THE STATE OF ILLEGAL BETTING:
AN ANALYSIS OF BETTING WEBSITES

BY JAMES PORTEOUS AND DOUGLAS ROBINSON
Executive Summary

The purpose of this report is to detail the current state of illegal betting based on analysis of online betting websites. This section is based on analysis of 534 betting websites licensed in 61 jurisdictions to explore the differences and similarities of licensed and unlicensed online betting operators and their level of regulation (or absence thereof). Associated analysis stems from this data, as well as public and proprietary information (see Annex for methodology). Key findings are:

- 61% of betting websites examined were either Licensed but Under-regulated or Unlicensed and Unregulated (consequently illegal in most jurisdictions), while only 39% were Licensed and Regulated (definitions below);
- Three jurisdictions are responsible for 62% of the licences for online betting that are Under-regulated;
- Traffic to all betting websites analysed has grown by 37% from 2019/20 to 2020/21;
- Traffic growth over this period is much more pronounced in Licensed but Under-regulated or Unlicensed and Unregulated markets compared with Regulated markets (64% increase vs 36%);
- Horse racing remains a significant betting product available on approximately 36% of betting websites, with racing from ARF member jurisdictions featuring on 82% of these;
- South Africa and Australia were the ARF member jurisdictions noted most often as available for betting purposes, though this does not mean they are the most popular ARF member jurisdictions for betting;
- Football, basketball and tennis remain the most prevalent sports for global betting;
- E-sports is now available on 63% of all websites and 64% of Unlicensed and Unregulated websites;
- Most (81%) betting websites also offer non-sports gambling products such as casino games and slots;
- Customers are mostly young (~60% under 34), male (64%+) and on mobile devices (76%+);
- Cryptocurrencies are accepted by 24% of websites, 63% of which are Unlicensed and Unregulated;
- Third-party betting software from business-to-business suppliers is used by 73% of websites; and
- 42% of websites have “mirror websites” used to evade regulatory attention, even in the case of some (4%) Licensed and Regulated websites.
BETTING WEBSITE TYPES

Five hundred and thirty-four betting websites were selected as follows:

- The 262 most popular betting websites globally (monthly visits >1 million) based on analysis of traffic data from 2019 to 2021;
- a random sample of 93 websites from ~20,000 categorised as Gambling or Gambling > Sports Betting by our analysis tool; and
- an existing list of 179 websites identified in previous proprietary research as suspected of being Unlicensed and Unregulated.

These websites were examined to assess:

1) if a confirmed operating licence existed;
2) in which jurisdiction the licence was conferred; and
3) if that jurisdiction licenses and regulates gambling and betting offered only in that jurisdiction and to consumers located in that jurisdiction.

This report therefore categorises betting websites as:

1) Licensed and Regulated;
2) Licensed but Under-regulated; and
3) Unlicensed and Unregulated.

The findings after analysis are as follows:

**TABLE: Percentage of websites in each licensing category per segment of websites examined**

<table>
<thead>
<tr>
<th>Segment</th>
<th>% Licensed and Regulated</th>
<th>% Licensed but Under-regulated</th>
<th>% Unlicensed and Unregulated</th>
</tr>
</thead>
<tbody>
<tr>
<td>262 most popular global betting websites</td>
<td>60%</td>
<td>23%</td>
<td>17%</td>
</tr>
<tr>
<td>Random sample of 93 global betting websites</td>
<td>54%</td>
<td>23%</td>
<td>24%</td>
</tr>
<tr>
<td>Targeted sample of 179 Unlicensed and Unregulated websites</td>
<td>-</td>
<td>11%</td>
<td>89%</td>
</tr>
<tr>
<td>Total</td>
<td>38.8%</td>
<td>18.7%</td>
<td>42.5%</td>
</tr>
</tbody>
</table>
Regulatory definitions in this report

The definitions of licensed / regulated betting vary from jurisdiction to jurisdiction. In many jurisdictions specific legislation pertaining to online betting does not exist and/or laws and regulations remain based on language drafted long before the internet existed. Furthermore, a number of regulators, including some which specialise in issuing online betting licences, provide minimal regulatory oversight.

An assessment of the regulatory credibility in all 61 jurisdictions in which these websites were licensed is outside the scope of this report as this would require an assessment of each jurisdiction’s legal expertise, integrity, commitment to responsible gambling, and other factors and thus a) be inherently subjective and b) require an entirely separate report.

This report classifies betting websites as regulated or otherwise according to the key question “does its regulator licence and regulate gambling and betting offered only to persons located in that jurisdiction?” This focuses on the key issue of where the point of sale takes place and whether the operator has a licence in that location.

This classifies betting operators as:

• those regulated by the jurisdiction in which they are licensed to take bets; **(Licensed and Regulated)**;
• those which have licences from certain jurisdictions but are under-regulated since they take bets from persons located outside of these jurisdictions; **(Licensed but Under-regulated)**; and
• those which have no licence **(Unlicensed and Unregulated)**.

Because online betting is a transnational globalised business, operators with multiple licences from different jurisdictions were classified according to their strongest licence.
a) Licensed and Regulated online betting websites

Of the 534 websites examined, fewer than half – 207 or 39% – were classified as Licensed and Regulated. Removing the targeted sample of 179 websites already suspected before classification as likely to be Unlicensed and Unregulated changes the percentage of Licensed and Regulated websites among the remaining 355 to 58%. But it is still significant that more than 40% of websites even in this more randomised sample are not Licensed and Regulated.

Analysis

Licensed and Regulated operators are often large companies with transparent ownership structures, possibly publicly-listed, and/or state-run monopolies or other similarly well-established corporate entities.

It should be noted, however, that within this category, there are a handful of operators, who continue to utilise ‘mirror websites’ and/or utilise ‘white-label licences’, practices more commonly used by Under-regulated and Unregulated operators.

Mirror websites

Mirror websites are exact replicas of betting websites used to evade regulatory attention (see explainer on next page). They are ubiquitous among Licensed but Under-regulated and Unlicensed and Unregulated operators, but even some Licensed and Regulated operators have mirror websites designed to target customers in areas where betting is illegal/unregulated.

We have classified such mirror websites as Unlicensed and Unregulated even if the parent brand is Licensed, since such URLs do not appear on any licensor’s public register, and their core purpose is to facilitate Unregulated betting.

White-label licences

A major flaw in even some Licensed and Regulated jurisdictions is so-called white-label licensing which in effect allows operators to act as sub-licensees under a partner’s licence. This is discussed further in Section Two.
Explainer: Mirror websites

Mirror websites are exact copies of a betting website hosted on a different URL. They are used by Regulated and Under / Unregulated operators alike, as illustrated by a simple search for the term “betting mirror websites”.

Their purpose is to provide redundancy and business continuity, and to avoid detection by authorities. In the event that one URL is shut down or blocked by authorities, customers can be migrated to an alternate URL in minutes.

For example, Asian Unlicensed and Unregulated betting network Huangguan (皇冠) is believed to be one of the world’s largest Unlicensed and Unregulated sports betting operators but has no fixed web address. Bettors access Huangguan via mirror URLs provided by agents and/or referral websites.

Huangguan mirror websites often take the form hgXXXX.com: if hg1234.com is shut down, bettors will be directed to hg5678.com. For example, at the time of writing, analysis of the server on which one Huangguan URL is hosted shows 39 other URLs on the same server, 25 of which are variations on the hgXXXX.com formula. Historical analysis of these URLs shows some to have been offering illegal betting since as early as 2005 – authorities may have successfully shut down some URLs, but Huangguan continues uninterrupted on its other mirrors.

The use of mirror websites is not only restricted to Unlicensed and Unregulated, underground websites such as Huangguan. Some licensed operators, even Licensed and Regulated operators, also employ mirror websites. One of the world’s largest betting companies, Licensed and Regulated in multiple jurisdictions but rumoured to receive as much as half its turnover from jurisdictions in which it is not licensed, has around 80 mirror websites on IP addresses linked to its primary domain.

The obvious question is, ‘Why would any online business have hundreds of alternative URLs, many of which do not seem to reflect its brand?’ This would appear to go against online marketing best practice, where a strong and memorable domain name is generally the first thing an online business would seek.

The obvious answer is that these operators are seeking to avoid attention, not gain it, and particularly the attention of regulators in jurisdictions where they are not licensed but still take bets. The Licensed and Regulated operator mentioned above is rumoured to receive a very large percentage of turnover from bettors in the People’s Republic of China, where online betting is illegal.

Similarly, the table below shows that three leading Licensed but Under-regulated operators’ mirror websites – among the biggest betting operators in Asia – are visited primarily by users in eight Asian countries where online betting is illegal, as well as the United States, where these operators are Unlicensed and Unregulated.

<table>
<thead>
<tr>
<th>TABLE: Main sources of traffic to three major Licensed but Under-regulated betting operators’ networks of mirror websites</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operator A</strong></td>
</tr>
<tr>
<td>Largest source of traffic to entire network</td>
</tr>
<tr>
<td>Thailand</td>
</tr>
<tr>
<td>Thailand</td>
</tr>
<tr>
<td>China</td>
</tr>
<tr>
<td>Thailand</td>
</tr>
</tbody>
</table>
b) Licensed but Under-regulated online betting websites

Nineteen per cent of all websites examined were Licensed but Under-regulated.

Just three jurisdictions “license” 62% of these websites categorised as Under-regulated:

**TABLE: Percentage of Licensed but Under-regulated websites licensed by particular jurisdictions**

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>% of Licensed but Under-regulated websites licensed by this jurisdiction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curaçao</td>
<td>31%</td>
</tr>
<tr>
<td>Malta</td>
<td>18%</td>
</tr>
<tr>
<td>Philippines</td>
<td>13%</td>
</tr>
<tr>
<td>Other</td>
<td>38%</td>
</tr>
</tbody>
</table>

**Analysis**

**Curaçao**

Curaçao, a Caribbean island tax haven, is estimated to have licensed 12,000+ betting websites, but the exact number is unknown because it does not publish any list. Its websites are classified as Licensed but Under-regulated because its raison d’etre is to license operators who take bets outside of Curaçao.

The primary requirement to qualify for a licence is to pay around EUR35,000 to EUR45,000 per annum to one of four private companies which are permitted to issue licences.

Operators are not required to pay any tax nor are subject to any meaningful oversight, and a single licence covers any kind of interactive gambling – including sports betting, casino, slots, lotteries, poker, as well as any kind of interactive gambling not yet invented or imagined. This is one reason why most cryptocurrency bookmakers are Curaçao licensed.

Curaçao’s lax oversight has been criticised by many, including the Netherlands, of which Curaçao is a constituent country (and which itself has one of the strongest regulatory environments in Europe). The Dutch regulator Kansspelautoriteit has issued numerous fines and bans to Curaçao-based operators targeting Dutch citizens, but admits it is largely powerless to collect fines given the opacity of ultimate ownership of Curaçao operators.

In late 2020, a financial assistance package from the Netherlands required Curaçao to tighten its oversight of gambling, establish an independent regulatory body, and make it harder to get a licence – but as of early 2022, little appeared to have been achieved.
Malta

Malta, a Mediterranean island member of the European Union, is home to 328 licensees and an unknown number of betting websites, including some of the world’s best-known brands. Malta has considerably strengthened its gambling oversight in recent years following high-profile controversies which included betting websites run by Italian organised crime and the assassination of Daphne Caruana Galizia, a journalist investigating ties between the Prime Minister and illegal gambling (among other issues).

Its websites are classified as Licensed but Under-regulated because its raison d’etre is to license operators who take bets outside of Malta. Also, in 2021 it was placed on FATF’s ‘grey-list’ of high-risk jurisdictions with strategic deficiencies in their regimes to counter money laundering, terrorist financing and proliferation financing.

Controversy still dogs Malta’s gambling sector, which provides 12% of GDP. In 2021, the regulator’s former CEO was charged with conspiracy over alleged influence trading with casino operator Yorgen Fenech to cover up an inspection revealing weak anti money-laundering controls at Fenech’s casinos. Fenech faces trial accused of being the alleged mastermind of the murder of journalist Galizia. Also in 2021, a second Italian anti-Mafia operation again revealed millions of dollars in laundered funds passing through Malta-licensed betting companies from Italy.

Because many Licensed and Regulated major operators with global footprint and licences from multiple jurisdictions often also have Malta licences, we have classified these operators according to the strongest regulatory jurisdiction in which they hold a licence – the United Kingdom, Australia, United States for example – and not as Licensed but Under-regulated.

The Philippines

The Philippines is home to an unknown number of betting websites, because it does not publish any list of URLs. Its websites are classified as Licensed but Under-regulated because its raison d’etre is to license operators who take bets outside of the Philippines. Like Malta, it was placed on FATF’s ‘grey-list’ of high-risk jurisdictions in 2021.

Philippines-licensed operators target bettors in Asia, where online betting is largely illegal or heavily restricted. Since Asian illegal betting is estimated by some to account for as much as 80% of the market, Philippines ‘licensed’ operators facilitate a large proportion of global illegal betting. The industry has given rise to considerable negative side-effects in the Philippines, including money-laundering (estimated at approximately USD250 million a year by the Philippines Anti-Money Laundering Council in 2020), kidnappings, illegal immigration, forced labour, and murder.

Since the pandemic’s onset in March 2020, the combination of China exerting diplomatic pressure on the Philippines to stop targeting Chinese citizens with illegal betting, attempts by the Philippines to collect some of the massive tax deficit owed by its licensees, and COVID-19 restrictions limiting importation of Chinese workers to staff operations, has led to at least 28 licensed Philippines Offshore Gaming Operators abandoning properties and operations in the country. They have relocated to jurisdictions such as Cambodia, Vietnam, Laos and Dubai.

The low quality of Philippines oversight is further underlined by the fact that the regulator – PAGCOR – is also an operator of casinos. Owing to the financial impact of the pandemic it has started to expand online betting to locals and introduced online proxy betting in its casinos, both of which are likely to be used to launder money and/or harm sports integrity; it also introduced online betting on cock-fighting – an obvious animal welfare issue.
AML failings in Regulated and Under-regulated markets

Our regulatory definition focuses on whether a regulator licenses betting only in its own jurisdiction or not. However, all 61 jurisdictions were examined through the anti-money laundering (AML) mutual evaluation reports of the Financial Action Task Force (FATF).

FATF, the global inter-governmental money laundering and terrorist financing watchdog, typically spends more than a year evaluating a jurisdiction’s AML standards. Jurisdictions are then graded on how well their AML framework meets 11 key goals (FATF’s ‘Immediate Outcomes’). Failure to achieve at least Medium Effectiveness on most of these key goals is an indicator of money laundering risk, and is relevant to this discussion because gambling is an FATF-designated industry of particular financial crime risk.

Analysis found:

Four jurisdictions, including Malta and Philippines, which license a combined 31% of Licensed and Under-Regulated websites, are on the FATF ‘grey list’ of jurisdictions subject to increased monitoring to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing.

More than a fifth (22%) of jurisdictions we have classified as Licensed and Regulated are not rated by FATF as achieving Medium Effectiveness or better for at least 80% of the Immediate Outcomes, indicating money-laundering risk in these jurisdictions.

In summary, some jurisdictions classified as Licensed and Regulated in a betting and gambling context still continue to present financial crime risks due to other environmental factors.

c) Unlicensed and Unregulated betting websites

Our examination found that 227 operators (42.5%) appeared not to be licensed in any jurisdiction.

Key characteristics of Unlicensed and Unregulated websites are:

a) 81% use ‘mirror websites’ to evade detection by regulators;

b) 60% use shared cloud servers and/or domain privacy protection to obscure identification of their operators;

c) They operate a vast range of gambling products often not available with Licensed and Regulated operators such as live-dealer casino (available on 78% of websites), multiple sportsbooks and sports (72%), illegal lotteries (53%), slots and other randomised games (82%); and

d) These products are typically offered via third-party software providers; 72% of these websites use at least one such software provider and 55% use more than one.
Analysis

These characteristics mean that Unlicensed and Unregulated illegal betting operators:

a) Continue to rapidly evolve and adopt the latest technologies;

b) Are very difficult to track and identify;

c) Are highly competitive with the legal market; and

d) Require almost zero technical or bookmaking expertise.

A key feature enabling the proliferation of such websites is the involvement of third-party business-to-business (B2B) software suppliers which makes it easier than ever to become an online bookmaker. This is explored further in Section Two.

Popular sports betting suppliers in the Unlicensed and Unregulated market

Of 227 websites classified as Unlicensed and Unregulated, 72% use one or more third-party software suppliers for their sportsbook. The four most commonly seen are:

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>% of websites noted</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>BB-IN</td>
<td>40%</td>
<td>Taiwan-based, licence unknown, also offers live casino and lottery games based on derivatives of Asian-licensed lotteries</td>
</tr>
<tr>
<td>Sabah Sports</td>
<td>40%</td>
<td>Taiwan-based, previously Isle of Man licensed under a different name. Name believed by some to point to Malaysian origins since Sabah is a state in Malaysia.</td>
</tr>
<tr>
<td>Huangguan</td>
<td>27%</td>
<td>Football, basketball and other sports. Third-party version of network believed by some to be biggest illegal bookmaker in Asia. Not known to be licensed in any jurisdiction</td>
</tr>
<tr>
<td>In-Play Matrix</td>
<td>16%</td>
<td>Licence unknown; claims to be No.1 sportsbook provider in Asia and to have been exclusive betting software provider to Macau junket operator Suncity.</td>
</tr>
</tbody>
</table>
Website traffic data (total monthly visits) for all 534 websites was analysed covering the period August 2019 to July 2021. The findings were:

**a) Global demand for online betting continues to accelerate.**

Visits to online betting websites increased by 37% in 2020/21 compared to 2019/20. This trend holds even when discounting the boost to online betting from the Euro 2020 football tournament, which took place in the summer of 2021 having been postponed because of COVID-19.

There were 39.75 billion total visits to these websites over this period and the majority (76%) of this traffic was to websites classified as Licensed and Regulated, which is to be expected as such websites are typically the biggest global brands.

Yet the fact that the remaining 24% of visits were to Under-regulated or Unregulated websites is troubling, especially given that traffic is likely understated by at least five times (see below).

The number one traffic source to 84% of Licensed and Regulated operators is their “home” jurisdiction, for example, Japan-based customers to the Japan Racing Association betting website, Hong Kong-based customers to the Hong Kong Jockey Club betting website.

In contrast, the number one traffic source to 69% of Licensed and Under-Regulated operators comes from jurisdictions in which they *are not licensed* – underlining the key point that such operators are focused on jurisdictions in which betting is illegal or unregulated.

**Analysis**

Previous ARF research showed illegal betting profits in Hong Kong increased by 10-20% during the pandemic. In other Licensed and Regulated markets, public filings from listed betting companies have shown similar surges for a range of online gambling products, not just sports betting.

Global online gambling is booming, accelerated by COVID lockdowns, stimulus payments, the return of live sport, emerging products such as e-sports, the increasing numbers of people coming online, and the opening of huge markets such as the United States.

Globally, the top 20 most popular websites in our analysis account for more than 50% of total web traffic. Of these 20, 16 are Licensed and Regulated, three Licensed but Under-Regulated, and one Unlicensed and Unregulated (a well-known offshore sportsbook targeting the US market). Licensed and Regulated operators from ARF member jurisdictions such as Japan, Hong Kong and Turkey are among the top 20.

This underlines that bettors prefer to bet with Licensed and Regulated operators if possible, and if the operator is not over-regulated to the point where it cannot compete with Under-regulated and Unregulated operators on price (betting odds) and product (number of sports and bet types).
b) The Under-regulated and Unregulated market is much larger than it may initially appear

Traffic to Licensed but Under-Regulated websites in the 24-month period reviewed was 6.78 billion and traffic to the Unlicensed and Unregulated websites was 2.67 billion.

While almost 10 billion visits to this market is significant, as the analysis below shows, this figure is likely understated by a factor of at least five.

**Analysis**

These markets are larger than they appear because of: 1) The use of mirror websites; 2) The agent-bettor pyramid structure of illegal betting; and; 3) Underground modes of operation, all of which will be elaborated upon below:

**The use of mirror websites**

Under-regulated and Unregulated websites typically use mirror websites (see explainer above) so that total traffic is dispersed across hundreds of URLs.

Examination of three leading Licensed but Under-regulated websites in the table below shows that traffic to these brands when mirrors are included is almost six times larger than when examining only the well-known primary domain, and as much as 12 times larger in the case of one well-known sportsbook.

**TABLE: Comparison of traffic to top domain only versus entire mirror network of three major Asian betting operators**

<table>
<thead>
<tr>
<th>Top domain URL</th>
<th>Traffic to top domain only (total visits, August 2019 to July 2021)</th>
<th>Traffic including mirrors (total visits, August 2019 to July 2021)</th>
<th>Actual traffic to entire network compared to that of top domain only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator A</td>
<td>49.5m</td>
<td>105.8m</td>
<td>2.1x larger</td>
</tr>
<tr>
<td>Operator B</td>
<td>28m</td>
<td>333.5m</td>
<td>11.9x larger</td>
</tr>
<tr>
<td>Operator C</td>
<td>13m</td>
<td>76.7m</td>
<td>5.9x larger</td>
</tr>
<tr>
<td>Totals</td>
<td>90.5m</td>
<td>516m</td>
<td>5.7x larger</td>
</tr>
</tbody>
</table>
**Underground modes of operation**

In 2020/21, it was noted that several Unlicensed and Unregulated betting operators no longer have a betting website per se, but only a placeholder page which requires customers to download betting apps directly to their smartphones. Traffic thus cannot be measured.

This analysis also does not cover the “dark web”, blockchain-based gambling decentralised applications (“dApps”) and other modes of operation which cannot be measured using website analysis software.

Furthermore, as noted in Section Two, well-known betting operators are increasingly licensing their sportsbook software as ‘plug-ins’ to the Unlicensed and Unregulated market. This is the case for at least one of the operators in the table above – such traffic cannot be measured directly. Similarly, many operators can be accessed via ‘bet broker’ websites, which provide bettors with access to websites not available in their own jurisdictions.

The Under-regulated and Unregulated markets are thus likely to be at least five times larger than they appear based on website analysis alone. Moreover, this large market is growing more rapidly than its Licensed and Regulated equivalent.

c) Unlicensed and Unregulated betting is growing faster than regulated

All websites saw significant year-on-year visitor growth in 2020/21 compared to 2019/20. Notably, the increase was more pronounced among Unlicensed and Unregulated websites.

As shown in the table below, Unlicensed and Unregulated websites saw their traffic increase by 64%, compared to the 36% increase in both licensed segments, and the number of unique visitors (number of individuals visiting a web page) was even more pronounced, up 97% vs 31% and 28% in the Regulated and Under-regulated segments respectively.

**TABLE: Comparison of web traffic increase across different segments of betting websites**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Year-on-year increase in total visits, 2020/21 vs 2019/20</th>
<th>Year-on-year increase in unique visitors, 2020/21 vs 2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed and Regulated</td>
<td>+36%</td>
<td>+31%</td>
</tr>
<tr>
<td>Licensed and Under-regulated</td>
<td>+36%</td>
<td>+28%</td>
</tr>
<tr>
<td>Unlicensed and Unregulated</td>
<td>+64%</td>
<td>+97%</td>
</tr>
</tbody>
</table>
Unlicensed and Unregulated betting is growing faster because these operators have advantages in price, product and promotion. They have little of the operating costs of Licensed and Regulated operators; they provide a far larger range of offerings, notably products unavailable or more limited for most Licensed and Regulated operators; and they aggressively market through means unavailable to Licensed and Regulated operators.

In terms of price, both Under-regulated and Unregulated operators can offer bettors superior prices (odds) to many Licensed and Regulated operators, since they are typically based in offshore tax havens, or pay no tax at all as criminal enterprises, and also do not make other payments such as problem gambling levies, sport and racing levies, or charitable donations.

In terms of product, many Licensed and Regulated operators are limited by condition of licence and/or their jurisdiction’s gambling regulations as to a) the number of sports on which they can offer wagering and/or b) the number of different bet types on which they can offer per sport. Under-regulated and Unregulated operators have no such restrictions, as graphically illustrated during the 2020 COVID suspension of major sporting events mentioned above.

Moreover, Licensed and Regulated operators are often banned from publicly advertising or marketing their product to reduce the risk of underage or problem gambling, unlike Under-regulated and Unregulated operators. Examples of dangerous marketing practices by such operators include:

- Marketing their websites on film and sport piracy websites;
- Marketing their websites on pornography websites;
- Marketing their websites directly to customers with gambling problems; and
- Marketing their websites through social media spam.

Clearly, this rapid growth of operators with no regard for best practices upheld by Licensed and Regulated betting operators has significant negative impacts to society as regards to problem gambling, sports integrity, and financial crime.
d) Traffic sources to Under-regulated and Unregulated operators are more varied than to their Licensed and Regulated counterparts

Our data shows the top five sources of traffic to each website and underlines the fact that most Licensed and Regulated operators focus on the jurisdictions in which they are licensed.

For example, more than 99% of visits to the Japan Racing Association come from Japan; more than 97% of visits to New Zealand’s TAB come from New Zealand; more than 94% of visits to France’s licensed tote betting operator PMU come from France, and so on.

However, this is not always the case, even among operators classified as Licensed and Regulated. One extremely popular Licensed and Regulated global betting brand receives 35% of its traffic from Brazil, where it is not licensed (Brazil at time of writing does not have online betting legislation).

The variety of traffic sources to Under-regulated and Unregulated markets is even more pronounced. Examples include:

• A betting operator originating from Russia which aggressively markets itself globally and which has been labelled as an illegal betting operator by Russia, receives 21% of its traffic from India, 14% from Brazil, 11% from Tunisia and 9% from Thailand – all jurisdictions in which online betting is illegal or unregulated.

• A recently established cryptocurrency-only website which is being aggressively marketed through sponsoring of an English Premier League football team and a major mixed martial arts competition, receives more than 15% of its traffic from the US and Canada (likely generated by publicity from the latter sponsorship), in neither of which it is licensed.

• Another, longer-established, cryptocurrency-only website receives 38% of its traffic from Brazil, 10% from Japan, 10% from France, 9% from India, and 3% from Italy – in none of which it is licensed.

Three of the four websites highlighted above offer markets on racing from one or more ARF member jurisdictions.
Section One // An analysis of betting websites

4 IMPLICATIONS FOR THE ASIAN RACING FEDERATION, HORSE RACING AND OTHER SPORTS

As well as licensing and traffic data, our study collected product information including sports and other gambling products available, currencies and languages offered and demographic data. The findings were as follows.

a) Horse racing from ARF member jurisdictions is a major betting product

More than a third (36%) of all websites examined offered horse racing, of which 82% offered racing from ARF member jurisdictions. Racing is slightly less prevalent on Under-Regulated or Unregulated websites, being available on 30% of them, but more (89%) offered racing from ARF jurisdictions, likely reflecting the popularity of racing in Asia.

The ARF member jurisdictions most commonly available to bet on were Australia, Hong Kong, Japan, New Zealand and South Africa.

Analysis

This data underlines the fact that racing bettors prefer to bet with Licensed and Regulated operators if given the opportunity, and if the technology, price and product offerings are competitive with Under-Regulated or Unregulated alternatives – but illegal betting on racing in ARF jurisdictions remains prevalent.

The ARF jurisdictions most commonly found available for online betting are tabulated below. It should be underlined that this does not mean these are the jurisdictions with the highest levels of betting liquidity in illegal markets; simply those which are carried most commonly by illegal betting operators on their websites.
TABLE: Prevalence of racing from ARF member jurisdictions on betting websites

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>% of all websites offering racing which offer racing from this ARF member jurisdiction</th>
<th>% of Licensed and Regulated websites offering racing which offer racing from this ARF member jurisdiction</th>
<th>% of Licensed and Under-Regulated websites offering racing which offer racing from this ARF member jurisdiction</th>
<th>% of Unlicensed and Unregulated websites offering racing which offer racing from this ARF member jurisdiction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>69%</td>
<td>67%</td>
<td>61%</td>
<td>74%</td>
</tr>
<tr>
<td>South Africa</td>
<td>64%</td>
<td>61%</td>
<td>56%</td>
<td>70%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>53%</td>
<td>42%</td>
<td>42%</td>
<td>75%</td>
</tr>
<tr>
<td>Japan</td>
<td>47%</td>
<td>42%</td>
<td>44%</td>
<td>54%</td>
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<tr>
<td>New Zealand</td>
<td>40%</td>
<td>31%</td>
<td>39%</td>
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<tr>
<td>India</td>
<td>28%</td>
<td>28%</td>
<td>31%</td>
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<tr>
<td>South Korea</td>
<td>23%</td>
<td>18%</td>
<td>8%</td>
<td>39%</td>
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<tr>
<td>Saudi Arabia</td>
<td>13%</td>
<td>10%</td>
<td>8%</td>
<td>20%</td>
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<tr>
<td>Turkey</td>
<td>13%</td>
<td>8%</td>
<td>25%</td>
<td>11%</td>
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<tr>
<td>United Arab Emirates</td>
<td>12%</td>
<td>3%</td>
<td>11%</td>
<td>25%</td>
</tr>
</tbody>
</table>

b) Sports betting is not the sole product for most websites

The most commonly available sports were football, basketball, tennis, American football; at least three of these are available on 84% of all websites. E-sports is now available on 63% of all websites and 64% of unregulated websites.

The majority (81%) of websites offer more gambling products than sports betting alone, such as digital slot machines, live dealer casino, fantasy sport, social casino, poker, and other products where the operator has a guaranteed house edge.

Analysis

Football, basketball, tennis and American football have long been among the most popular betting sports globally and it is not surprising that they remain so.

Two notable points are the widespread availability of e-sports and the fact that most sports betting websites offer many more gambling products than just sports betting. These findings reflect a key point: operators, especially those unburdened by regulation, will move with great agility into new sectors and segments. They can move faster than regulators can keep up and before any negative impacts – integrity issues, encouraging youth gambling, problem gambling, etc. – are fully understood or apparent.
c) Credit betting remains ubiquitous and cryptocurrencies are becoming more and more prevalent

More than 70% of licensed websites accept credit cards. Notably, only 35% of Unlicensed and Unregulated websites accept credit cards, because such transactions are often blocked by providers and/or easy to trace by authorities in many jurisdictions where Unlicensed and Unregulated betting is prevalent. Credit betting remains the norm in such markets, but credit is assigned directly into accounts via agents.

A quarter (24%) of all websites accept cryptocurrencies. As previous ARF research has shown, the use of cryptocurrencies in online betting has been increasing steadily since at least 2017. Bitcoin is now the 14th most popular form of betting payment according to the number of websites which accept it, according to database casinocity.com. More than a third (35%) of websites in our database which accept cryptocurrencies are Under-Regulated or Unregulated, with Curaçao a particular home for such operators.

And while the complexities of purchasing and holding cryptocurrencies may previously have been a barrier to entry to many, in 2020/21 most of these have been removed, with popular payment apps making buying and selling cryptocurrencies via smartphone simple and easy. A third of websites can thus be funded indirectly by cryptocurrencies even if they do not directly accept them – because they accept PayPal, Skrill, Neteller and other payment apps which accept cryptocurrencies.
In summary, the global patchwork of licensing and regulatory issues means online betting is increasingly hybridised between “legal” and “illegal” – i.e. distinctions are increasingly blurred or non-existent, particularly to bettors and even regulators.

Global demand for online betting continues to accelerate faster than some stakeholders’ understanding of key issues.

Horse racing, and notably horse racing in ARF member jurisdictions, remains a significant betting product, although new products continue to attract new customers and demographics.

Technologies such as mirror websites, third-party software and cryptocurrencies mean it has never been easier to be an online bookmaker or bettor, regardless of individual jurisdictions’ gambling laws.

There are enormous benefits to jurisdictions from Licensed and Regulated betting, which can contribute to society through tax, support payments to sport, and create employment. But there are drawbacks without adequate oversight, and immediate benefits in terms of licensing revenue can be outweighed by negative impacts such as corruption, financial crime, and problem gambling.

A distinction has to be made between Licensed and Regulated operators which are focused on their own local market, and those which pursue customers in offshore markets where online betting is illegal/unregulated.

Stakeholders, including customers and regulators, need to be educated to understand this distinction. Most importantly, gambling regulators need to be clear that licences issued by “Under-regulated” jurisdictions which facilitate sales taking place in other jurisdictions are effectively illegal betting.
A ‘hybridised’ betting website

Betting operator Yabo Sports claims to be licensed in the Philippines although this can only be partially verified\(^{30}\). It claims to be licensed in Malta but there is no record of this on Malta Gaming Authority's list of licensees.

Its ultimate beneficial owners are unknown but may operate through a British Virgin Islands (BVI) shell (Yabo claims to be licensed as a financial services company in BVI, which the BVI Financial Services Commission announced is false\(^{31}\).)

Yabo is licensed to operate in the United Kingdom via a white-label licence\(^{32}\) under an Isle of Man-based betting licensing and software provider reportedly owned by a Macau casino junket operator\(^{33}\)\(^{34}\). Notably, this allows it to advertise via pitchside hoardings at English Premier League football matches (hugely popular in Asia) and it has struck multi-million pound / euro sponsorship deals with some of the world's most famous football clubs to promote its brand, including Manchester United\(^{35}\), Paris Saint-Germain\(^{36}\), AC Milan\(^{37}\), Leicester City\(^{38}\) and Italy’s Serie A league among others.

At least 437 mirror websites were found on a single server linked to this brand.

During Euro 2020, this website was rumoured by Asia betting industry insiders to be laying massive sums of money, with individual bets of USD1.5 million being processed in one go. While this cannot be proven, web traffic analysis to a selection of mirror URLs showed a surge coinciding with Euro 2020, while the tens of millions Yabo has spent on European football sponsorship deals demonstrates a large marketing budget.

In the case of Greater China\(^{39}\), where this operator is estimated to earn 90%+ of its revenues, both the law and authorities are clear – this is illegal betting.

Illustrating that point – and the scale of this operator's network – is a Mainland China report claiming that a single syndicate promoting Yabo in a single province earned CNY6 million (USD925,000) per day in 2019, and had profit over an unspecified timeframe of CNY100 billion (USD1.5 billion). Authorities said it had 80,000 agents and 5.8 million customers in Sichuan province alone (7% of Sichuan’s population)\(^{40}\).

Such operations have genuine impact on individuals. In April 2021, Guangdong security authorities demanded 10 people hand themselves in for acting as agents for Yabo, saying it had operated a cross-border criminal enterprise since 2018\(^{41}\). In September 2021, a well-known blogger on China’s social media app WeChat was jailed for five years and fined CNY200,000 for promoting Yabo on his account\(^{42}\).

Agents receive from ~20% to as much as 55% of the losing bets of each customer referred\(^{43}\), which is why this pyramid-marketing model is effective – one report mentions an agent who earned CNY460,000 (~USD72,000) during the 2018 World Cup, more than four times the average annual salary in the province (Zhejiang) where this took place\(^{44}\).

In summary, this operator – which is far from unique – is licensed to operate in certain jurisdictions though its claimed licensing status in others appears unclear, appears to make massive sums of money, and advertises widely by association with well-known sports brands. Yet there is absolutely zero information available about its ultimate beneficial owners or where its seemingly vast profits go, while its product leads to people being thrown in jail.
Annex: Betting Website Analysis Methodology

The analysis in this section is based on an examination of 534 sports betting websites filtered from an initial sample of ~21,000.

First, a broad picture of the most popular websites in the global online sports betting market was built by:

- Taking the 20,000 websites categorised as “Gambling” and “Gambling > Sports Betting” by leading web analytics tool SimilarWeb;
- filtering these for websites with average monthly visits > 1 million; and
- removing websites which did not offer sports betting.

This gave a list of 262 of the most popular global sports betting websites.

A further 93 websites were added to this list from a random sample of the above 20,000 websites with average monthly visits of < 1 million.

Because SimilarWeb does not have the ability to access web traffic data for China, one of if not the largest illegal betting markets in the world, these were supplemented by an existing list of ~335 websites primarily targeting Asian customers. This list had previously been built in 2020 by:

- Targeted keyword searches in English and Chinese;
- Links from gambling affiliate marketing websites targeting Asian customers;
- Websites previously catalogued in the course of other research and investigations.

It was noted during the course of re-analysing this list that 156 websites were no longer online since last examined in late 2020: this is a typical feature of such websites, which operate on hundreds of mirror URLs that appear and disappear. There were thus 179 websites remaining.

This resulted in 534 betting websites being selected for examination as follows:

1) 262 of the most popular global sports betting websites according to SimilarWeb;
2) 93 global sports betting websites randomly sampled from SimilarWeb’s database;
3) 179 websites specifically targeting Asian bettors.

These websites were then examined through the following lenses:

1) Licensing and regulatory status;
   - Websites were classified as Licensed and Regulated, Licensed but Under-regulated, or Unlicensed and Unregulated.

2) Web traffic data
   - Total Monthly Visits and Total Unique Visitors for each website were extracted for 24 months (August 2019 to July 2021) from traffic analytics platform SimilarWeb.
3) Server information

- Server information – such as location of server, registrant company/address/other identifying features, existence of mirror websites was extracted using server analytics platform DomainTools.

4) Sports betting and other products offered

- Websites were manually examined to determine if they offered horse racing and if so from what ARF member jurisdictions;
- Other products such as football, basketball and other leading sports were noted;
- Other products such as casino, digital slots, etc were noted.

5) Customer information

- Demographic information was extracted from SimilarWeb;
- The top geographical sources of traffic were extracted from SimilarWeb;
- Languages offered, currencies and payment methods were manually recorded to indicate target markets.

6) Software

- A manual assessment of the prevalence of third-party software was conducted by examining individual websites and taking reference from online betting website database casinocity.com.

Limitations

Limitations to the above methodology include:

1) SimilarWeb’s website analysis algorithm is not public, being its core piece of intellectual property, and it captures China data on a best-effort basis only given government restrictions in the People’s Republic of China.

2) Sports and other products were recorded on a best-effort basis, given the vast and continually changing array of sports and other betting products available at typical betting websites.

3) The accuracy of information on external databases such as casinocity.com used for some analysis was not independently verified.

References

1 Website analysis was conducted using SimilarWeb, a leading web analytics tool. See https://support.similarweb.com/hc/en-us/articles/360001631538-Similarweb-Data-Methodology for more information on SimilarWeb’s data methodology
2 According to industry sources and sports integrity experts. Some sources claim it may be licensed in the Philippines
3 Source: Analysis using DomainTools
5 Henk Willem Smits and Remy Koen, ‘Curacao is a paradise for illegal online casinos (and wants to keep it that way), Follow the Money, 10 November 2021 (https://www.ftm.nl/artikelen/casinos-op-curacao accessed 16 November 2021)
6 Fees estimate based on offshore company registration providers; no official information is available