LOOKING TO THE FUTURE

BY THE ASIAN RACING FEDERATION COUNCIL ON ANTI-ILLEGAL BETTING AND RELATED FINANCIAL CRIME
The Intersection of Sports Entertainment and Betting

The future of betting on horse racing and other sports is changing quickly based not only on the growth of new sports events to bet on, but also with the introduction of new technology as well as a focus on betting as part of wider sports entertainment. This change in legal betting markets has been influenced by illegal betting operators who have for many years utilised websites as a sole platform and enticed customers with attractive website interfaces, online games, and an ever increasing range of sports, leagues and competitions. Illegal betting operators became online entertainment portals before Licensed and Regulated operators.

The change in focus to betting to sports entertainment is illustrated by Entain plc, which states that its purpose is to “Revolutionise gambling to create the most exciting and trusted entertainment for each customer.” The Entain strategy includes that it be “technology enabled” and having a “focus on regulated markets.” This is a clear indication from one of the largest sports betting operators in the world that it is in their business interests not to seek to expand in markets where they are not licensed but to grow through use of technology and entertainment in legal licensed markets.

New technology is disrupting established betting business as there is a resultant convergence between media, entertainment, and online gaming. As betting on racing and other sports increasingly resembles entertainment, betting operators will seek to expand their customer base from established bettors to the far larger market of sports fans. This will create a nexus of betting technology and sports leagues as betting operators use horse racing and other sports data as part of their entertainment and betting offering to customers.

An example of this is Barstool Sports which on its front page (at the time of writing) has menu bar links to CHICKS, BLOGS, VIDS, PODS, PICS, and tucked away in a corner a link to ‘Barstool Sportsbook’. The primary viewing for customers is the entertainment sections, and the secondary viewing is the sports betting section of the platform. This is the convergence of technology-entertainment-betting. Barstool actually began as sports blog / content platform before pivoting into betting via a merger with casino operator Penn National Gaming. Similar mergers of entertainment and content providers / betting operators are being mooted / explored at the time of writing, involving for example leading sports broadcasters. The attraction to sports betting operators of such mergers is that these deals give them ready access to subscribers who are already committed sports fans, and thus can in theory be induced to become active bettors.

As new technology enables more entertainment for betting customers, online platforms will resemble what the younger generation looks at through social media and communicate in a style that resonates with this demographic. That will involve more communications via Instagram, TikTok, and Pinterest, as well as social commerce. Generation Z consumers (born since 1997) use social media as their primary source of shopping inspiration, as well as to find entertainment content, and are specifically interested in watching more video content.

Gen Z are also interested in different sports. In particular they watch e-sports, which has grown significantly in recent years to a total audience of over 500 million. Betting on e-sports has also grown, with estimated total e-sports betting revenue in 2020 at around USD10-15 billion. Although there are some major Licensed and Regulated e-sports betting providers, in Asia there are no jurisdictions where betting on e-sports is clearly defined as legal. This means that with the popularity of online gaming as well as watching professional e-sports in Cambodia, China, Indonesia, Japan, Malaysia, and Thailand, there is a growing market of young consumers who are serviced only by the illegal betting market.
The growth of betting as a part of sports entertainment will be driven by new business in the US as sports betting in states becomes legal. The growth in betting in the US will provide new revenue opportunities for legal betting operators for the next decade, illustrated by the increasing amounts bet.

In the 2021 season, more than 45 million Americans were expected to wager on the National Football League, an increase of 36% from the prior season. USD4.3 billion was wagered by almost 8 million people on Super Bowl LV, an increase of 63% on the prior year. This growth has occurred as the number of legal sports betting jurisdictions in the US has grown from 19 to 24 states, allowing more than 111 million Americans to place a legal wager in their home state. This is clearly an example of how a Licensed and Regulated sports betting market can weaken the demand for illegal betting.

This growth in the US betting market comes from customers who previously bet with illegal betting operators as well as sports fans who are new to betting. The number of US people who were previously betting with illegal operators is far smaller than the number of US sports fans who can be captured as new betting customers.

Betting operators will seek to migrate sports fans to become bettors and will focus more on what fans want than on new betting products, so that sports fans will be at the centre of marketing. Illegal betting operators replicate the strategy of the legal operators, hence there is a continued risk of a lack of differentiation between legal and illegal betting operators as both become more focused on marketing to sports fans and merge entertainment, gaming, and betting.

The Intersection of NFTs, Sports and Betting

In 2021, the emergence of Non-Fungible Tokens (NFTs) as a speculative digital market highlighted the complexity of new technologies potentially adjacent to gambling and sports. NFTs are digital assets whose ownership and unique qualities are recorded on a blockchain. As mentioned in Section Four, several entities have launched, or are developing, NFT horse-racing and breeding simulators where participants can buy ‘horses’ (NFTs) using cryptocurrency and ‘breed’ and ‘race’ them.

Officially there is no betting on these virtual races, although one operator has signed a partnership with an Unlicensed and Unregulated blockchain-based betting website, and launched with the promise that betting would be a key feature. Since participants must pay to buy horses and enter races for cryptocurrency prizes, the results of which are produced through an unknown algorithm, this mechanism in itself is likely to constitute a form of gambling in many jurisdictions.

One operator has been successfully partnering with real-world companies and sports, cross-promoting its brand via NASCAR auto racing, advertising Netflix films, and offering horse owners the ability to ‘skin’ their horses with logos of companies such as Atari and Stella Artois. Its success – including a partnership with a major real-world horse racing festival – has inspired several copycats.

Similar ventures exist in football and other sports, including a platform that combines fantasy sports elements with trading-card elements using NFTs representing real-life players. At the time of writing a major European gambling regulator was evaluating whether one of these constitutes gambling. Since its NFTs have been sold for more than USD250,000 and are used to win cryptocurrency prizes, this would be likely to constitute gambling in many jurisdictions.

Fast-moving technology changes such as NFTs make it increasingly difficult for regulators as well as customers to judge what represents gambling and what does not.
The Intersection of Internet Everywhere, 5G and Betting

By 2025, 40% of the world’s population is forecast to be using 5G, the fifth generation technology standard for broadband cellular networks. As around 76% of betting takes place on mobile devices, 5G will have an impact on legal and illegal betting markets.

5G greatly increases network speed and bandwidth for mobile devices, which has the potential to increase access to, and demand for illegal betting by raising demand for products unavailable to Regulated operators which cannot move to market as nimbly as Under-Regulated or Unregulated competition.

For example, in a 2020 survey of 7,006 bettors in the United Kingdom, Germany and the United States, 18% of respondents said they would bet more at live sporting events, and on in-play markets when 5G became available. Among the reasons given were more access to live stats, reliable live-streaming, and a more reliable connection.

Leading betting operators and sports broadcasters are also excited by the potential of 5G to enable yet-to-be-imagined betting technologies and apps, such as virtual and augmented reality betting products. For example, Entain (owner of Ladbrokes, Coral, Bwin and other major brands) has signed a partnership with media and technology giant Verizon to develop such products, the first of which will combine “immersive live sports viewing with interactive data and betting elements”.

Enhanced lag-free live-streaming will also drive betting demand since bettors prefer to watch live events on which they have wagered, and wager on events which they can watch live. This can benefit regulated and unregulated markets alike. One of the world’s largest betting operators Bet 365 streams more than 200,000 sports events a year, which it cites as a key reason for the popularity of its in-play markets, which contribute around 75% of this operator’s profits. But Unlicensed and Unregulated websites such as Citibet, which provides pirated live-streams of most major races from around the world, as well as in-play betting on these races, will also benefit.

All impacts of 5G on betting will impact young people more, since they will switch to 5G more quickly; 66% of sports fans under 35 in nine jurisdictions already use mobile apps to consume sports content.

5G will hasten the convergence of sports, streaming and entertainment in ways likely to outpace regulators’ understanding of the impacts, and Unregulated operators will be faster than Regulated operators to exploit the increased demand for betting facilitated by 5G.
Currently, information takes approximately 100 milliseconds to travel across different networks. With 5G, this time will be reduced to 1 millisecond.


Virtual reality = the user is immersed in a 360-degree computer generated environment viewed through the smartphone or a special headset. Augmented reality = graphics/data is overlayed on actual reality to enhance what is seen through the device’s camera in some fashion.


Bet365 Group of Companies’ Accounts made up to 29/03/20 (https://www.companiesintheuk.co.uk/form/bet365-group/AA/2020-03-29/524066864 )

Bet365 website (https://www.bet365.com/#/HO/ )


Robin Harrison. ‘Bet365 revenue declines 8% to £2.81bn in 2019-20’, iGamingBusiness, 31 March, 2021
