms of illegal gambling and pyramid schemes from getting a foothold in Norway.
- Supervising and controlling *Norsk Tipping* and *Norsk Rikstoto*.
- Assessing the risk exposure to problem gambling in single games.
- Detecting and reacting against illegal marketing.
- Informing the public and other authorities about the dangers associated with gambling, and collecting information on developments in the market.
- Following up on the action plan on problem gambling.
- Being responsible for marketing and results for the Helpline for problem gamblers.
- Providing information and guidance to interest groups, the public and governments.

Furthermore, the Gaming Authority has the mission to ensure a proper distribution of revenues from lotteries and gambling through:

- Allocating lottery licences.
- Allocating part of the lottery funds from *Norsk Tipping* to charity organisations on application.
- Overseeing that the organisations get their fair share of the lottery revenues, and controlling the use of revenues from the lotteries.

The Ministry of Culture has also delegated responsibility for the control and monitoring of the Grasrotandelen in *Norsk Tipping* to the Gaming Authority.

The Norwegian Gaming Board also administers the scheme of VAT compensation to voluntary groups and organisations in general, in addition to the scheme for VAT compensation for the construction of sports facilities.

From 2016 the Gaming Authority also is responsible for establishing a platform working against manipulation of sports competitions (match fixing).

In **Sweden**, all forms of gambling organised by *Svenska Spel*, including *Casino Cosmopol*, and *ATG* must obtain permits in the form of concessions from the government. In these decisions the government decides on the framework for permits and the basic conditions for such activities, and instructs the Gambling Authority to issue detailed conditions in accordance with the government’s decision. It is the responsibility of the Gambling Authority to ensure that the regulated operators comply with the established conditions.
Permits for lotteries may be given to non-profit organisations engaged in good causes. The organisations must be open to everyone and need income for their good causes. Municipalities issue permits for lotteries carried out only within a municipality, while county administrative boards issue permits for lotteries carried out within a county. The Gambling Authority issues permits for national lotteries, i.e. a lottery carried out within more than one county. Under the Lotteries Act, the value of the winnings must be at least 35% and not more than 50% of the bets, and consumers of lottery tickets must always be informed of the profit plan and the prize share, which must be stated on the lottery ticket. It must also be likely that the lottery will provide a reasonable amount to the organisation’s good causes.

Under the Lotteries Act, all sealed lottery tickets used in a lottery and bingo counters must be of an approved type, i.e. type approved. A type approval from the Gambling Authority must be issued before lottery tickets may be sold. This also applies to technical equipment used for betting, prize draws and supervision of lotteries and bingo games. As an aid for technical tests, the Gambling Authority engages the National Forensic Centre (formerly the National Forensic Laboratory) and independent institutes.

The Gambling Authority also issues permits and exercises supervision of games at restaurant casinos (mainly Black Jack and Roulette), amusement games and merchandisers.

### 3.3 Authorities and relevant interest groups

In addition to their mutual cooperation, Denmark, Finland, Norway and Sweden are active members of several international organisations, such as GREF (Gaming Regulators European Forum) and IAGR (The International Association of Gaming Regulators). Although there is no EU-level harmonisation of the gambling industry, member states are engaged in active cooperation in EU (and EEA) institutions such as the expert group on gambling services set up by the European Commission, in which all of the four countries participate.

The Danish Gambling Authority cooperates with many other national authorities. Currently, the Danish Gambling Authority is engaged in many co-operations efforts within the Ministry, where close co-operation and coordination on administrative, financial, practical and technical matters is maintained with our sister agencies SKAT (Danish Tax Authority), as well as the Department of the Ministry of Taxation.

On the issue of match-fixing, the Danish Gambling Authority is engaged in trans-ministerial cooperation and communication. The Ministry of Culture is in the process of implementing the convention against match-fixing in areas of which the Danish Gambling Authority is not responsible. A national platform has been established for this purpose, and is placed at Anti-Doping Denmark (“ADD”), which is an independent institution belonging to the Ministry of Culture. In conjunction with the national platform, a forum for cooperation has been set up with participation from ADD, the Ministry of Culture, the Danish Gambling Authority, the National Police, the State Prosecutor for Serious Economic and International Crime (“SØIK”), the Danish Online Gambling Association, Danske Licens Spil A/S, the Danish Football Union (“DBU”) and the Danish Sports Association (“DIF”).

The Danish Gambling Authority is part of the Danish Anti-Money Laundering Forum, which is responsible for coordinating authority initiatives regarding anti-money laundering as well as the forthcoming FATF evaluation of Denmark. The Anti-Money Laundering Forum consists of the Danish FSA, the Business Authority, the State Prosecutor for Serious Economic and International Crime, the Danish Bar and Law Society, the Security and Intelligence Service (which has observer status), the Ministry of Justice, the Ministry of Foreign Affairs, the Ministry of Taxation, the National Tax Authority and the Danish Gambling Authority. The Forum usually convenes three times a year, but may have additional meetings if required.
The Danish Gambling Authority has also maintained a constructive cooperation with the Consumer Ombudsman by continuing the series of contact committee meetings regarding mostly marketing. The practice of the Consumer Ombudsman offers relevant interpretational insight concerning promotional measures, which are useful when the Danish Gambling Authority supervises the marketing practices of licence holders.

Aside from our governmental partners, the Danish Gambling Authority maintains an ongoing dialogue with the relevant domestic trade organisations including DOGA (Online gambling), DAB (gaming machines) and ISOBRO (charity lotteries).

As for Finland, in addition to its actual supervisory and licensing duties, the Gambling Administration engages in sectoral cooperation with multiple authorities and organisations, both formally and informally. Key cooperating authorities include the Ministry of the Interior’s Police Department and the Ministry of Social Affairs and Health. The Police Department makes preparations and plans for legislation on the gambling sector, and performs the related international duties, while the Ministry of Social Affairs and Health is responsible for the prevention, follow-up and study of the problems associated with gambling. The Ministry of Social Affairs and Health is in the process of setting up an assessment group for the harms and risks associated with gambling services, whose duty it is to prepare statements on matters related to decrees issued for the provision of gambling services, and to assess the harms associated with gambling services.

Operating under the Ministry of Social Affairs and Health, the National Institute for Health and Welfare studies and prevents gambling-related behaviour and harms, and is responsible for the development of a treatment system. Other important organisations playing an active role in the practical prevention and treatment of gambling problems are NGOs such as Peluuri and the A-Clinic Foundation. To deal with these issues, the Gambling Administration works in close cooperation with the National Institute for Health and Welfare, the Ministry of Social Affairs and Health, and various organisations and NGOs, as well as suppliers of technical supervision systems and gaming systems.

Furthermore, the Gambling Administration is engaged in regular cooperation with the Finnish Competition and Consumer Authority and police departments in matters falling under its purview.

In Norway, the Ministry of Culture (Media Department) is responsible for agency management and budget for the Gaming Authority. The Ministry of Culture is responsible for the Lottery Act and the Gaming Scheme Act. The Ministry of Agriculture and Food is responsible for the Totalisator Act.

As a directorate the Gaming Authority can be considered the ministry’s extension. The policy in this area is determined by the Ministry, in many cases after input by and dialogue with the Authority. The government by the political leadership of the ministry determines the political guidelines into law, through budget management and through other resolutions.

The police had previously both administrative and supervisory responsibilities in the area of lotteries. After the liquidation of the former regime with slot machines, remaining administrative and supervisory tasks were transferred to the Norwegian Gaming Authority from 2008. The police are a cooperative partner as regards cases in which the Norwegian Gaming Authority will crack down on illegal activities.

Voluntary organisations and lottery entrepreneurs are important interest groups in the area of lotteries. In the gambling sector the major operators Norsk Tipping and Norsk Rikstoto are also central parties.

The Norwegian Gaming Authority is leading a cooperative gaming group with the Consumer Ombudsman, the Media Authority and representatives of research, industry and technology. The group follows the development of and shares knowledge about social network games and digital and virtual currency.
In the fight against manipulation of sports competitions, the Gaming Authority is responsible for establishing a joint forum with the participation of sports organisations, Norsk Tipping, police and other public authorities. The purpose is to exchange information and to share knowledge.

In January 2016, Norwegian Gaming Authority, set up a national platform with two full time employees.

The Gaming Authority has been given the responsibility to develop good communication and cooperation procedures between Norsk Tipping, the national Register of Non-Profit Organizations, the Ministry of Culture and the Norwegian Gaming Authority including biannual technical meetings between the parties.

The Helpline for problem gamblers is organised as collaboration between the Norwegian Gaming Board and Innlandet Hospital HF Sanderud. The Norwegian Gaming Board has the responsibility for performance and for information and marketing.

Several research institutes commissioned by the Norwegian Gaming Authority have delivered reports on the area of problem gambling.

The Media Authority has a responsibility to conduct oversight of illegal TV advertising and is thus a key partner in the area of illegal advertising of gambling.

The Norwegian Gaming Authority operates a Lottery Register. The registers in Brønnøysund are a key partner for the nationwide registers in Norway.

As for Sweden, the Gambling Authority has many contacts with national municipalities, county administrative boards and authorities. The contact with municipalities and county administrative boards is usually in the form of courses. The contact with other authorities is through courses and participation in collaborative bodies. Examples of areas in which collaboration takes place with other authorities include the prevention of money laundering and illegal gambling.

Some authorities that the Gambling Authority has contacts with are the Public Health Agency (which has the overall responsibility for gambling addicts' issues), the National Forensic Centre, the Financial Supervisory Authority, the Police Authority, the Competition Authority and the Consumer Agency. The Gambling Authority also provides the Ministry of Finance with information and advice on issues relating to the gambling market. This takes place through referred consideration and government commissions.

There are also various interest groups that are active on the Swedish gambling market. Some of these are SPER, BOS and the Gambling Addicts’ National Association. SPER is an acronym for the gambling industry’s ethical council. It is an organisation for operators with permits to arrange gambling in Sweden. One of SPER’s issues is to create a common set of guidelines for its members relating to marketing and sales of gambling activities. BOS is the Swedish trade association for online gambling. BOS represents operators and developers in the gambling market who target Swedish consumers and who have a licence from a jurisdiction within the EU. The Gambling Addicts’ National Association is a politically independent association for preventing and helping gambling addicts.
3.4 Future trends

Some of the most prominent trends in the gambling market worldwide have for a few years been the expansion of online gambling and the digitisation of gambling products and environments. The technical development in the gambling sector is very rapid, which produces challenges from the point of view of supervisory authorities.

The technological advances have changed gambling habits worldwide, both in gambling and new forms of games with and without money, such as social networking games. Mobile digital devices provide access to gambling around the clock, and new gambling platforms make it easier for gambling companies to recruit new customers and retain existing ones. These changes have also affected the marketing of gambling and made available new forms of marketing.

The Danish Gambling Authority is currently engaged in the development and implementation of new legislation regarding in particular charity lotteries, land-based casinos and “manager games”. Also, both match-fixing and money laundering are issues of importance to the Danish Gambling Authority meeting all necessary requirements evolving from the convention on match-fixing and the fourth money laundering directive. Additionally, the Authority closely monitors developments regarding fantasy sports and eSports.

In 2016, the Danish Gambling Authority will complete a move to the city of Odense in the region of Southern Denmark as part of a trans-governmental plan to move public jobs from the Capital Region to other regions of Denmark. This will influence the current status quo of the authority, but the level of service and quality of the Authority’s supervision will be in constant focus throughout this process.

In Finland there are major developments in the gaming policy currently under way. In 2016, the Ministry of the Interior has prepared legislation allowing the merger of the gambling activities of the existing three gambling organisations into a new company scheduled to begin operating on 1 January 2017. According to the Government policy, the new gambling company to be established will be fully owned by the state. The practical consequences of this project include amendments to the Lotteries Act and to regulations concerning the distribution of proceeds.

A separate report will be prepared in connection with the project on the reorganisation of gambling services supervision. According to the reorganisation principles, steps must be taken to ensure independent supervision and to allocate additional resources to supervision. It is deemed important that the supervisory authority be better equipped to deal with any violations of the Lotteries Act.

In Norway, technological developments have opened for new, legal gambling on digital platforms. Norsk Tipping offers interactive lottery and gambling on the internet. The voluntary organisations are also permitted to distribute “sjekk med Tore” major lotteries on digital platforms, but cannot offer interactive drawings.

In the unregulated market of gambling, the image of operators offering and marketing unlawful lotteries and gambling has become more complex and collapsible. Overall, the unregulated gaming industry is increasingly turning to new methods for recruiting or holding on to Norwegian customers. For instance, Norwegian celebrities and former athletes are actively used as spokespersons, so-called ambassadors, commentators or betting experts. They also use Norwegian communications agencies in their efforts to get their monetary games promoted and mediated in Norway.

Marketing has increased in scope and it appears in the media more than previously. Marketing has also changed in shape from the more traditional advertising to content advertising in edito-
rial articles in print media and on the Internet (content marketing). The development has made supervision of the illegal lottery and gambling market more challenging for the Norwegian Gaming Authority.

In late 2016, a white paper on the Norwegian gaming policy will be prepared. In the paper, the government will present its opinion on the future regulation model in the area of gambling in Norway. The paper will also consider what kinds of measures are necessary in order to maintain a responsible gaming policy.

In **Sweden**, gambling is considered to be relatively insensitive to economic cycles. Some forms of gambling have decreased gross revenue, such as gaming machines. Others have increased, such as betting on sports. Many products have become more accessible due to digitization in the gambling market. Gambling on the Internet has increased its share of the regulated market from 16% to 22% between 2011 and 2015. This means that, given the current trend, consumption through digital platforms is increasing its share of the market by more than 1 percentage point per year. If we also include operators without Swedish permits, forecast growth will increase substantially. Above all, there is a major increase in gambling using smartphones and tablets. The largest group of users of these platforms, according to the Gambling Authority, are individuals between 18 and 29 years old.

Despite the fact that the consumption of gambling is relatively constant, the number of players is decreasing. The Gambling Authority estimates that there were 350,000–400,000 fewer people gambling in 2015 than in 2013. The Authority thinks this is partly the result of increased competition from different types of digital amusement games. Competition from these products is clear, especially among younger individuals.

The government has appointed Håkan Hallstedt, Director-General of the Gambling Authority, as a special investigator who will submit proposals for new gambling regulations in March 2017. The investigation aims at creating a market with a high level of consumer protection, high security in the games and clear conditions for operating on the market. The regulation will be based on a licensing system, which means that everyone working on the Swedish gambling market must have a permit and that operators without a permit will be excluded. The negative consequences of gambling must be limited. A high level of consumer protection also assumes that market regulation takes social responsibility, with requirements on things such as moderate marketing.
Summary: the regulatory authorities

- As for the background and history of the authorities, in each of the four countries a supervisory authority of the gambling operations has existed for at least two decades. The responsibilities of the authorities have changed and become more prominent as the gambling market has developed in the last 15 years as regards especially the online gambling operations.

- The responsibilities and tasks of the supervising authorities are somewhat similar in all of the four countries; all of the authorities are responsible for supervising the legal operators of gambling, as well as the illegal operating of gambling. Some differences may also be noticed in the responsibilities of the authorities. The Danish and Swedish systems of gambling include partial licensing elements, which naturally affects the tasks of the authorities in that they are in charge of the licensing process. Actions to prevent problem gambling are also included in the responsibilities of the gambling supervision authorities in Sweden and Norway but not as much in Finland and Denmark. In Finland and Norway, the supervision of marketing of gambling operations is one of the key responsibilities of the supervisory authorities whereas in Denmark and in Sweden these tasks have a somewhat minor role.

- An important element in all of the authorities’ activities is national and international cooperation of which the benchmarking report at hand is a concrete example. In addition to their mutual cooperation, Denmark, Finland, Norway and Sweden are active members of several international organisations, such as GREF (Gaming Regulators European Forum) and IAGR (The International Association of Gaming Regulators), as well as in cooperation in EU (and EEA) institutions such as the expert group on gambling services set up by the European Commission. The national parties of regular cooperation are various and include for example the consumer protection and competition authorities, the law enforcement authorities and naturally the operators of gambling in each country.

- The gambling market worldwide has changed significantly in the past ten years or so. The rapid expansion of online gambling and the digitisation of gambling products and environments produce challenges from the point of view of supervisory authorities in all of the four countries.

4. Methods of supervision

The need to supervise the operation of gambling has been recognised in each of the countries for some time, and it has thus been enacted in the law. The main justifications for the supervision are generally to ensure that the operators act in accordance with the law and other regulations, to safeguard the interests of consumers and to reduce the risks of social problems associated with gambling.

There are some similarities and differences in terms of how the operation of gambling is in practice supervised in the countries in question. For example, in Denmark and Sweden, the licensing process is an essential method of supervision in advance, whereas in Finland and Norway the advance supervision focuses on influencing the rules of play for new games as they are planned. The significance of supervision in real time on-site or supervision by persons physically present has diminished in all of the countries, as the role of IT-supervision has increased substantially. As to subsequent supervision, various methods are in use in each of the countries.
The philosophies of supervision as well as the concrete methods of supervision available for the authorities in each country are presented below.

4.1 The philosophy of supervision

The Danish Gambling Authority supervises the Danish gambling market with the purpose of maintaining a safe and transparent market for Danish gamblers. In practice, the supervision of the operators evidently follows the initial licensing process. The supervision includes legal, technical and financial compliance. The supervision is carried out by the units of Compliance and Land-Based Gambling across all gaming types.

The overall philosophy of supervision is a risk-based approach. The direction of the Authority’s supervision is based on a continuing risk-analysis and aims at focusing the efforts on identified risk areas and “opponents”, whereas the supervision of identified “team players” is more general and less burdening for the licensee.

In Finland, gambling is considered a special form of lottery, which is made more appealing to consumers than other lotteries by the possibility of winning money. Due to the general appeal of gambling, the related activities involve certain social risks. According to the basic policy on gambling adopted in Finland, raising funds by exploiting people’s desire to gamble should only be permitted to a limited degree, and only for the purpose of raising funds for charity or other ideological causes.

The underlying principle of the Lotteries Act is that arranging a lottery is, as a rule, prohibited. Lotteries may only be arranged, with certain exceptions provided by law, under a licence provided by the authorities, or under a statutory monopoly. According to the Lotteries Act, the objective is to guarantee the rights of people who participate in public lotteries, to prevent abuse and crime associated with lotteries, and to reduce social and health-related problems resulting from participation in lotteries.

The National Police Board’s Gambling Administration is responsible for supervising lotteries at national level. This supervision covers the computerised supervision of gambling operations, regular monthly meetings between gambling organisations and the Gambling Administration, statements and requests for information issued by the Gambling Administration, the appointment of official supervisors and supervision of their work, the players’ opportunity to apply for a recommended decision from the National Police Board, and marketing supervision targeted at both legal and illegal activities.

The provision of any gambling services in a way deemed to be in violation of the Lotteries Act is prohibited, and the National Police Board supervises compliance with this prohibition. In the event of non-compliance, the National Police Board may issue opinions and statements, reports, prohibitions and conditional fines to enforce such measures, and if necessary, make a request for investigation regarding a lottery violation, a lottery offence or a gambling offence.

With regard to the computerised supervision of gambling activities, it is the objective of the Gambling Department of the National Police Board to develop supervision in such a way as to provide the Gambling Administration with a uniform and centralised supervision system that allows the supervision of all three gambling organisations. For supervisory purposes, all gambling transactions are transferred and recorded to allow the reliability, integrity and non-modification of the chain of transactions to be verified retroactively. The objective is to have the supervision based on gambling transactions recorded in the supervision system and on related analyses and comparison calculations, as well as statistical follow-up and reporting. Veikkaus Oy already has a supervision system in place that meets all the criteria specified above.
All games and lotteries in **Norway** must by law be subject to control and supervision. The Gaming Authority performs document-based controls, present control, and IT-based control / system control. In audit cases an independent, systematic and documented examination is implemented in order to verify and assess whether activities and related results are in accordance with the law and regulations. The overall objective of the control activities is to ensure that lotteries and gambling are operated in a safe form under public control with a view to preventing negative social consequences of lotteries and gambling.

The core of the supervisory role is checking that those who are subjects to the requirements established by the law or regulations, i.e. supervision objects, comply with this, and react to deviations. A central part of the Norwegian Gaming Authority's role is thus to seek out, unannounced or announced, or otherwise obtain knowledge of the supervision objects. The aim of obtaining information is to determine if there are deviations from the aligned requirements and to provide feedback about the necessary improvements. Upon identification of deviations, the Authority will follow up with the necessary reactions, be it guidance, warnings, orders, decisions or other measures to ensure that requirements are met. The Norwegian Gaming Authority defines oversight as all activities or use of remedies which are taken to follow up the intentions of a law.

The requirement for systematic review involves the selection of supervision cases / supervised areas which shall be subject to the Gaming Authority’s current system for assessment of materiality and risk.

**Norsk Tipping**'s gaming activity is regulated in the Gaming Act. The Norwegian Gaming Authority shall supervise whether Norsk Tipping conducts all of its games in accordance with applicable rules. Control tasks are related to the game rules and complementary provisions from the Ministry of Culture. Rules for Norsk Tipping for their traditional games include a general section and rules for every single game. Norsk Tipping is obliged to follow the guidelines for marketing of games and rules for the distribution of games through electronic channels. The Norwegian Gaming Authority has issued instructions for the supervision activities. The tasks can be divided into the following main points:

- Audit and control of games
- Providing pronunciation of new rules and amendments to existing rules
- Adopting new games and changes in gaming on Multix and Belago
- Annual evaluation of games via electronic channels
- Audit of marketing
- Complaints on Norsk Tipping’s decisions to the players.

**Norsk Rikstoto** has in regulations been granted a licence to offer horse betting activities in Norway. The Norwegian Gaming Authority supervises totalisator activity in line with administrative decisions. The tasks are to be listed into the following main points:

- Audit and control of games
- Commissions based transaction control for V75, V65, V5, V64, Duo and DD
- Giving opinions on the new rules and changes to existing rules
- Annual evaluation of games via electronic channels
- Audit of marketing
- Complaints on the decisions from Norsk Rikstoto to the players.
The purpose of all supervision in **Sweden** is for the gambling market to be made safe and sound. The tasks of the Gambling Authority are to ensure that organisers carry out their gambling operations in a correct way, based on the terms in the permit or the concession that the authority or government has issued, to safeguard the interests of consumers and to reduce the risks of social damage that gambling can cause. The Gambling Authority must also prevent the supply of illegal games and lotteries.

The Gambling Authority supervises that operators comply with laws, concessions, regulations, conditions, controls and rules of conduct, as well as its own internal procedures. The Gambling Authority’s commission includes in particular ensuring social protection, the protection of consumers and combating crime in the gambling industry.

The Gambling Authority’s supervision is divided into basic supervision and thematic supervision. *Basic supervision* is the minimum amount of supervision that must be carried out within the relevant area of activity. An example of basic supervision is monthly accounts and reconciliation meetings with the operators. *Thematic supervision* is planned for a certain fiscal year on the basis of a focus area which the authority has decided on, incidents arising, risk analysis etc. Examples of thematic supervision are specific technical supervision, the supervision of certain gambling sites within a specified county, or other supervision carried out on the basis of specially established checklists e.g. traceability in the gaming system, release management and customer service. Thematic supervision may include all operators or may be directed at a single operator.

Supervision can also be divided into external and internal supervision. Visits to operators’ premises, when relevant questions are discussed, are counted as external supervision. Supervisory visits could be unannounced or notified in advance. Supervision checks that operators carry out their activities in a way that is compliant with relevant laws, regulations and the Gambling Authority’s conditions. The fetching of material and reports which the operator is required to regularly submit to the Gambling Authority is counted as internal supervision. Such reports must state turnover figures, incidents, system failures etc.

The Gambling Authority’s tasks in 2015 were:

- Issuing permits for national lotteries, gaming machines and restaurant casinos and some bingo permits
- Type-approving lottery tickets and equipment for supervision and prize draws
- Exercising supervision of **Svenska Spel**, **ATG**, **Casino Cosmopol**, **Riksgälden**, national lotteries, gaming machines, restaurant casinos, bingo
- Exercising supervision of the illegal gambling market (central supervision)
- Educating and informing people about the laws relating to gambling and lotteries
- Informing the government on gambling market trends in Sweden and abroad
- Being represented in the coordinating body for supervision in accordance with the ordinance on actions against money laundering and the financing of terrorism.

### 4.2 Supervision in advance

In **Denmark**, high emphasis is placed on supervision in advance, especially through service visits and constant communication and tuning of expectations to ensure a high level of compliance without placing unnecessary or less comprehensible burdens on the licensees.
For land-based gambling, the Danish Gambling Authority uses service visits to ensure a good line of communication and an understanding of compliance demands. Furthermore, the Authority carries out supervision both towards operators of gaming machines, land-based casinos and poker tournaments to ensure that all technical and legal standards are met. This ensures that Danish customers are met by legal games and enables the Danish Gambling Authority to enforce standards protecting adolescents and other vulnerable persons.

On the online market, the Danish Gambling Authority is heavily invested in an ongoing effort to streamline and coordinate the technical demands with other European gaming authorities in a joint certification project. This aims at easing the transition into the Danish gambling market for operators already engaged in the United Kingdom or other countries.

The licensing process for online and gambling operators also involves several elements of supervision in advance as a fit and proper control including the financial solidity and corporative structure of the operator. This ensures that only healthy, transparent and reliable companies obtain a licence to offer gambling products to the Danish customers. Likewise, the licensing process for gaming arcades and employees at land-based casinos is set up to prevent insolvents or individuals with an unacceptable criminal record from taking part in the offering of gambling products.

In Finland, the rules applicable to the provision of gambling services are prepared and issued by the Ministry of the Interior. The Gambling Administration participates in the planning process of new gambling services by assessing the plans from a supervision perspective and by providing statements on the actual rules to ensure that any concerns regarding issues such as the players' legal protection can be addressed. In addition, the gambling organisations and the Gambling Administration have regular meetings to keep the Gambling Administration informed of new services being planned and any other matters falling within its purview.

The Gambling Administration supervises the running of non-money lotteries, which is subject to a licence. Non-money lottery licences are granted by police departments and the National Police Board. Police departments can grant non-money lottery licences for their respective jurisdictions. The National Police Board grants licences for non-money lotteries run across several police districts.

As for Norway, there may be some inclarities between implementation of management tasks and supervisory tasks in the area of supervising gambling in the sense that some activities may overlap. This means that the activities to be undertaken in connection with the procedures of supervision, must take into account other activities and controls that are implemented, including information received in connection with management tasks.

When processing applications and reporting requirements there are implemented procedures to check if the submitted information and documentation provided to the Norwegian Gaming Authority is correct and meets specified requirements and that the actual conditions correspond with what is stated.

When Norsk Tipping has suggestions for new games or changes in the game and rules, the Norwegian Gaming Authority shall comment on the proposals before the application is sent to the Ministry of Culture. In the statement the Gaming Authority considers the proposal from the point of view of problematic gambling behaviour, of whether it has implications for supervising and of whether the proposal has other consequences on the gaming market in general. In 2015 ten statements were delivered.
In **Sweden**, the Gambling Authority makes an assessment of the risks on the Swedish gambling market every year. This risk assessment is the basis for the focus areas that the Gambling Authority sets annually. Based on the risk assessment and focus areas, planned supervisory work is compiled and laid down in an inspection plan. A supervisory description is established in more detail, including a description of different supervisory activities to be performed during the year. The supervisory description is a living document during the course of the year and includes planned activities, but may also include ad hoc activities depending on what is happening in the market.

### 4.3 Supervision in real time

In **Denmark**, real-time supervision of gambling operations is mainly performed in the area of online gambling. The Danish Gambling Authority fields a full-coverage Online Gambling Control System which monitors the online markets of both the liberalized betting and online casinos as well as the lottery monopoly of *Danske Lotteri Spil* and gaming machines within the land-based casinos. The control system allows the Danish Gambling Authority to run supervision for faulty or rigged transactions and game procedures. As a side function of the system, the Danish Gambling Authority operates the ROFUS platform. ROFUS allows Danish gamblers to exclude themselves from online gambling for a fixed or unlimited amount of time. When a gambler is registered in ROFUS, he or she cannot enter any online gambling sites and is thus prevented from possibly worsening his/her gaming addiction. All legal online gambling sites provide access to ROFUS through the use of NemID – the common public digital log-in system in Denmark.

In **Finland**, the National Police Board appoints official supervisors for the supervision of gambling activities. The official supervisors perform their duties under liability for acts in office. Official supervisors appointed by the Gambling Administration supervise all prize draws carried out using machines, and confirm the result of the draw. Official supervisors are required to oversee compliance with rules confirmed under Section 14 of the Lotteries Act in the provision of gambling services, and confirm the results and prizes of pools, betting and totalisator games. Official supervisors are also required to oversee the draw of money lotteries and the mixing of tickets, and to confirm the result of the draw unless these duties are performed by a public notary at the National Police Board’s consent.

The National Police Board has appointed 45 persons as official supervisors in 2016, nine of whom supervise the gambling services provided by *Veikkaus Oy*. For totalisator games run by *Finto Oy*, the National Police Board has appointed 34 official supervisors who perform their duties on race tracks. Two official supervisors have been appointed to supervise the casino run by Finland’s Slot Machine Association.

In fast-tempo lotteries that are operated electronically, draws are carried out using automatic draw systems, permitting the almost real-time transfer and recording of transactions within a supervision system. Computerised supervision has been developed for fast-tempo electronically operated gambling, which compares the data in the supervision system against gaming transactions and prizes calculated by the gambling organisation’s gaming system immediately after the game or match has ended or the draw result has been confirmed. The verification of the results of almost all of the games operated by *Veikkaus Oy* is conducted electronically by an official supervisor using so-called paperless system.
In **Norway**, the Gaming Authority has according to the Lottery Act access to the facilities and the equipment needed to exercise control over the lotteries and the right to inspect the devices used for games or lottery draws and to demand that they be inspected at the owner’s or user’s expense.

In-place control has a relatively limited scope in the Norwegian supervision model. Such oversight is resource-intensive, but it is implemented sporadically against in principle all operators of lotteries and gambling.

Examples of present supervision include the following: the Norwegian Gaming Authority is present at the selected audit objects as regards bingo. The Gaming Authority is, according to the scheduled routine, occasionally present at ships on which gambling is offered. The Authority has also been present at legal poker tournaments in Norway. All of the supervision efforts are distributed by risk and materiality, and according to the available resources.

In **Sweden**, the Gambling Authority has around fifty mission employed supervisors who carry out supervision in real time. The authority makes regular reviews of the different operators and the different types of gambling.

The part of the supervision conducted by the mission employed takes place anonymously and openly. It is mainly the supervision of gaming machines, restaurant casinos, amusement games, Casino Cosmopol and illegal gambling that takes place anonymously, but supervisors also make supervisory visits to Svenska Spel’s and ATG’s gambling commissioners. Announced supervisions are carried out at Svenska Spel, ATG and national lotteries, in which inspectors are on-site to monitor all draws.

The Gambling Authority can connect to the Svenska Spel server to supervise gaming machines (Vegas) and to see which machines are running and to have access to the turnover figures, payback ratio and so on.

The Gambling Authority also has access to Casino Cosmopol’s event reporting system. There are regular tests in this system to see what events have taken place in the casinos. The Gambling Authority has access to the CasinoLink to obtain real-time information from all gambling machines in the casinos, in terms of turnover and payments, etc.

### 4.4 Supervision subsequently

In **Denmark**, the apparatus of supervision subsequently focuses on the financial and legal compliance of operators depending on the relevant gaming type. For online operators, the unit Compliance exercises financial compliance supervision as well as supervision of legal and technical matters, among others the annual reports of the online operators are received and supervised. Thus, the supervision is both data-based and conventional – both following naturally from the initial licensing process. Finally, the Danish Gambling Authority delivers market-spanning analyses, which provide a close-up of the ongoing market developments.

As for **Finland**, for supervision purposes and for general-level monitoring of gambling activities, the Gambling Administration and the national gambling operators referred to in the Lotteries Act have regular meetings in which they discuss current issues in the industry and in the gambling community, both domestic and international, as well as marketing issues.
Prohibitions and the imposition of conditional fines. According to the Lotteries Act, the National Police Board can prohibit the offering of gambling services if the gambling service is offered by a gambling organisation other than those specified in the Act. This may also be done if the offering of the gambling service violates certain prohibitions laid down in the Act or in a decree issued thereunder. Prohibitions can be imposed on gambling operators as well as entrepreneurs or corporations that supply registration and charging services associated with gambling, provide facilities where slot machines are kept available, or market gambling services. The National Police Board may also impose and order the payment of a conditional fine to enforce compliance with certain prohibitions laid down in the Act.

Marketing supervision of gambling operators in Finland. The National Police Board deals with any illegal marketing of both legal and illegal gambling services, by requesting further information and by prohibiting illegal marketing. The National Police Board may impose a conditional fine to enhance its prohibition. A gambling organisation operating under a statutory monopoly is allowed to market its gambling services and itself as long as the marketing does not promote gambling that results in social and health-related problems and is for the purpose of steering demand for gambling towards gambling services offered under the Lotteries Act. Marketing targeting minors is prohibited. Marketing must not present a positive picture of gambling on a large scale, or a negative picture of abstinence or moderate gambling. The marketing of gambling services is prohibited elsewhere than in special gaming rooms, casinos and on horse racing tracks, where the games or their points of sale are located, if they have been found to involve a particular risk of gambling-related problems during the confirmation of the game rules. Players may nevertheless be given information on these kinds of games, points of sale, terms and conditions, stakes, the odds of winning and the payout available. The gambling organisation must provide an annual report on the marketing of gambling services for the National Police Board.

It is the task of the National Police Board to oversee that the marketing of gambling services complies with the provisions of the Lotteries Act and the Consumer Protection Act. The National Police Board may prohibit marketing which is deemed to be in violation of the Act, and impose a conditional fine to enforce compliance with such a prohibition.

In spring 2016, the National Police Board introduced a new electronic processing and supervision system (Rabita) which handles some of the services and archiving related to the supervision of the marketing and provision of gambling services. The system is also extensively used in the processing and supervision of fundraising, bingo and non-money lottery licences.

The Finnish recommended decision procedure. Players can make written requests to the National Police Board for recommended decisions on how a dispute concerning payout between a gambling operator and the player should be resolved. Recommended decisions are issued free of charge. Even if a recommended decision has been issued or an application for one has been filed, the matter can be brought before a court of law. Approximately 70 recommended decisions a year have been issued in recent years.

Right to obtain information in Finland. According to the Lotteries Act, supervisory authorities are, notwithstanding the provisions on confidentiality, entitled to obtain information and documents necessary to perform their supervision duty from any organisation or foundation that has a lottery licence and from any party responsible for the practical operation of a non-money lottery.

Duty of gambling organisations to disclose information in Finland. Gambling organisations are required to annually supply their operating plan, their budget for the following year and their financial statements to the ministries which deal with matters concerning the distribution of proceeds of the gambling organisation, the Ministry of Finance, the Ministry of the Interior, and the National Police Board. Finland’s Slot Machine Association is required to provide the Ministry of Social Affairs and Health and the National Police Board with copies of the minutes of the gambling organisation’s meetings and board meetings and other documents necessary for the supervision of the gambling organisation’s activities and the use of its proceeds.
The gambling organisations are also required to annually supply a report on the development of their gambling activities and the measures taken to reduce the social and health-related disadvantages caused by gambling to the ministries which deal with matters concerning the distribution of proceeds of the gambling organisation, the Ministry of the Interior, and the National Police Board.

Furthermore, gambling organisations are required to submit information on the running of lotteries to the National Police Board for statistical purposes and information necessary for monitoring and research of problems caused by participation in lotteries to the Ministry of Social Affairs and Health.

Gambling organisations are also required to provide an annual report on the marketing of gambling services for the National Police Board.

Other retroactive supervision in Finland. Supervision of the gambling services provided by gambling organisations falls within the authority of the Gambling Administration. In the case of Veikkaus Oy and Fintoto Oy, the gambling organisations' own internal supervision is based on legislation concerning limited liability companies and the companies' own articles of association. They are also bound by the accounting provisions of the Limited Liability Companies Act (624/2006), Accounting Act (1336/1997) and Auditing Act (1141/2015).

The Government Decree on Finland’s Slot Machine Association contains provisions on the form of organisation and administration of the Association. The provisions of the Auditing Act apply to the audit of Finland’s Slot Machine Association.

In addition to organisational and internal control of the organisations referred to above, the National Audit Office is tasked with monitoring the legality and appropriateness of gambling organisations' financial management. For information, the National Audit Office issues an audit report of the audit conducted and any necessary action to the audited organisation, to the Ministry responsible for the audited organisation, and for information to Parliament’s Audit Committee and the Ministry of Finance.

From 2012 the Norwegian Gaming Authority essentially focuses on system supervision, based on a risk and materiality assessment, and supervision subsequently of betting transactions on selected games in Norsk Tipping.

The Norwegian Gaming Authority’s oversight of the gaming activities of Norsk Rikstoto has been and will in future be directed to system supervision, based on a risk and materiality assessment, and to subsequent supervision of betting transactions on the games Norsk Rikstoto operates. The Norwegian Gaming Authority conducted six audits of the gaming operators Norsk Tipping and Norsk Rikstoto in 2015.

The Norwegian Gaming Authority also monitors all bingo accounts. The supervision is carried out four times a year. The audit consists of checking whether all bingo licences given disburse profits in accordance with applicable regulations.

The Norwegian Gaming Authority also controls accounting from large lotteries which have been licensed. The Authority shall, upon request, be given access to the accounts of the associations, organisations, etc. which hold lotteries, or have applied for this. The same applies to the accounts of the operators which have undertaken to organise lotteries.

As regards suspected pyramid schemes or pyramid-like sales systems, the Authority has access to investigate as it seems necessary.

New guidelines for the marketing of licenced operators were adopted in November 2014. In order to strengthen the protection of vulnerable players, there are stricter demands on the marketing of gambling and betting than any other product. The Norwegian Gaming Authority has the task of monitoring that the marketing of gambling of Norsk Tipping and Norsk Rikstoto is in accordance
with the guidelines. The Gaming Authority evaluates all of the marketing of *Norsk Tipping* and *Norsk Rikstoto* once a year.

The Norwegian Gaming Authority also supervises that there does not occur any illegal marketing or illegal offer of lotteries or gambling without a licence in Norway. This is challenging but where it is possible, the Authority is beating down the illegal activity.

In **Sweden**, the Gambling Authority performs supervision subsequently by checking that operators meet the conditions with which they undertook to comply when granted a permit; e.g. that lottery tickets really do look like they did at the time of type approval.

The supervisory description is divided into basic supervision and thematic supervision. This means that basic supervision, such as monthly reporting, reconciliation meetings, presence at draws etc., is always carried out. Supervision of gambling commissioners who sell *Svenska Spel* and *ATG* products is another form of basic supervision. This supervision includes e.g. that signs for age limits are put up and that betting regulations are available.

### Summary: methods of supervision

- There are some similarities and differences as to how the supervision of gambling is perceived and carried out in practice in each of the countries. For example in Denmark the supervision is differentiated across gaming types and based on a risk-based approach, whereas in Finland the basis for the supervision lies in protecting the players by various methods of supervision described in the law. The Norwegian Gaming Board on the other hand sees its supervision being based in document-based controls, live supervision and IT-based supervision. In Sweden the supervision of gambling is divided into basic supervision and thematic supervision on one hand and external and internal supervision on the other hand.

- In Denmark and Sweden, the licensing process is an essential method of supervision in advance, whereas in Finland and Norway the advance supervision focuses on influencing the rules of play for new games as they are planned. The significance of supervision in real time on-site or supervision by persons physically present has diminished in all of the countries, as the role of IT-supervision has increased substantially on the whole. As to subsequent supervision, various methods are in use in each of the countries.

- In Denmark, high emphasis is placed on supervision in advance. Real-time supervision of gambling operations is mainly performed in the area of online gambling.

- In Finland the supervisory authority also acts as an expert body in gambling legislation and regulation related matters. The significance of IT supervision has increased; other methods of supervision include prohibitions and the imposition of conditional fines, marketing supervision and issuing statements and recommended decisions.

- In Norway supervision of the gambling activities has been and will in the future be directed to system control, based on a risk and materiality assessment. One of the key targets of supervision is marketing of gambling operations.

- In Sweden the Gambling Authority makes an assessment of the risks on the Swedish gambling market every year which sets the basis for the annual focus areas of supervision. The Gambling Authority performs supervision subsequently by checking that operators meet the conditions with which they undertook to comply when granted a permit.
5. The organisation of the authorities

The authorities in question are organised into units or groups according to the tasks of the authority. All of the authorities are located outside the metropolitan areas. The number of personnel is roughly at the same level in Denmark and Norway with Sweden rather close behind, whereas Finland has to see to the supervision tasks with the lowest number of persons. Each of the authorities, except for Sweden, is financed at least partially with fees, charges or reimbursements from the gambling operators; that is, their financing is directly related to the objects of supervision instead of outside sources. The authority in Sweden gets a grant from the Government and then the ambition is to cover the grant with fees for permits and supervision from the operators on the Swedish market.

In the following, the organisational structures and personnel as well as budgets and financing of each authority are presented in turn.

5.1 Organisational structure

The Danish Gambling Authority is an executive authority and part of the Danish Ministry of Taxation. In 2015, the Danish Gambling Authority underwent a major internal restructuring which established the following four units:

- Policy and Finance
- Compliance
- Licensing
- Land-based Gambling.

These units have separate managers, who operate directly under the Director of the Danish Gambling Authority.

The Danish Gambling Authority is supervised by the Department of the Ministry of Taxation and the internal auditing division of the Ministry of Taxation and the Danish National Audit Office as well as the Ministry of Finance with regards to fiscal compliance and responsibility.

Chart 1: The organisational structure of the Danish Gambling Authority under the Ministry of Taxation
In Finland, the National Police Board, which serves as the Supreme Police Command, is the central government authority subordinate to the Ministry of the Interior. Its organisation consists of three units: the Police Operations Unit, Advisory Staff and the Resources Unit. Its headquarters are located in Helsinki. The National Police Board also comprises Gambling Administration, Firearms Administration and Security Sector Supervision as separate functions.

These functions are located outside the Metropolitan Helsinki area. The Gambling Administration is located in Riihimäki, about 70 kilometres north of the capital city Helsinki. Its responsibilities include the general supervision of operations specified in the Lotteries Act and the Money Collection Act, and it serves as the licensing authority for fundraising and various lotteries.

The Gambling Administration’s organisation consists of four interlinked groups dealing with legality control: supervision of gambling services provision, computerised supervision, supervision of fundraising and lotteries, and general administration. The group responsible for the supervision of gambling services provision is tasked with the supervision of legally operated gambling services (Veikkaus Oy, Finland’s Slot Machine Association, Fintoto Oy), illegal gambling operations, cooperation with domestic and international interest groups, the provision of advice, instructions and communication, issuing statements, and training. The computerised supervision group is responsible for example for the computerised supervision of gambling services; for the training of official supervisors on the technology behind draw machines and the software used; for improvements in reporting practices in gambling supervision; the investigation of the technical features of new games; and computerised supervision procurement procedures.

The group responsible for the supervision of fundraising and lotteries deals with licensing and the related supervision, the supervision of general compliance with the law, fundraising and lotteries conducted without a licence (statement-issuing procedures and requests for investigation), auditing, and cooperation with interest groups in matters falling within the group’s scope of activities. The general administrative group is tasked with supervisory duties, financial and human resources matters, document management and facilities management.

A project is under way in 2016 regarding the merger of the gambling services provided by the Finnish gambling organisations, involving an investigation into the reorganisation of gambling services supervision. The objective of the proposed reorganisation is to improve the supervision of gambling services provision, while taking account of the independence of supervision and the allocation of sufficient resources.

Chart 2: The organisational structure of the National Police Board and the Gambling Administration Department of Finland.
The **Norwegian** Gaming and Foundation Authority is organised by a common director and two supervising authorities: the Norwegian Gaming Authority and the Foundation Authority. In addition, there are three units of Communication, Technical Development and Administration which function as support units to the two supervising authorities.

From 2014 on, the Norwegian Gaming Authority is divided into two departments: department Gambling and department Volunteerism. The departments work closely together in a number of cases, but the Authority has with this organisation sharpened the supervision and control of gambling in one department and supervision and control of the lottery, VAT compensation and grassroots scheme in the other department.

The Department Volunteerism of the Norwegian Gaming Authority is responsible for administering, supervising and control of the legal private lottery market. This market consists mainly of voluntary organisations and commercial contractors who operate the lottery on behalf of voluntary organisations. Supervising the bingo market is a huge task, which includes everything from authorizing entrepreneurs and local operators to applications to bingo revenues, and conducting external controls in bingo halls. The department is also responsible for supervising bingo accounts and accounts from charity organisations, as well as making the draw of lotteries. The department is responsible for validation of larger private lotteries and administering grants. Supervising gambling on Norwegian vessels is also a task for this department, as well as to precede new lottery concepts. Each year the department assigns a part of the profits of **Norsk Tipping** to charity organisations that previously were in the market for slot machines. Policy for VAT compensation and grassroots is added to this department.

The Department Gambling of the Norwegian Gaming Authority is responsible for managing, supervising and control of the gaming at **Norsk Tipping** and **Norsk Rikstoto**. The tasks of the department deal with everything from preparing the rules in this area to approving games and performing audit-based controls against the businesses. The department is responsible for supervising and controlling the illegal lottery and gaming market. In addition, the department has an overall responsibility for gaming behaviour and statistics on the area of lotteries and gaming. The department also operates the Helpline for gamblers with **Innlandet Hospital HF Sanderud**. In addition, the department has a special responsibility to follow the international developments on the area of gaming. In 2016 on the department established a new national platform against manipulation of sports competitions (match-fixing).

The unit of Communication is responsible for external and internal information, media relations, content on the website and the intranet as well as the social media. The unit is often involved with the director and / or departments in international fora on the area of lotteries.

The unit of Technical Development is responsible for system development, including the supervision and registry solutions. The Gaming Authority has invested heavily in ICT, and for several years, it has had a clear strategy to establish a separate development environment. That way, the Authority has in-sourced services that were previously purchased from IT consultants.

The administration unit is responsible for finance and internal control, HR/personnel records, archive and switchboard, IT operations, as well as secretarial functions for the director. The Gaming Authority is responsible for operating all of its own IT systems. The Finance unit has in addition the budgeting and reporting responsibilities for all billing / collection activities. The HR unit is responsible for recruitment and facilitation of internal fora. Archive function is relatively extensive in the Gaming Authority; all documents that arrive on paper are to be scanned and processed electronically.
The **Swedish** Gambling Authority is divided into three departments. The operative department is responsible for issuing permits for national lotteries, bingo, gaming machines, merchandisers and amusement games, restaurant casinos, games on ships and the type approval of lottery tickets and technical equipment. It is also responsible for the supervision of casino games, including online poker, gaming machines, number games, lotteries, bingo, betting and illegal games. It also manages the supervision of *Svenska Spel, ATG and Casino Cosmopol*. The department is also responsible for the supervision of National Debt Office’s premium bond prize draws.\(^7\)

The communications department is responsible for external and internal information and all external education such as courses for municipal officials and lottery coordinators. The department is responsible for all the authority’s printed matter, statistics, monitoring markets and business intelligence.

The department for business support has the task of managing the authority’s finances. The department also runs the authority’s personnel and salary management, including recruitment. Other tasks include the authority’s IT operations, its registry and archives, and general administration such as travel reservations, post etc. The Department for business support is also responsible for legal issues and the coordination of internal controls.

The authority has a Chief Legal Officer who is responsible for the authority complying with applicable laws and regulations, as well as a senior adviser responsible for international issues.

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\(^7\) This is a kind of saving account where the saver doesn’t get interest on the saved money, but instead the saver participates in a lottery where he or she can win an amount of money.
5.2 Personnel

The Danish Gambling Authority currently holds about 75–80 full-time personnel of which about 60 are placed in Copenhagen. The rest are mainly engaged in the supervision of local land-based gambling and therefore situated in other parts of the country.

The Danish Gambling Authority has a close to even split among lines of gender as well as a very rounded age distribution. Several employees, especially regarding supervision and licensing, have worked at the Danish Gambling Authority for many years and thus hold great expertise.

As for Finland, the Chief of the Gambling Administration is Ms Saaramia Varvio. At the end of 2015, the Gambling Administration employed 23 people, 7 in the group responsible for the supervision of gambling services provision, 6 in the computerised supervision group, 7 in the fundraising and non-money lotteries supervision group and 3 in general administration.

In central government administration of Finland, financial and human resources services are provided by a national service centre, which handles all expense and revenue processing, payment transactions, accounting, records of employees and employment relationships, records of annual leaves and absences, and payroll accounting. The Gambling Administration personnel also include a person in charge of financial management, financial supervision and human resources.

At the end of 2015, the Gambling Administration had 24 permanent positions, of which 23 were filled. The personnel also included a temporary secretary in licence administration. Some of the Gambling Administration personnel only perform duties associated with gambling activities, some perform duties related to other types of lotteries assigned to the National Police Board in the Lotteries Act and in the Money Collection Act, and some do all of the above. Consequently, of all the positions filled in the Gambling Administration, 11,6 person-years are allocated to the supervision of gambling operations.

In addition to Gambling Administration personnel, gambling operations are supervised by the so-called official supervisors. The National Police Board has appointed 45 official supervisors for 2016.

Administrative duties in the Gambling Administration are performed by the head of the area of responsibility, and one person responsible for financial management, financial control and human
resources. There are also licence administration secretaries and a firearms administration planner (3 persons in total) as well as a Senior Attendant, In-house Services, all of whom deal with support functions (such as invoice inspection and posting, invoicing of licences and other services, document management, property management, and postal services).

There are altogether 70 FTEs at the Norwegian Gaming and Foundation Authority. One has to take into account, however, that the units of Administration, Communications, IT development, and director also serve the Foundation Authority. There is no allocation formula for exact distribution of administrative resources at the Norwegian Gaming Board and Foundation Authority, but a simple formula based on the number of persons in those departments is used. Based on such a calculation, one can say that the Norwegian Gaming Authority has 45 FTEs in 2016.

The two departments that constitute the Norwegian Gaming Authority have 26 employees distributed with 12 at the Volunteer department and 14 at the Gambling department.

The unit of Administration has 12 employees (distribution formula), the unit of Communication 2 (distribution formula) and the unit of Technical Development 3 employees. In addition, the director and one employee are allocated in the secretariat of the Appeals Board.

As for Sweden, on 31 December 2015 the Gambling Authority had 44 employees, of which 30 were women and 14 were men. In addition to these employees the Gambling Authority has around 50 mission employed supervisors who perform supervision in the country.

Of the 44 employees there are 4 managers. As follows are the numbers of persons employed per department including managers: Gambling Authority 3, Communications 4, Business support 12 and Operative department 25.

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8 FTE = Full-time equivalent.
### Table 2: Educational and other demographic background of personnel in each country

<table>
<thead>
<tr>
<th>Educational background</th>
<th>Denmark</th>
<th>Finland</th>
<th>Norway</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic degree (highest) (number of persons)</td>
<td>35–40</td>
<td>10</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>of which lawyers</td>
<td>20–25</td>
<td>6</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>of which other higher academic degrees than lawyers</td>
<td>10–15</td>
<td>3</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>Higher vocational diploma¹ (highest) (number of persons)</td>
<td>35–40</td>
<td>5</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>Vocational/secondary education² (highest) (number of persons)</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>21</td>
</tr>
<tr>
<td>Compulsory education³ (highest) (number of persons)</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender and age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women/men (%)</td>
</tr>
<tr>
<td>Age average of personnel</td>
</tr>
<tr>
<td>Total number of personnel</td>
</tr>
</tbody>
</table>

¹ non-academic higher degree with emphasis on practical and vocational studies (in Finland approx. 3.5-4.5 years of studies after vocational/secondary education)
² vocational studies or upper secondary school studies (in Finland approx. 3 years of studies after compulsory education)
³ primary and secondary school

Please note that these numbers are not directly comparable to the market size or population of the countries. The structure of the four gambling markets differ heavily and the authorities cover varying amounts and types of games and providers. Please refer to part 2 in the report for more details.
### Table 3: Main duties of personnel in each country

<table>
<thead>
<tr>
<th>managerial tasks</th>
<th>Denmark</th>
<th>Finland</th>
<th>Norway</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>(number of persons)</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>judicial supervision of gambling</td>
<td>60–65</td>
<td>5,5</td>
<td>18</td>
<td>4</td>
</tr>
<tr>
<td>(number of persons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>technical supervision of gambling</td>
<td>6</td>
<td>3</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>(number of persons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>market analysis and reporting</td>
<td>1</td>
<td>–</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>(number of persons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>financial and/or personnel administration</td>
<td>8</td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>(number of persons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>communication and/or public relations</td>
<td>3</td>
<td>0,5</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>(number of persons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>other tasks</td>
<td>2</td>
<td>12</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>(number of persons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which administrative tasks</td>
<td>8</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which problem-gambling-related tasks</td>
<td>2</td>
<td>0,5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which match-fixing-related tasks</td>
<td>2</td>
<td>0,5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which money-laundering-related tasks</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>total number of personnel</td>
<td>75–80</td>
<td>11,6 person-years / 17 persons (of which some have also other than gambling-related tasks)</td>
<td>45</td>
<td>33</td>
</tr>
</tbody>
</table>

Please note that these numbers are not directly comparable to the market size or population of the countries. The structure of the four gambling markets differ heavily and the authorities cover varying amounts and types of games and providers. Please refer to part 2 in the report for more details.
Table 4: Models of working time of personnel in each country

<table>
<thead>
<tr>
<th></th>
<th>Denmark</th>
<th>Finland</th>
<th>Norway</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent position</td>
<td>70-75%</td>
<td>15</td>
<td>43</td>
<td>44 / 100%</td>
</tr>
<tr>
<td>(number of persons / %)</td>
<td>90-95%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Terminable position*</td>
<td>3 / 4%</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>(number of persons / %)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time position</td>
<td>2 / 3%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(number of persons / %)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of personnel</td>
<td>75–80</td>
<td>11,6</td>
<td>45</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>person-years / 17 persons (of which some have also other than gambling-related tasks)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* position for a fixed period of time

Please note that these numbers are not directly comparable to the market size or population of the countries. The structure of the four gambling markets differ heavily and the authorities cover varying amounts and types of games and providers. Please refer to part 2 in the report for more details.

5.3 Budgets and financing

The financing of the Danish Gambling Authority is defined under § 9 in the Danish budget act. The Danish Gambling Authority has an annual budget of around EUR 8.7 million. The Danish Gambling Authority is primarily (about 95 %) funded by licence fees and only in a small part by a financial appropriation. Special appropriations are issued for certain tasks or projects, such as match fixing or the current report on problem gambling. The budget is spent primarily on wages and costs related to the Online gambling supervision system.

The licence fees are calculated in different ways. Most of the fees are calculated from a fixed-price fee index while other fees (primarily for the monopoly companies) are directly related to costs and thus cover the operation regarding the relevant companies. As the yearly funding of the Danish Gambling Authority is heavily based on licence fees, the precision of fee budgeting is a central KPI and an important area of focus for the administrative staff.

As for Finland, funding for the National Police Board’s Gambling Administration comes from the government budget. According to the Lotteries Act, gambling organisations are required to reimburse the State for costs incurred in the supervision of gambling activities. According to the decree issued by the Ministry of the Interior on Police Service Charges, gambling organisations must be charged a supervision fee as a public service fee for the national supervision of gambling activities. This fee is equivalent to the costs arising from the performance of gambling supervision related duties prescribed by the Lotteries Act.

The supervision fee is divided between the gambling organisations, with Veikkaus Oy accounting for 45 %, Finland’s Slot Machine Association for 45 %, and Fintoto Oy for 10 %. Furthermore, as services referred to in Section 7 (2) of the Act on Criteria for Charges Payable to the State, for
which gambling organisations are charged a cost-based fee, the decree specifies the hardware and software engineering required for the computerised supervision of gambling services, and the related procurement and maintenance.

Costs for which gambling organisations must be invoiced include salary expenses incurred during gambling service supervision, fees and travel expenses payable to official supervisors, the share of property expenses represented by gambling activities, procurement related to gambling activities, and the share of other costs represented by gambling activities. Gambling organisations were invoiced for a total of EUR 1 115 000 in cost reimbursements and expenses in 2015.

In addition, service charges specified in the decree issued by the Ministry of the Interior on Police Service Charges are charged with respect to licences referred to in the Money Collection Act and any amendments to such licences. In 2015, these service charges totalled around EUR 113 000.

In 2015, the Gambling Administration’s expenses amounted to around EUR 4 562 000, with the supervision of gambling services and operations for which gambling organisations (Veikkaus, Finland’s Slot Machine Association and Fintoto) were invoiced directly accounting for EUR 3 800 000. Gambling activities represented 83 % of the Gambling Administration’s actual budget in 2015.

In Norway, it is envisaged in the state budget that spending on lottery-related tasks is to be entirely covered by reimbursement and charges paid by the operators in the gaming and lottery market. Expenses equal revenues in the state budget.

The various service areas will mainly generate revenues equal to the expenditures for the area concerned.

The exception is the refund that Norsk Tipping pays, which in sum is greater than the direct costs of exercising control of their operations. It’s the refund from Norsk Tipping that in practice finances activities to detect and prevent illegal gambling activities, the costs of participating in international forums on lotteries and gambling, information work etc.

In Norway a distinction is drawn between a tax and a fee. Taxes are paid as a fixed annual sum to the state. One could say that in the lottery market a tax is associated with an operator sitting on a right to operate in the market. Reimbursements from Norsk Tipping and Norsk Rikstoto are defined as tax.

The second variant is a fee, which in principle should be linked to a service or an action that the authority performs, and its size should ideally correspond to real costs. For example, fees for bingo permit equal the costs of handling the permit and performing supervision. In the sum both direct and indirect costs for the administration must naturally be considered. The sizes of the charges are determined by regulation.

Norsk Tipping pays EUR 4,011 million in annual fee to the Norwegian Gaming Authority. Norsk Rikstoto pays EUR 271 000. Fees on the areas of lotteries, i.e. bingo, land lottery etc., amount to about EUR 864 000.

Norsk Rikstoto also pays a state fee of EUR 15 million to the Ministry of Agriculture.

In Sweden, the Gambling Authority’s goal is full cost recovery, with the exception of information and supervision of illegal gambling.

The Gambling Authority is funded through appropriation, meaning that the authority receives a government appropriation every year to cover its costs. The authority shall then deliver the same amount in fees for permits and supervision. Each year the government decides the amount for the next year’s appropriation in the annual budget. In 2015 the Gambling Authority had a budget of about EUR 5,2 million.
The Gambling Authority charges an application fee for each permit application. The charges range from approximately EUR 246 to EUR 8 550 depending on the type of game in question and/or the turnover of the game. The Gambling Authority also charges an inspection fee for organisations that have a licence or permit for games. These fees are also dependent on the type of game in question and range from EUR 21 per month and game to EUR 160 per hour that the Gambling Authority has worked with supervision of the game.

The fees for permits and supervision amounted to approximately EUR 3.2 million in 2015. These fees are paid to the Gambling Authority but are delivered directly to the state, i.e. the Gambling Authority can’t use these funds in its operations. The fees are based on how much time is used for handling the permits and supervision, which means that there is no guarantee that the fees cover all the costs.

The business areas of information (including education) and illegal gambling are areas in which the authority cannot charge fees, so the Gambling Authority has more costs than revenues overall. The costs for these two areas in 2015, however, were not allowed to be more than EUR 1.18 million and EUR 0.86 million respectively. The actual costs for 2015 were EUR 1.14 million and EUR 0.77 million for the two areas.

Summary: the organisation of the authorities

• The administrative branches under which the gambling supervision authorities in each country belong to are somewhat different. The Danish Gambling Authority and the Swedish Gambling Authority are independent agencies working under the ministries of taxation and finance, respectively. The Gambling Administration Department in Finland is a separate unit of the National Police Board which is for its part administratively located under the Ministry of the Interior. The Norwegian Gaming Authority operates under the auspices of the Ministry of Culture.

• The gambling supervision authorities are organised into units or groups according to the tasks of the authority. All of the authorities are located outside the metropolitan areas. The number of personnel is roughly at the same level in Denmark and Norway with Sweden rather close behind, whereas Finland has to see to the supervision tasks with the lowest number of persons. Finland and Sweden have also recruited approximately 45–50 part-time supervisors for specific supervision tasks. Each of the authorities, except for Sweden, is financed at least partially with fees, charges or reimbursements from the gambling operators; that is, their financing is directly related to the objects of supervision instead of outside sources. The authority in Sweden gets a grant from the Government and then the ambition is to cover the grant with fees for permits and supervision from the operators on the Swedish market.
6. Summary

The gambling market worldwide has changed significantly in the past ten years or so. The rapid expansion of online gambling and the digitisation of gambling products and environments produce challenges from the point of view of supervisory authorities in all of the four countries.

The gambling markets of all of the countries involved – Denmark, Finland, Norway and Sweden – are somewhat similar as regards the size of the market and the types of games offered. Gross gaming revenue (GGR) is a key performance indicator of the gambling operators which refers to the total amount of money spent on gambling, less the prizes paid out to players. GGRs in each of the countries range from EUR 1 100 to more than 1 700 million a year.

Somewhat similar forms of gambling or types of games are in use in each of the countries. Lotteries and number games, slot machines, betting and horse race betting are operated in all of the countries. This also applies to bingo, even though in Finland bingo may only be offered by non-profit organizations and with non-monetary prizes. Denmark and Finland have casinos and online casino games whereas in Norway these types of games are basically not allowed as forms of gambling. Lotteries and number games are the most popular forms of gambling in each of the countries with a market share of less than 40 to 65 % (of GGR).

Some differences may be noted as to the popularity of the forms of gambling in each country. The slot machines are a sort of a Finnish speciality in that their share of the gambling market as regards GGR is clearly larger than in the other three countries, whereas the Swedes are an enthusiastic people of horse race betting. In Norway, lotteries and number games are by far the most popular category of gambling, while betting in Denmark is more popular than in any other country in this report (24 % of GGR).

There are also significant differences, however, as to the systems of gambling in the countries involved. In these countries there are different systems as regards the way of organising the gambling services. Even though all of the countries are characterised by a system at least partially based on a monopoly, in recent years, the systems in Denmark, Finland, Norway and Sweden have begun to develop in somewhat different directions. In Finland, the system of gambling for money is as a whole based on monopolies. Norway is also considered a rather clear monopoly, even though a minor part of the market as regards lotteries and bingo is run by private operators. A large part of the market in Sweden is also run by monopoly operators, but non-profit organizations with public benefit activities may also organise nationwide lotteries. The Danish gambling market may be described as a mix of monopoly and liberalisation; the markets of betting and online casino as well as gaming machines and casinos are liberalised whereas lotteries are mainly operated by state supervised companies.

A specific function for the government has been established in each of the countries in order to supervise the operating of gambling. Specific acts have also been introduced in the area of gambling in all of the four countries, the purpose of which is to protect the players and to prevent both criminal activities related to operating gambling and problems caused by excessive gambling.

The responsibilities and tasks of the supervising authorities are somewhat similar; all of the authorities are responsible for supervising the legal operators of gambling, as well as the illegal operating of gambling. Some differences may also be noticed in the responsibilities of the authorities. The Danish and Swedish systems of gambling include partial licensing elements, which naturally affects the tasks of the authorities in that they are in charge of the licensing process. Actions to prevent problem gambling are also included in the responsibilities of the authorities in Sweden and Norway but not as much in Finland and Denmark. In Finland and Norway, the supervision of marketing of gambling operations is one of the key responsibilities of the supervisory authorities whereas in Denmark and in Sweden these tasks have a somewhat minor role.

An important element in all of the authorities’ activities is national and international cooperation of which the benchmarking report at hand is a concrete example. In addition to their mutual
cooperation, Denmark, Finland, Norway and Sweden are active members of several international organisations, such as GREF (Gaming Regulators European Forum) and IAGR (The International Association of Gaming Regulators), as well as in cooperation in EU (and EEA) institutions such as the expert group on gambling services set up by the European Commission. The national parties of regular cooperation are various and include for example the consumer protection and competition authorities, the law enforcement authorities and naturally the operators of gambling in each country.

There are some similarities and differences as to how the supervision of gambling is perceived and carried out in practice in each of the countries. For example in Denmark the supervision is differentiated across gaming types and based on a risk-based approach, whereas in Finland the basis for the supervision lies in protecting the players by various methods of supervision described in the law. The Norwegian Gaming Board on the other hand sees its supervision being based in document-based controls, live control and IT-based control. In Sweden the supervision of gambling is divided into basic supervision and thematic supervision on one hand and external and internal supervision on the other hand.

In Denmark and Sweden, the licensing process is an essential method of supervision in advance, whereas in Finland and Norway the advance supervision focuses on influencing the rules of play for new games as they are planned. The significance of supervision in real time on-site or supervision by persons physically present has diminished in all of the countries, as the role of IT-supervision has increased substantially on the whole. As to subsequent supervision, various methods are in use in each of the countries.

The administrative branches under which the gambling supervision authorities in each country belong to are somewhat different. The Danish Gambling Authority and the Swedish Gambling Authority are independent agencies working under the ministries of taxation and finance, respectively. The Gambling Administration Department in Finland is a separate unit of the National Police Board which is for its part administratively located under the Ministry of the Interior. The Norwegian Gaming Authority operates under the auspices of the Ministry of Culture.

The gambling supervision authorities are organised into units or groups according to the tasks of the authority. All of the authorities are located outside the metropolitan areas. The number of personnel is roughly at the same level in Denmark and Norway with Sweden rather close behind, whereas Finland has to see to the supervision tasks with the lowest number of persons. Finland and Sweden have also recruited approximately 45–50 part-time supervisors for specific supervision tasks. Each of the authorities, except for Sweden, is financed at least partially with fees, charges or reimbursements from the gambling operators; that is, their financing is directly related to the objects of supervision instead of outside sources. The authority in Sweden gets a grant from the Government and then the ambition is to cover the grant with fees for permits and supervision from the operators on the Swedish market.
7. Appendix

Table 5: Development of the GGRs by game category in Denmark in 2011-2015

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>All lotteries (incl. Bingo)</td>
<td>476</td>
<td>422</td>
<td>415</td>
<td>394</td>
<td>404</td>
</tr>
<tr>
<td>Horse- and Greyhound racing</td>
<td>19</td>
<td>19</td>
<td>18</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>Gaming Machines land based</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>outside casino</td>
<td>240</td>
<td>245</td>
<td>219</td>
<td>202</td>
<td>208</td>
</tr>
<tr>
<td>Land based casino</td>
<td>43</td>
<td>46</td>
<td>45</td>
<td>44</td>
<td>46</td>
</tr>
<tr>
<td>Betting</td>
<td>100</td>
<td>158</td>
<td>186</td>
<td>239</td>
<td>272</td>
</tr>
<tr>
<td>Online casino and online poker</td>
<td>0</td>
<td>117</td>
<td>133</td>
<td>144</td>
<td>178</td>
</tr>
<tr>
<td><strong>Total regulated market</strong></td>
<td><strong>878</strong></td>
<td><strong>1007</strong></td>
<td><strong>1016</strong></td>
<td><strong>1040</strong></td>
<td><strong>1124</strong></td>
</tr>
</tbody>
</table>

Table 6: Development of the GGRs by game category in Finland in 2011-2015

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lotteries &amp; Number games</td>
<td>719</td>
<td>719</td>
<td>726</td>
<td>750</td>
<td>776</td>
</tr>
<tr>
<td>Casino games</td>
<td>20</td>
<td>20</td>
<td>19</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>Land-based casino</td>
<td>27</td>
<td>29</td>
<td>28</td>
<td>28</td>
<td>29</td>
</tr>
<tr>
<td>Gaming machines¹</td>
<td>660</td>
<td>675</td>
<td>683</td>
<td>669</td>
<td>681</td>
</tr>
<tr>
<td>Betting</td>
<td>113</td>
<td>107</td>
<td>110</td>
<td>113</td>
<td>109</td>
</tr>
<tr>
<td>Online casino and online poker</td>
<td>30</td>
<td>49</td>
<td>60</td>
<td>60</td>
<td>64</td>
</tr>
<tr>
<td>Horse race betting</td>
<td>51</td>
<td>68</td>
<td>68</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td><strong>Total regulated market</strong></td>
<td><strong>1620</strong></td>
<td><strong>1667</strong></td>
<td><strong>1694²</strong></td>
<td><strong>1701</strong></td>
<td><strong>1742²</strong></td>
</tr>
</tbody>
</table>

Table 7: Development of the GGRs by game category in Norway in 2011–2015

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lotteries &amp; Number games (including Bingo)</td>
<td>703</td>
<td>697</td>
<td>679</td>
<td>685</td>
<td>717</td>
</tr>
<tr>
<td>Online casino games</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>23</td>
<td>33</td>
</tr>
<tr>
<td>Gaming machines</td>
<td>54</td>
<td>73</td>
<td>94</td>
<td>97</td>
<td>96</td>
</tr>
<tr>
<td>Betting</td>
<td>96</td>
<td>99</td>
<td>95</td>
<td>101</td>
<td>104</td>
</tr>
<tr>
<td>Horse race betting</td>
<td>140</td>
<td>142</td>
<td>137</td>
<td>132</td>
<td>134</td>
</tr>
<tr>
<td><strong>Total regulated market</strong></td>
<td><strong>995</strong></td>
<td><strong>1013</strong></td>
<td><strong>1007</strong></td>
<td><strong>1037</strong></td>
<td><strong>1085</strong></td>
</tr>
</tbody>
</table>
Table 8: Development of the GGRs by game category in Sweden in 2011–2015

<table>
<thead>
<tr>
<th>GGR - mEuro</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lotteries &amp; Number games (Including Bingo)</td>
<td>875</td>
<td>901</td>
<td>925</td>
<td>900</td>
<td>919</td>
</tr>
<tr>
<td>Casino games</td>
<td>174</td>
<td>168</td>
<td>162</td>
<td>159</td>
<td>159</td>
</tr>
<tr>
<td>Gaming machines</td>
<td>223</td>
<td>215</td>
<td>192</td>
<td>139</td>
<td>131</td>
</tr>
<tr>
<td>Betting</td>
<td>156</td>
<td>168</td>
<td>177</td>
<td>169</td>
<td>174</td>
</tr>
<tr>
<td>Horse race betting</td>
<td>418</td>
<td>396</td>
<td>387</td>
<td>391</td>
<td>401</td>
</tr>
<tr>
<td><strong>Total regulated market</strong></td>
<td><strong>1845</strong></td>
<td><strong>1848</strong></td>
<td><strong>1844</strong></td>
<td><strong>1758</strong></td>
<td><strong>1785</strong></td>
</tr>
</tbody>
</table>

1 Land-based gaming machines outside casinos only.

2 All figures in table in full millions of euros. This results in total sum being rounded up differently from official statistics to EUR 1694 million (official figure for 2013 is EUR 1693 million).

3 As above, official figure is EUR 1741 million.
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