

Post-pandemic, it is likely that new sports (especially e-sports and virtual sports) will become more popular for betting, that a new customer-base from the post-2000 generation will begin to bet, and that there will be a huge rise in revenue for the betting operators who are able to deliver these products online through mobile applications. In addition, the analytical tools developed by companies for trading bets (i.e. Back / Lay) as well as betting professionals to analyse data are undergoing a technological revolution that will enable betting platforms to process huge volumes of bets and create markets on virtually any outcome(s) imaginable. Online betting bookmakers and exchanges have shown this as they increasingly offer betting on sports, political events, the weather, commodities, and currencies, essentially becoming unlicensed financial market traders.

However, there has been some doubt among betting industry insiders whether sports betting on trading platforms can grow to the scale of financial markets as there is a cap on profits due to winners being paid by losers (i.e. exchange betting Back / Lay investors). Nevertheless, there is growing liquidity in sports betting markets with retail betting growth from developing economies such as China, South East Asia, the Middle East, Africa, and Latin America. The recent high growth of online betting platforms has provided easy betting investment for a new generation of betting customers with disposable income. It is likely that the Covid-19 pandemic will accelerate this trend as more customers stay at home and go online for betting.

As the betting industry develops with more professional players and a growing retail market, especially in Asia, the legal and compliance issues have not been made visible because it is difficult to determine the jurisdiction where they take bets from customers. However, this technological revolution is bringing more financial investors into the betting industry to commoditise sports betting, which will inevitably drive the growth of illegal betting as operators move more quickly to enter new markets and deliver new betting products.

KEY RECENT DEVELOPMENTS IN ILLEGAL BETTING, SPORTS CORRUPTION AND FINANCIAL CRIME

March

A [report by the Philippines Anti-Money Laundering Council \(AMLC\)](#) revealed that about a quarter of the PHP 54 billion (USD 1 billion) transactions linked to the Philippines Offshore Gaming industry were linked to “suspicious” activities.

The Philippines has been criticised by international anti-money laundering authorities for deficiencies in its AML regime. PAGCOR is both regulator of gambling in the country and runs its own casinos, highlighted as a key conflict of interest by international AML authorities. The AMLC is under-resourced and lacks sufficient supervisory power. The fact that it is highlighting the scale of suspicious activity in the Philippines online gaming industry reflects growing groundswell of opinion in the Philippines that the industry brings more negative impacts than positive. This, and China’s growing pressure to crack down on illegal betting, could lead to changes in the industry which could impact illegal betting in Asia.

April

[Market research firms 2CV and ProdegeMR](#) projected e-sports gambling revenue to double from USD 7 billion in 2019 to USD 14 billion worldwide in 2020 as gamblers seek new avenues for betting during the Covid-19 crisis. But as money pours into the nascent industry, experts believe the temptation for players to break the rules is growing. Corruption is rife, with gamers caught cheating and illegal betting syndicates trying to fix matches.

[A joint study by Australian credit bureau Illion and analytics firm AlphaBeta](#) revealed a 67% increase in online gambling following the shutdown of all non-essential services due to the impact of COVID-19. Experts are concerned about the potential for problem gamblers being enticed to move online where safeguards and regulations are limited.

May

[The UK Gambling Commission](#) fined a white label solutions provider GBP 600,000 for “advertising, money laundering and social responsibility failings”, following a review of the company’s licence last August. The Gambling Commission’s investigation discovered that the company had allowed a VIP manager to operate without adequate oversight and without having received sufficient anti-money laundering training. The company had also failed to conduct interactions with customers who displayed signs of problem gambling,

effectively offloading the responsibility onto its third-party partners. In one case, a customer of one of the third parties gambled and lost GBP 282,000 without providing adequate source-of-funds evidence.

June

[A report from the International Association of Gaming Regulators \(IAGR\)](#) reveals global concerns about the growing convergence between gaming and gambling. The report highlighted e-sports betting, social gambling, loot boxes and skin betting as the new challenges for gambling regulators due to the complexity in jurisdictional regulatory frameworks and associated difficulties around establishing international standards and best practice.

[China's Ministry of Public Security](#) announced a total crackdown of 257 illegal gambling cases with arrests of more than 11,500 suspects and shutdown of 368 online gaming platforms since February 2020. The Ministry listed 10 "typical cases" in which operators utilise mobile applications and online games to solicit bettors. Other criminalities such as telecom fraud, human trafficking, money laundering, and kidnappings were also found in relation to these operations. Chinese authorities have continued to strengthen their anti-illegal betting efforts, including the launching of an [online whistleblower platform](#) in June to encourage reports of suspected cross-border gambling criminal activities.

Related to the above crackdown, the [People's Bank of China has announced](#) that combating cross-border illegal betting-related financial chains is a "major political mission" assigned by China's Central Government. China's government sees illegal capital outflows, which are facilitated by offshore illegal betting operations, as a key threat to the economy.

July

The United Nations Office on Drugs and Crime, the International Olympic Committee, and INTERPOL, released a policy paper examining sports integrity risks due to COVID-19, which recommends to all stakeholders that fighting against corruption in sport and specifically preventing the manipulation of competitions be part of any responses to the pandemic and remains a priority in the post-pandemic era. The full paper, with recommendations and useful links for more resources, [can be downloaded here](#).

Asian Racing Federation Anti-Illegal Betting Taskforce members:

Martin Purbrick	(Chairman)
Douglas Robinson	(Deputy Chairman) Hong Kong Jockey Club
James Porteous	(Secretary) Hong Kong Jockey Club
Jack Anderson	Melbourne University
Graham Ashton	former Chief Commissioner, Victoria Police
Tom Chignell	Hong Kong Jockey Club
Brant Dunshea	British Horseracing Authority
Neil Grimstone	New Zealand Racing Integrity Unit
Claudio Marinelli	INTERPOL
Tim Robinson	Racing Victoria
Tak Sung Hyun	Korean Racing Authority
James Ogilvy	Asian Racing Federation
Ronan O'Laoire	United Nations Office on Drugs and Crime
Damian Voltz	Australian Criminal Intelligence Commission