Serbia– A Regulatory Report

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At the end of last year, Serbia implemented a new regulatory regime. Bolstered by a clamp down on requirements for slot machines, a blacklist of illegal online operators, the new act is also expected to boost treasury income.

Recent Update

This regulatory report has been updated with information on Serbia’s new Act on Games of Chance, which entered into force on December 2, 2011.

Information on Serbian authorities’ initiative to block illegal websites, which has been followed by the preparation of a black list, can be found in Section 7 (Online Gambling) of this report.

Further updates have been added throughout the report.

For convenience, all the substantive updates to this report have been highlighted.

1. Executive Summary

Serbia’s gambling market, much like the country in general, has been undergoing a process of rapid change and transformation. The catalyst for changes in the gambling market was the Games of Chance Act, enacted in 2004 in an effort to bring a large black market under regulation and, in the process, secure government funds from the gambling sector.

The changes have succeeded in dramatically increasing the government’s revenues from gambling, along with the number of legal slot machines and attracting international companies to Serbia’s gambling sector. The likes of Casinos Austria, HIT International from Slovenia, Greek powerhouse Intralot, Israel’s Queenco and online software giant Playtech have or have had interests in this market.

Moreover, while online gambling remains the exclusive right of the country’s powerful state lottery, Državna Lutrija Srbije, non-Serbian online gambling companies have continued to target this country, particularly the online sports wagering sector.

The state lottery signed a contract with Playtech in 2009 to provide platform solutions for its online products. To date, an online poker and casino platform called “Victory” has been...
launched. The success of the new regulations has been applauded. However, Serbia's ability to consistently and effectively enforce the regulatory regime has been criticised from both domestic gambling associations such as JAKTA and US Department of Justice. Specific criticisms have been levelled at the regulatory approach to gambling equipment certification and technical regulations as well as the amount of resources provided to the Finance Ministry's Games of Chance Administration.

On May 9, 2011 a new draft law was released for public consultation. Part of the proposed changes sought to dismantle the state online gambling monopoly, Državna Lutrija Srbije. Furthermore, the aim of the draft was to tackle the black market in Serbia and help licensed operators to compete on a level playing field.

Regarding the slot machine industry, the draft provided for a new definition of slot machines, a minimum age of machines in use and extended the powers of the Games of Chance Administration, to enable it to fight against Serbia's vast black market more effectively.

After months of discussions, the Serbian parliament approved the new Act on Games of Chance on November 22, 2011 and it entered into force on December 2, 2011. The act aims to enhance foreign investment by ending the state lottery's online monopoly, strengthening the legal gambling market and introducing attractive tax rates. However, the Serbian market will only be accessible to operators who are willing to set up a company in Serbia.

As the country looks to join the EU in the near future it might want to change this requirement to render its legislation EU-law compliant. Moreover, this requirement also contravenes the country’s already existing obligation under a 2008 association agreement with the EU to consider companies set up in the community to be equal to Serbia-based companies.

### 2. Historical Development of Gambling

Gambling was first used as an economic and tourist development tool after the World War Two, when Yugoslavia was under Tito's communist rule. Under the Yugoslav 'Law on Games of Chance', enacted in the 1960s, the authorities created a distinction between 'special games of chance' and 'classical games of chance' – a distinction which still resonates in Serbia today.

Special games of chance were casinos/gambling halls for foreign tourists (play was in much needed foreign currency), while the Yugoslav state retained the right to organise lottery type classical games. A casino opened in Serbia's capital, Belgrade, in the 1960s.

With the collapse of communism and the rise of Serb nationalism, Slobodan Milošević and the wars of the 1990s, the gambling industry, while the Balkans were in turmoil, entered the grey economy. Criminal enterprises, war criminals, money launderers and drug cartels were said to be associated with the industry during this chaotic time.

With the downfall of Milošević and the transition to democracy in the early 2000s, the Serbian government sought to bring the gambling industry in from the shadows. A Finance Ministry draft law from 2001 suggested that the state be given a monopoly on casinos and gambling parlours – "the grey economy in the last decade has grown to extraordinary proportions, and the collection of public revenue, is practically symbolic" (read the accompanying statement by the ministry).
In June 2004, Serbia’s parliament at the request of the government, held an extraordinary session to pass bills on bankruptcy, social security and tax, along with a gambling bill.

The gambling bill, which became the 'Games of Chance Act' ('the Act' herein) once passed by parliament, was presented by the then Serbian Minister of Finance, Mlađan Dinkić. The Act did not give the state a monopoly as the finance ministry draft suggested. The Act, however, did retain the traditional distinction between classical games of chance and special games of chance. Dinkić noted at the time that the law would inject lottery revenues into the state budget, providing funding for disability, social welfare, humanitarian and sports organisations, in addition to municipal governments.

The Games of Chance Act 2004 became effective in 2005 and separated gambling into four categories:

1. Classical games of chance (e.g. lotto, bingo type games).
2. Special, or other games of chance (e.g. casino gambling, slot machine and sports betting).
3. Internet gambling games.
4. Prize competitions.

The Act created the Serbian State Lottery which holds a monopoly over classical games of chance - in effect the lottery and similar products. The State Lottery was also given the sole right to organise gambling games over the internet (and other means of communication).

The Act created conditions for the legal exploitation of casino gambling, with a maximum of ten licences permitted to be awarded under the law in distinct geographic locations. High capitalisation, licence fees and deposits were required. With high levels of capital and funds needed, the rationale behind this was to bring legitimacy to the casino industry through attracting well funded international players – a policy which has successfully attracted companies of the calibre of Casinos Austria, Hit International and Queenco Leisure.

The government in 2005 paved the way for the first casino concession to be awarded in the capital, Belgrade. A further four licences were to be awarded by the end of 2008, however, only one additional licence has been awarded.

The Serbian government opened the tender process for the first ten-year casino licence in Belgrade in September 2006, receiving interest from Casinos Austria and Hit International. Two other applications were rejected as incomplete. Eventually a consortium consisting of Casinos Austria, Club Hotel Loutraki SA (part of the Queenco Leisure group) and the Serbian State Lottery were awarded the licence after bidding €18m. The licence awarded consisted of an area of exclusivity within 30km of Belgrade City Hall. The original share structure of the casino owners consisted of:

- Casinos Austria: 51 percent.
- Club Hotel Loutraki SA: 39 percent.
- Serbian State Lottery: 10 percent.

This has now changed with Club Hotel Loutraki owning 90 percent and the state lottery 10 percent. Casinos Austria sold its share to Club Hotel Loutraki in 2009.

The consortium’s Grand Casino Beograd opened in June 2007. In October 2006, the government announced a further tender for a second casino licence, which was won by Hit International (the
group formed a local company, Hit International d.o.o. Beograd in November 2005). The Hit licence was won in December 2006 with a bid of €2.5m and permitted the group to open a casino between 30km and 50km of Belgrade City Hall. However, the project was delayed several times. As the company stated in its annual report the delay “was due to the social and political situation in Serbia.” As a result the government terminated the concession contract by reason of the companies’ failure to meet obligations. JAKTA, the main industry body for non-casino sectors was formed in November 2005. Its membership comprises of gambling operators (mainly slot machine parlours and betting operators), authorised technicians and slot machine and related equipment manufacturers. JAKTA estimates that it represents about 70 percent of the legal gambling industry in Serbia, with close to 50 members.

3. Gaming Market Today

Serbia’s gambling market today is a product of the regulatory framework set in place with the enactment of the Games of Chance Act in 2004 (act number 129 of 2004). As Mirjana Aćimović, President of JAKTA, explained:

"Before the new law there were only 5,000 legally operated slot machines and 300 betting shops in Serbia. After 2004 there were 78 registered operators with 15,000 slot machines and 1,728 legally registered betting shops."

Serbia’s new regulatory structure has been relatively successful in diverting gambling funds into the regulated sphere. The government received €155m in gaming tax and fee revenues over the three years to 2008 – on average, the annual increase in gaming revenues reached almost €9.8m, compared to revenues achieved prior to 2004. In 2010, the government received €49.3m in taxation revenues. Contrary to the expected contribution of different gambling products, the casino/slots/betting sectors have provided the most revenues for the government.

2011 figures have put the number of legal slot machines operating in Serbia at about 17,500. Mirjana Aćimović estimated in 2011 that the black market reaches 30-40 percent of the legal slot machine industry. In 2011, there were approximately 1,200 betting shops in the country, with 20 companies involved in betting.
Serbia’s gambling regulatory framework, however, only recently has been subject to reforms, entering into force on December 2, 2011. The new Act on Games of Chance divides the games regulated under it into the distinct categories of classical games of chance, special games of chance, prize competitions and quizzes. Article 14 of the act outlines which games are considered to belong in the respective categories:

- Classical games of chance are lottery, instant lottery, video lottery, SMS lottery, sports betting (listed as “wagering on the result of a soccer match or other sports competition”), lotto, keno, tombola, bingo and fonto. The Serbian State Lottery has been given the right to organise these types of games (Article 19 of the act).
Special games of chance organised in gaming facilities (casinos):
- Blackjack, American roulette, French roulette, baccarat, craps, draw poker, Texas Hold’em poker, Caribbean Caro poker and Caribbean 7 Stud poker.
- Games played on gambling machines.
- Betting on sports and other events.

Prize competitions are games of chance which require prizes awarded in goods and services, organised for commercial or other purposes by a legal entity, entrepreneur or state body.

Quizzes, in which the final outcome depends on chance or an uncertain event.

The chart below is an approximation of the market share of classic games and special games of chance:

![Serbian Gambling Estimated Market Share](source=GamblingData, data)

The regulator of gambling is the Games of Chance Administration, an administrative body under the remit of the Ministry of Finance.

The Act through Article 8, 'Transfer of Right to Organise Games of Chance', established the general conditions for the state to transfer its right to organise games to another entity. Here, the state may give the right to provide gambling services to "a body corporate seated on the territory of the Republic." The right to transfer is granted through either a:

- Licence.
- Permit.
- Consent.

An operator given such a licence, permit or consent cannot subsequently transfer this right to a third party.

Serbia, on the road to eventual EU membership in the coming decade and integration on both an economic and political level, entered in 2008 into an agreement with the EU entitled the "Stabilisation and Association Agreement Between the European Communities and Their Member States of the One Part, and the Republic of Serbia, of the Other Part" (SAA). The agreement intended to ensure and support "the efforts of Serbia to develop its economic and international cooperation, including through approximation of its legislation to that of the Community." In this respect it was expected that the term in the Games of Chance Act "a body corporate seated on the territory of the
Republic, as game organiser" would come to encompass the freedom of establishment rights contained in the EC treaty. According to Article 52 of the SAA:

"Community company" or "Serbian company" shall mean, respectively, a company set up in accordance with the laws of a member state, or Serbia, and has a registered office, central administration or principal place of business in the territory of the European Community or Serbia."

Serbia has created an EU Integration Office to facilitate the country's move towards eventual EU membership.

On May 9, 2011, a new draft law on gambling was released for consultation and has been approved on November 22, 2011.

The bill brought new primary legislation into force to govern the sector and therefore an important change to Serbia’s gambling market. An important goal of the law is to abolish the country’s gambling black market. The act also ends the state operator’s online monopoly.

As for the slot machine sector, the act introduces a new definition for slot machines, and clamps down on their regulation providing for a maximum age for slot machines. In order to achieve transparency and effective control the act provides for the connection of slot machines on a central server. The powers of the Games of Chance Administration are also extended, in order to enable it to fight Serbia’s black market more effectively.

Despite the reform of the gambling law, the EU law compliance of the act, which requires future licensees to set up a company in Serbia, is fairly ambiguous and this requirement is definitely contrary to the obligations Serbia undertook as part of its 2008 SAA agreement with the EU.

The new act entered into force on December 2, 2011. Current licensees will have two years to comply with the newly-introduced requirements, although some requirements will be immediately applicable, such as that new machines put into operation cannot be older than one year considering their date of manufacture, or the 200 metres minimum distance from educational buildings.

According to an estimation of JAKTA, the black market is equivalent to about 30-40 of the legal market of the country, and is especially flourishing since countries as Russia and Ukraine banned slot machines. Mirjana Aćimović, the president of the industry association JAKTA told GamblingCompliance in May 2011:

“Every market is closing, we are receiving slot machines from there, and once they are in the system, it is hard to get rid of them.” As a result of the proliferation of illegal slot machines, for which no taxes or licence fees are paid, the state treasury is losing an estimated €79m every year. Illegal slot machines often fall short of government-set standards and technical specifications and consequently raise concerns about problem gambling in the country.

Serbia showed how resolute they are to finally clamp down on illegal gambling, when only one week after the May 2011 announcement of the planned amendments to the law, the country started a national crackdown called Operation Amphitheatre. According to the Interior Minister Ivica Dacic, the police have already seized large sums of money and illegal gambling machines. In the operations, conducted by the anti-organised crime department, 150 locations have been searched and 17 people have been arrested throughout the country. Among them there are five inspectors of the
State Directorate for Gambling, who have been responsible for approving gambling licences and scheduling unannounced inspections.

The new act has opened up the country’s online market. In the past only the state operator, Državna Lutrija Srbije, was entitled to conduct online games of chance; however, classical games of chance would remain an exclusive remit of the state operator Državna Lutrija Srbije. To encourage online operators to legalise their activities in Serbia, the Games of Chance Administration has created a black list of illegal online operators and has sent it to internet service providers. However, the upcoming elections might delay developments in this regard. For further information regarding the changes in connection with the different sectors and gambling types please refer to the respective sections below.

4. Casino

With the enactment of the 2004 Games of Chance Act, Serbia’s legislative framework became geared towards attracting larger, reputable and well financed and resourced casino operators. The Act created a maximum of ten casino licences in the country all to be located in separate geographic areas with limited licence duration. Currently, only two licences have been awarded.

The first licence was awarded to a consortium led by Casinos Austria in 2005 after a €18m bid. The licence was awarded for a period of ten years and gave the holder exclusivity in Belgrade for an area of up to 30km from the City Hall. The original share holding consisted of: Casinos Austria, 51 percent; Club Hotel Loutraki SA, 39 percent and Serbian State Lottery, 10 percent. The licensees’ Grand Casino Beograd opened in June 2007.

Since March 2009, Club Hotel Loutraki owns 90 percent while the Serbian state lottery company – Državna Lutrija Srbije – owns the remaining 10 percent. The only fully licensed casino in Serbia is currently host to 264 gaming positions.

Club Hotel Loutraki is a partially and indirectly owned company of Queenco Leisure International. The company purchased Casinos Austria’s 51 percent holding in Grand Casino Beograd for €42m at the beginning of 2009. The purchase resulted in Club Hotel Loutraki’s holding increasing to 90 percent.

The second licence to be awarded was won by Hit International in 2006 after a €2.5m bid. The second licence gave the holder the right to open a casino within 30km to 50km of Belgrade City Hall.

However, HIT International never opened the casino. In its 2008 Annual report, the company stated that the delay of opening was "due to the social and political situation in Serbia and its capital (late adoption of the local administration legislation, local elections, parliamentary elections, Kosovo splitting from Serbia etc)."

In its 2010 report, HIT International further added:

“The local government unilaterally changed the concession contract awarded to the company, worsening its position compared to the other local concessionaires. At year end 2009, the company therefore decided to try and reach an agreement with the local government to lift the territorial restriction imposed. However, the agreement was not reached and the government, again
unilaterally, terminated the concession contract by reason of the company’s failure to meet obligations.”

Grand Casino Beograd has been a €85m investment, which was expected to become profitable some time in 2010. Visitor numbers for 2008 were 190,000. At the opening of the casino in July 2007, Ivan Crossman (the casino's first CEO) said "Casino Beograd will be of great importance for the tourism industry in Serbia, and we are working closely with local and national tourist organizations to make it one of the most interesting destinations in Belgrade for national and international visitors alike.” Casinos Austria said at the time of the casino’s launch that the location of the casino, in the Pavilion at the Hotel Jugoslavia on the Danube Promenade, was set to become “the largest gaming and entertainment venue in South East Europe.”

Reflecting in December 2008 to a local Serbian gambling publication, Koloseum, Ivan Crossman commented on the gambling market in Serbia: "Although Serbia is going through transition, it is one of the most important countries in this part of the region. If we didn't think it would pay off, we wouldn't have invested €85m. I also think this business will also pay off for the state, as by bringing the gambling industry in Serbia 'into order', the state will also benefit. Tax on games of chance provides an added boost to state coffers.”

With the shut-down of casinos in the Russian Federation, major Russian players are considering Serbia among a host of other alternative jurisdictions to set up operations. The attraction of Serbia for Russian operators is the visa free regime in place and the relatively close distance to the country from parts of the Russian Federation.

Grand Casino Beograd is the official representative of the Serbian casino industry, representing the industry at the European Casinos Association.

### 4.2 Statistics

The Grand Casino Beograd is currently the only operating, licensed casino in Serbia. The casino has exclusivity within 30km of central Belgrade until 2015. The Casino has 264 electronic gaming positions and 30 table games. According to 2008 data from the European Casinos Association, the casino generated revenues of €15m. The casino had in the region of 190,000 visitors in 2008, which increased to a staggering 272,000 visitors in 2009. Despite the growing number of visitors, 2009 saw revenues decline to €11m.

However, as 2010 data shows, the company managed to increase revenue, which reached €13m, and guest numbers at the same time rose by 13 percent.

### 4.3 Legislative Framework

A ten-year licence is required to organise casino gambling Article 36, 37. Under the previous Games of Chance Act the number of available licences was limited to ten. Although this limitation did not have a vast practical importance considering that only two licences have been awarded under the act, the 2011 Act on Games of Chance does not contain such limitation. The Act stipulates that a corporate entity will need to be seated in Serbia to be eligible for a licence, have capital stock of €1m and have a minimum deposit/bank guarantee of €300,000 in a Serbian Bank for each casino (along with a 'risk deposit' of €50,000 for each facility).
While slot hall operators are required to have minimum of 100 slot machines in their establishments, holding a casino licence does away with any minimum number of machine requirements (Article 62). However, this seems an academic point if one looks at the Grand Casino Beograd, which has well over 100 slot machines.

The Act further outlines the registration requirement for gambling devices, a prohibition on tips, licence revocations, entry and barring arrangements, the requirement regarding the video surveillance system and requirements placed on employees. The full legislative requirements for casinos are found in Articles 36-62.

4.4 Licensing

A ten-year renewable licence is required to conduct casino gambling in Serbia.

The Act on Games of Chance 2011 lists the requirements for the public tender process in Article 41 and requires those wishing to bid to submit, among others, the following documents: name and registered office of the body corporate concerned; information on capital stock and the registration of the company; the articles of association; a three-year business plan and documents relating to the probity of officials; proof of at least five years’ experience in operating casinos; and a proposal for the licence tax.

5. Slot Machines

Serbia’s slot machine sector consists of slot halls in addition to a small installed base of machines located in country’s one licensed casino. The legal sector faces competition from a large amount of black market machines. It was an issue in this sector which was one of the reasons for the enactment of the Games of Chance Act in 2004. According to Mirjana Aćimović, president of Serbian gaming association JAKTA, the authorities needed to rein back control of the sector. Specifically, the Serbian government needed to more accurately keep track on the number of gaming machines and gambling businesses which were in operation across Serbia. To achieve these aims, the government introduced the gambling act of 2004 which required all gambling operators to receive prior certification from national authorities. Aćimović explained in late 2008:

"Before the new law there were only 5,000 legally operated slot machines and 300 betting shops in Serbia. After 2004 there were 78 registered operators with 15,000 slot machines and 1,728 legally registered betting shops. This was huge achievement, but it is now necessary to continue with the hard work in this field and take it to the next level."

JATKA, while noting the progress which has been achieved, has been critical of the way the 2004 regulatory change has not been effectively enforced. The association believes, similarly to the US State Department’s opinion, that part of the problem with the law change has been the lack of regulatory oversight - the regulator only had a handful of staff when it commenced its duties. This, coupled with an inability to consistently enforce the regulations, has led to an estimated black market reaching 30-40 percent of the legal market. Further complications have included new technical specifications and machine number thresholds, in addition to what have been labelled onerous taxation requirements and licensing fees. Restrictions were also put in place on the import of certified gaming machines from abroad. “Gaming is a very important part of the entertainment industry in Serbia so we must meet all the [leading international] standards in this area,” Aćimović has observed.
JAKTA has taken an active role in the process of encouraging reform and has sought to work alongside Serbia’s new, European-facing government in order to achieve the regulatory change the association believes is best for the industry. "We are trying to fight illegal competition and unauthorized, technically-deficient machines...We [JAKTA] are trying to make the regulation stronger and we really hope that 2009 or in the near future we will be able to say that Serbia has a good gambling regime that has been influenced by the best regulations from leading jurisdictions“ argues Aćimović.

Finally, the sought after reform process came to an end in 2011, with the new Gambling Act of Serbia coming into force on December 2, 2011.

5.1 Statistics

2010 figures (from JAKTA) have put the number of legal slot machines operating in Serbia at about 17,500. Mirjana Aćimović, President of JAKTA has estimated that black market slot machines number 70,000 in late 2008.

5.2 Legislative Framework

To be eligible to operate slot machines, or as the Act terms it, "special games of chance on gaming devices", an operator will need to have a company seated in Serbia, have capital stock of the local equivalent of €150,000 (Article 60, 'Capital Stock', of the Act) and have a minimum deposit/bank guarantee of €300 per machine in a Serbian bank (along with a 'risk deposit' of €100 per machine).

The most important development the Act on Games of Chance 2011 has effected is to provide that operators connect all machines to a central server system. Although the original deadline for this provision to become effective was June 2012, the lack of implementing decrees might delay this process.

Current operators will have a two-year grace period to comply with the newly-introduced requirements, with the exception of some provisions which will be implemented with an immediate effect. Such exceptions are the minimum distance from educational buildings and the maximum age requirement of one year for slot machines first put into operation in Serbia. Furthermore, the act stipulates a minimum of five machines to be placed into each slot parlour with an immediate effect.

New licences will be issued for ten years with the option of extension. Article 9 of the act defines a slot machine/gaming device as "a mechanical, electronic or similar device which allows a player, on payment of consideration (in money or coins), to engage same for the chance of realizing a reward depending only on a contingent event.” If a slot machine is linked and can be played by a number of players simultaneously, then each playing position is considered a separate device (Article 77 of the Act).

To obtain approval to organise slot machine games an organiser needs to attach documents including those which show the probity of the applicant, company association documents, balance sheets, technical inspection documents, a description of game types, game rules, proof that the location is more than 200 metres from educational institutions and evidence of the ownership or lease of at least 100 machines and their location (Article 71 and 72 of the act).

Article 71 gives further guidance on how this distance has to be measured, according to which the distance has to be measured as the shortest safe pedestrian route from the nearest edge of the...
educational building to the entrance of the slot machine parlour. According to Article 67, the minimum payback rate of machines will have to be at least 80 percent.

Under the 2004 Games of Chance Act it has been the requirement for an applicant to possess at least 100 machines (casinos excluded) which has been criticised by the industry association JAKTA. Possess has been interpreted to mean 'own', with rules enacted to correspond to this requirement stipulating that a contract for the sale of the machines to the operator must be attached to the application. JAKTA's position is that the fact that operators are denied the option of leasing or contracting gaming machines means operators tend to hold on to older machines instead of acquiring updated machines, especially since they need to meet the 100 machine quota. This has impinged on the industry's advancement, Aćimović suggested: "This is a problem not only for the gaming operators in Serbia but for the whole industry and especially the people who manufacture those machines. It would be much easier if you could lease machines once you own the requisite minimum of 100. As a result, many operators are unable to keep up with the imperative need to constantly introduce new machine technologies and new programmes."

As a result of the lack of practicality of the abovementioned measure, under the 2011 Act the word lease has been added to the provision, therefore, machines on lease can be accepted to reach the quota.

Further legislative requirements are contained in Part IV (2) 'Special Games of Chance on Gaming Devices' of the Act, Articles 63-81. These cover the withdrawal of approvals, registering machines, approval fees, taxes and technical requirements.

As part of the secondary legislation of the 2004 act, the following two rules have been enacted to add more requirements and methods of regulating gaming machines:

1. Rules on the method of determination, whether conditions have been fulfilled for receiving the approval to organize games of chance – betting (Official Gazette of the Republic of Serbia no. 129/2004).

The Act on Games of Chance 2011 stipulates that the current secondary legislation will remain in place until the secondary legislation of the new act is in place, unless it is contrary to the new act. According to information provided to GamblingCompliance by JAKTA president Mirjana Aćimović regarding the new decrees, the consultation with the industry will start soon with the aim of having drafts ready by May 2011.

5.3 Licensing

A ten-year renewable licence is required to operate gaming machines in Serbia.

5.4 Technical Standards

The act provides some general technical requirements for slot machines, which will be further elaborated on in the secondary regulation of the act. Until the new secondary legislation is in place, unless contrary to the Act on the Games of Chance 2011, the current legislation is applicable, which is the 2004 Act's accompanying Rules On Technical And Functional Characteristics And Technical
Gaming devices need to meet requirements set by the Bureau for Measurements and Precious Metals, Serbia’s metrology institute. The technical rules state that the metrology institute’s requirements and rules are “based on international quality standards and domestic regulations” (Article 2 of the technical rules). All machines need to pass tests conducted by authorised specialists – there being in the region 40 such specialists in the country. The finance minister is authorised to approve corporate bodies which can carry out technical inspections and repairs of gambling equipment (Article 67, ‘Technical and functional characteristics of slot machines’, of the Act).

The act stipulates that the minimum payout rate should be 80 percent (Article 67 of the Act), which is a significant increase from the payback rate of 60 percent under the previous act. JAKTA has severely criticised the previous payback rate in the past. According to Mirjana Ačimović, the low percentage rate resulted in operators keeping very old programmes and machines which “deserve to be in museums ... Every serious operator is choosing a higher payback percentage in the best interest of his business and Serbia should follow international standards.”

Further criticisms of the current technical rules, which will be in place until the new secondary legislation comes into force, from JAKTA include:

- The government does not recognise machine testing laboratories based abroad, retaining a monopoly through its metrology institute. The only body permitted to certify gaming machines is a single local testing laboratory authorised by the Bureau for Measurements and Precious Metals (the Serbian Metrology Institute) (Article 10, “Issuing Certificate”, of the technical rules). This requirement has been said to have created a regulatory bottleneck.
- The requirement for testing laboratory approval has had the knock-on effect that the government does not recognise slot machines manufactured by the likes of IGT, Casino Technology, Novomatic and Aristocrat, which have not been authorised locally in Serbia. This is the case even where the machines are in the possession of an international certification.

Although the new Act on Games of Chance has already entered into force, there are currently no decrees available fleshing out important technical issues. As Mirjana Ačimović, the president of JAKTA, informed GamblingCompliance, “the issuance of the decrees is not to expect any time soon. However, the consultation with the industry will start soon, and hopefully we will have a draft by May 2012.”

The new Act on Games of Chance in Article 68 prescribes that slots put into operation must be connected to a central server. Although the original aim of the Ministry of Finance was to have machines connected on the central server by June 2012, due to the lack of implementing decrees, this deadline seems to have been pushed back.

6. Lottery

Serbia’s state lottery, ‘Državna Lutrija Srbije’ was launched in November 2004. The lottery enjoys a monopoly over lotteries, including: lotto, bingo and instant lotteries. Until the entry into force of Serbia’s new Act on Games of Chance on December 2, 2011 the lottery also had a monopoly over internet gambling and currently it offers poker and casino games online. The lottery’s General
Director, Tijana Andjelic has said of the lottery’s monopoly products “We have the possibility to add other games, and for each new game we want to add, we need to get first the approval from the Board of Directors and the Ministry of Finance.” In addition to the product areas the lottery had a monopoly over, the lottery also had a right to organise sports betting and video lotteries, of which General Director Andjelic has said “there is an open and competitive market in Serbia.” The lottery has teamed up with Intralot's local subsidiary, Yogobet to offer a video lottery (VLT) product. Commenting after the video lottery's trial period in February 2007, Intralot's CEO, Constantinos Antonopoulos said that: “We believe that this new project in Serbia will contribute significantly to the improvement of the financial position of our subsidiaries in Serbia. In addition, this new project will promote the enrichment of the games offered to the citizens of the country.” Intralot has had a presence in Serbia since 1997, through local companies Yogolot and Yogobet, working with the lottery along with Telecom Serbia.

The Act on Games of Chance which entered into force on December 2, 2011 kept the lottery's monopoly position over so-called classical games, which according to Paragraph 1, Article 14 include the following: lotteries (instant, SMS and other), sports betting, Lotto, Keno and similar games, tombola, bingo and similar games, Fonto and other games of chance.

Although the state operator has lost its monopoly over online gambling, it will be entitled to offer its products online without additional authorisation in connection with classical games of chance.

The new Act on Games of Chance also entitles the Serbian State Lottery to offer any type of games provided it fulfils the requirements provided by the act (Article 19).

The lottery currently operates eight games:

- Lotto: launched in January 2005 this is the most popular gambling game in Serbia.
- Bingo: a TV bingo game has been offered since September 2007.
- Instant/scratch lotto: the lottery launched in mid-2008 four instant lottery games.
- SMS lottery: launched in December 2008. Tombola/classical bingo
- TOTO: TOTO11 and TOTO10 with eleven or ten choices of betting events
- The two online products of the state operator are:
  - Victory Casinos including casino style games
  - Victory Poker is the platform for online poker

6.1 Statistics

The Serbian State Lottery’s product portfolio is broken down in the chart below.
Regarding player demographics, the state lottery conducted a survey at the beginning of 2008. While the results found that players are split evenly on gender grounds the following further statistics were found:

- 30 percent of players are middle aged.
- 22 percent of players were young.
- 52 percent of players had a secondary education, while 32 percent had a lower level education.
- 16 percent of players are university graduates.
- 59 percent of players lived in urban environments, while the remainder resided in rural areas.

Serbia’s VLT market has been estimated (in 2007) by Intralot to be worth in the region of €100m annually.

### 6.3 Legislative Framework

The Serbian State Lottery's monopoly over lotteries or classical games of chance is contained in Article 19 of the Act. That Article also allows for the state lottery to engage another body corporate to organise a game of chance (game operator), provided it has obtained an approval from the government. The state lottery can also contract to engage companies, entrepreneurs or individuals to sell its tickets.

According to Article 20 of the act, the lottery can also organise games of chance in cooperation with foreign companies, if the approval of the government is provided.

Prizes allocated to players must be no less than 50 percent of the funds received from ticket sales in case of basic classical games of chance and 10 percent in case of none basic classical games of chance (Article 34(1) of the Act).

#### Classical Games of Chance

**Article 13**

A classical game of chance is any game in which a large number of players take part, each with the intention of being the sole winner; or one of the winners of a predefined prize fund. The following shall be considered to be classical games of chance:

Basic classical games of chance:
1) Lottery, instant lottery, and other lottery-based games;
2) Sports betting (wagering on the result of a soccer match or other sports competition);
3) Lotto, keno and similar games;
4) Tombola, bingo, and similar games based on tombola;

Other classical games of chance:
5) Fonto and similar games;
6) Other games of chance, as defined in Paragraph 1 of this Article, that have been entered into the games of chance catalogue.

Further specific Articles in the Act provide for game rules, the drawing and awarding of winnings, TV draws, game announcements and taxation. These are contained in Part II 'Classical Games of Chance', Articles 25-35 of the Act.
6.4 Licensing

The Serbian State Lottery has the sole licence to organise lottery type games. The lottery, with the approval of the government can contract out the operation of lottery games to domestic and foreign operators as well.

6.5 Taxation

The taxation rate of classical games of chance is 60 percent, with the tax base stipulated as the difference between total payments received and the total winnings paid out.

7. Online Gambling

Under the previous regulatory regime the Serbian State Lottery has been given a monopoly over internet gambling, along with telephone, mobile and other telecommunications gambling (Article 22, 'Right to Organise Games of Chance over the Internet', of the Act 2004). However, the Act allowed for the State Lottery to engage another corporate body to operate internet gambling games (Article 22 of the 2004 Act).

The state lottery has entered a partnership with Playtech in 2009 in order to benefit from the company’s online casino and poker products. Currently the lottery offers casino style games and online poker through Playtech’s platforms which are integrated into the existing Serbian Lottery platform.

The new Act on Games of Chance entered into force on December 2, 2011, clamping down on the state lottery’s exclusive right to organise online gambling.

World Bank data indicates an around 10 percent raise in the number of internet users from 34.4 to 43 in the period from 2007 to 2010 in Serbia. Moreover, there are currently 36 internet service providers in the country, a number which has grown substantially in recent years.

A home grown sports betting company with over 40 terrestrial branches throughout Serbia is Atlantik and this company has a website (atlantik.rs) which currently offers teletext betting. Another is Balkan Bet, which also has terrestrial operations and a website (balkanbet.co.yu and balkanbet.co.rs – the domain prefix ."yu" is to become obsolete by September 2009). It is likely that once the licensing process will be open, these home grown companies will be tempted to move online.

7.1 Legislative Framework

Within the new act, the regulation of online gambling can be found in Articles 97-120. According to the provisions of the 2011 Act, Serbia-based companies with a minimum capital of €250,000 are entitled to obtain a licence.

Future licensees will be obliged to deposit a bank guarantee of €150,000 in a Serbia-based bank and to keep a daily amount of €10,000 as a risk deposit at their disposal as well (Article 99).
Applications will have to contain the following: name and seat of the applicant; player registration and identification methods; demonstration of the disaster recovery procedure, description of the backup storage system; a study on the prevention of the harmful effects of online gambling, proof of ownership or right to use the appropriate premises; evidence of compliance with the requirements set out in Article 100 of this act; and rules of the game or the games of chance that will be organised. For each type of gambling under the act, licences will be issued for a ten-year period.

Operators will be obliged to maintain a player register and keep all electronic data and documentation required by the law for at least five years.

Despite the lottery enjoying an online monopoly until the end of 2011, Serbia has become a market for non-Serbian operators, with major players targeting the country. Betting companies feature prominently in Serbia, with Sigurica.com, a Serbian online betting guide, having links to sites such as Expekt, bwin and Bet-at-home. One of the top 100 sites in Serbia, according to the web information company Alexa, is Livescore.com (ranked at 81). Livescore has links to Bet-at-home, Sportingbet, Expekt and bwin. Bet-at-home has Serbian listed as the second language (after Bulgarian) in search traffic results, with “Yugoslavia” listed as the third highest region.

Regarding games of chance organised abroad, the new act which entered into force on December 2, 2011 prohibits the participation in games of chance organised abroad and the provision of payments for this purpose. The new act also contains an explicit prohibition to assist in the organisation or participation of unauthorised online gambling, therefore, introducing the possibility of ISP blocking (Article 10, section 17). Accordingly, the Games of Chance Administration drafted a black list of illegal online operators and sent it to ISPs requiring them to block these sites in mid February 2012. Among the blacklisted operators are Bwin, Betfair, William Hill, Skybet, 888 poker and Bet-at-home. As Mirjana Aćimović, the president of Serbian land-based gambling group JAKTA, commented on the fallout:

“They are very aware that blocking sites will not have much of an impact, but it is a sign to legitimate companies to join the market.”

Regarding payment blocking, Serbia’s banks have already expressed that they are unwilling to comply with this requirement of the law.

However, with the Serbian elections to be held by May 6, 2012, this initiative is unlikely to be the top priority on the political agenda. Furthermore, as Aćimović commented, the upcoming elections may “completely change the parliament, government, everything”.

### 7.2 Taxation

The taxation rate of online betting will be 15 percent; other types of online games will be taxed at a rate of 5 percent of GGR. However, the minimum amount of the payable tax will be €7,500 per month. Organising gambling in goods and services is taxable at a rate of 25 percent on turnover. In addition to the abovementioned taxes, operators will be liable to a monthly fee of €2,500 as well.
8. Betting

Legal betting games encompass many types of events and include traditional betting events such as horse racing, sports betting, along with the possibility to bet on entertainment shows, election results and more exotic sports bets. Of all gambling operators, betting operators are being affected by the global financial downturn, with many operators who are members of JAKTA, suggesting they will be ceasing some operations in the near future.

Atlantik is one of Serbia's largest sports books and covers a host of European and US sporting events, with a particular focus on football (soccer), where close to 50 European and other leagues are offered. Balkan Bet is another large operator, which also offers gaming on machines in its establishments. The state operator, Državna Lutrija Srbije also offers two betting products, TOTO11 and TOTO10.

The Hipodrom Beograd is the Serbian Horse Racing Authority.

Illegal gambling activities cost the country millions in unpaid tax revenues. In March 2010, Tanjug reported that at a meeting between foreign investors, gambling industry representatives and a number of government departments, it has been estimated that such losses amount to around €80m annually. Maybe that was the impetus behind the decision of Serbian law makers when they approved a new law on gambling in November 2011. Among others the new regulation aims to clamp down illegal gambling and extend the legal market. Importantly, it also provides for the termination of the state lottery’s online monopoly position.

The law itself entered into force on December 2, 2011; however, implementing decrees are still to come.

8.1 Statistics

There are approximately 20 companies which have been registered to offer terrestrial betting services in Serbia. These companies run a total of 1,208 betting outlets.

8.2 Legislative Framework

Betting comes under the Act’s Part VI 'Special Games of Chance – Betting’, Articles 82-107 -82.

The range of betting opportunities is quite broad in Serbia. According to the 2011 act the following events can be bet on in Serbia (Article 15 of the Act):

- Individual or group sporting events.
- Certain events in a sports event – such as the number of goals scored, the team which scores first or who the top scorer will be in a sports tournament, etc.).
- And other events.

The wording “other events” leaves space for a broad range of interpretation of this provision.
8.3 Licensing

Betting operators, like other gambling organisers, need to be a corporate body, seated in Serbia, with a stock capital of at least €150,000 and a registered deposit/bank guarantee of €3,000 for each betting shop (along with a “risk deposit” of €150 for each shop). An operator which has at least 300 betting shops has the opportunity to deposit a cumulative bank guarantee of €900,000.

As for any games of chance regulated under the 2011 Act, licences are issued for a ten-year period. If the operator wishes to extend the licence, it has to submit its request at least 60 days before the expiry of the licence.

Organisers need to also pay an 'approval fee' of €100 per month per betting shop, which if a minimum of 30 shops is required amounts to a minimum approval fee of €3,000 per month in total.

Betting operators must show evidence that they will organise betting in no less than 30 shops as part of the procedure for obtaining approval. Other requirements include probity checks, company information, information on the types of betting to be organised and technical requirements are fulfilled (Article 87 of the Act).

Betting operators have to submit the following documents along with their application:

- Proof of register and initial capital.
- Funding, if the applicant.
- Balance sheet and income statement for the previous year.
- Proof of ownership or right to use the premises.
- Evidence of compliance with the requirements under the act.
- Evidence of compliance with the minimum distance requirements of betting facilities from educational buildings.
- Certificate of the competent authority that the persons involved in the company have not been convicted of criminal offences (to be determined by decrees later on) within a five-year period.
- The rules of the games.

The Rules on the method of determination establish whether conditions have been fulfilled for receiving the approval to organize games of chance – betting (Official Gazette of the Republic of Serbia no. 129/2004) further outline what documents need to be filed to gain a licence.

The 2011 Act stipulates that as long as the secondary legislation of the act is not in place, the current secondary legislation, including the abovementioned rules, will remain valid if not contrary to the provisions of the new act.

Under Article 86 of the new act, the previous minimum distance from educational institutions has been raised from 150 metres to 200. The distance is calculated as the shortest safe pedestrian route from the nearest edge of the educational institutions to the entrance of the betting shop.

The taxation rate of betting is at least 15 percent of GGR for both land-based and online, but at least €500 per month per betting shop (Article 96).
8.4 Technical Requirements

Betting operators need to have bet shops connected to the regulator's database according to the betting technical requirements contained in Article 85 of the Act.

9. Tax

Since the enactment of the 2004 Games of Chance Act the Serbian government has received €155m in gaming tax and fee revenues over the three years to 2008 - a significant increase on average annual gaming revenues of just €9.8m prior to 2004. In 2010 alone, the country derived almost €49.3m in tax revenues from all regulated gambling activities.

The new act coming into force on December 31, 2011 clearly shows the aim of the Serbian regulators to increase these revenues radically. The fight against the black market has already started one week after the draft bill has been published in May 2011, making space for licensed operators. In the operation, 150 venues got raided and 17 people got arrested.

Regarding online gambling, the 2011 Act contains both ISP and payment blocking measures and the Ministry of Finance has already drafted a black list of operators it requires ISPs to block. Mirjana Acimović, the president of the land-based gambling association JAKTA, noted on Serbian authorities’ current clamp down ambitions that:

“We see the determination and integrity not to compromise. However, the cooperation of the authorities will be also necessary to make these plans feasible.”

The taxation rates for the types of gambling permitted in Serbia are listed below.

9.1 Casino

The law differentiates between two types of tax bases:

- Tax base for games in which participants play against each other:
  - The value of payments received/turnover.
  - The rate is 3 percent.
- Tax base for other games:
  - The difference between payments received and winnings paid out/GGR.
  - The base is 25 percent.

9.3 Lotteries (classical games of chance)

60 percent of the gross gaming revenue.

9.4 Betting

The taxation rate of betting is 15 percent of GGR, but the amount cannot be less than €500 per month for each betting shop.
9.5 Online Gambling

The taxation rate of online betting will be 15 percent; other types of online games will be taxed at a rate of 5 percent of GGR. However, the minimum amount of the payable tax will be €7,500 per month. Organising gambling in goods and services is taxable at a rate of 25 percent of turnover. In addition to the abovementioned taxes, operators will be liable to a monthly fee of €2,500 as well.

10. Advertising

Advertising of gambling games which have not received official consent is prohibited in Serbia. The following sections of the Act contain reference to this prohibition:

(Advertising, Announcements and Use of Telecommunications and Other Equipment Article 112

Anybody corporate or entrepreneur that advertises, announces or otherwise publicizes the organization of a game, or allows a game organizer to utilize telecommunications networks for participating in a game, shall not be render such services to any body corporate which did not obtain consent from the Board prior to organizing a prize-winning competition.

Prohibitions Article 10

No game of chance may be organised or participated in if contrary to the provisions of this act. The following activities shall likewise be prohibited:

- Advertising and marketing of games of chance in printed or electronic media targeted at minors.
- Advertising and marketing of classical and special games of chance without a notice of the prohibition of participation of minors.

Offence Article 130

The Serbian State Lottery or anybody corporate shall be fined 10,000 to 2,000,000 dinars for offence if it:
- contravenes the prohibition contained in Article 10

11. Problem Gambling

There is no official problem gambling statistics for Serbia.

A problem gambling help service, Fund Hertz was set up 2005 to help and offer support to problem gamblers. Over the four years of operation it has treated between 4,000 and 5,000 individuals (Serbia's population is close to 7.38m).

Serbia's State Lottery, being a member of European Lotteries has signed onto the European Responsible Gaming Standards for lotteries and sports betting.

JAKTA is working with its members to secure responsible gambling environments.

The Act on Games of Chance 2011 introduces for the first time the concept of social responsibility of organisers. Article 6 of the act stipulates that gambling must be socially responsible and operators...
have to ensure the protection of minors. It also provides for the necessary training of employees. Furthermore, the act stipulates that both online and land-based operators will have to place a display drawing attention to the risks of addiction and the contact number of the institution responsible for the treatment of gambling addiction.

12. Money Laundering

It has been estimated that up to €1bn is laundered through Serbia each year. The legacy of the wars of the 1990s has been to associate the country with illegal and illicit activities. The authorities have worked hard to turn this association around during the past decade. Serbia has attempted to bring its AML legislation into harmony with all international conventions on money laundering, including those of the UN and the three European Directives on money laundering. Serbia has also received assistance from the USAID program in reforming its AML legislation. The Administration for the Prevention of Money Laundering is Serbia's financial intelligence unit (FIU). The administration is responsible for the oversight of the country's implementation of the AML legislation and standards. It cooperates on an international level with the Council of Europe's MONEYVAL and became a member of the Egmont Group in July 2003.

Aleksandar Vujičić, the director of Administration for the Prevention of Money Laundering told press conference in July 2009 that during 2008 in the region of 2,900 suspicious transactions were reported to his office. Cases have included off-shore companies which have received funds through the privatisation of Serbian companies, people and drug trafficking cartels.

Serbia's AML legislation has been amended four times in nine years, with the latest version of the AML law coming into effect in 2011("RS Official Gazette "no. 20/09 and 72/09), however the latest amendments do not tackle the gambling sector. In the first quarter of 2009, Serbia enacted the Law on the Prevention of Money Laundering and the Financing of Terrorism 2009 (the 'AML law'). The AML law replaced the Law on the Prevention of Money Laundering 2005 ('RS Official Gazette' No 107/05 as amended in 117/05). With respect to gambling, the new AML law expanded the provisions of the previous law and now includes internet gambling operators under its scope (the Games of Chance Act further stipulates that gambling operators are required to follow AML regulations, Article 24, 'Obligations of Game Organisers in Preventing Money Laundering', of the Act).

Under the AML law's Article 4, casinos and internet gambling operators are termed 'obligors', entities which fall under the legal requirements of the law. The legislation reads:

- **Article 4**
  (9) organisers of special games of chance in casinos
  (10) organisers of games of chance operated on the internet, by telephone, or in any other manner using telecommunication networks

The Games of Chance Administration is listed in the AML law as the body competent to supervise gambling operations and the implementation of the AML law by operators (Article 82 (1)(7) and Article 84 (3)).

Casinos face KYC requirements and must record personal details etc and keep the data for ten years. The relevant extracts of the legislation include the following:
- **Special cases of identifying and verifying the identity of a customer**
  **Article 19**
  (1) Whenever a customer enters a casino or whenever a customer or his legal representative or empowered representative has access to a safe-deposit box, the organizer of a special game of chance in a casino, or an obligor that provides safe deposit box services, shall establish and verify the identity of the customer and obtain, from the customer or its legal representative or empowered representative, the data referred to in Article 81, paragraph 1, items 5 and 7 of this Law.

- **Keeping of data**
  **Period for keeping the data in the obligor and lawyer**

  **Article 77**
  (1) The obligor and lawyer shall keep the data and documentation that are obtained under this Law concerning a customer, established business relationships with a customer and executed transactions for a period of 10 years from the date of the termination of the business relationship, executed transaction, or the latest access to a safe deposit box or entrance into a casino.
  (2) The obligor and lawyer shall keep the data and documentation about the compliance officer, deputy compliance officer, professional training of employees and executed internal controls for a period of at least five years from the date of termination of the duty of the compliance officer, implemented professional training or conducted internal control.

Gambling operators face penal provisions, which list economic offences for failure to comply with the AML law.

- **Content of records**
  **Article 81**
  (1) Records of data on customers, business relationships and transactions referred to in Article 80, paragraph 1, item 1 of this Law shall contain:
  (5) name and surname, date and place of birth and place of permanent or temporary residence of a natural person entering a casino or accessing a safe deposit box;
  (7) date of establishing of a business relationship, i.e. date and time of entrance into a casino or access to a safe-deposit box;

- **Penal Provisions**
  **Economic offences**
  **Article 88**
  (1) A legal person shall be punished for an economic offence with a fine amounting from RSD 500,000 to RSD 3,000,000, if it:
  (14) fails to identify and verifies the identity of a customer or its legal representative or empowered representative at the entrance of such person into a casino or access to a safe-deposit box, fails to obtain the required data or fails to obtain it in the required manner (Article 19);
  (38) does not keep the data and documentation obtained in accordance with this law at least 10 years from the date of termination of a business relationship, execution of transaction or the latest access to a safe-deposit box or entrance into a casino (Article 77).

The new Act on Games of Chance, which entered into force on December 2, 2011, also includes money laundering provisions. Article 117 provides for the obligation of licensees to comply with the anti-money laundering regulations.
One of the entities responsible for the supervision of gambling is the Administration for the Prevention of Money Laundering. Operators are obliged to invite the representative of the administration to participate in the office control and to provide all the required documentation and explanations to the representatives of the supervision body. If the administration determines that the reports are incorrect, the administration will issue a request ordering the operator to eliminate the mistake.


In paragraph 57 of the Executive Summary it states that the Designated Non-Financial Businesses and Professionals (DNFBP) sector, which includes casino and online gambling operators, "demonstrated little awareness and understanding of obligations under the AML/CFT Law or of the previous AML Law."

It goes on to say that "while the casino applied some CDD [Customer Due Diligence] measures, it was not apparent that other operators of games of chance or any other DNFBP-s applied any CDD measures. There is no bylaw or regulation that requires DNFBP-s to screen employees to ensure a high quality of staff."

Paragraph 59 criticises the Administration of Games of Chance, which is the supervisory body for casino and other gambling operators, for its inability to provide "any guidance or guidelines to their supervised entities on the matters relating to ML/FT and the effective implementation of the national (and international) framework."

Paragraph 60 also states that that Serbia lacks any adequate AML/CFT supervision of its DNFBPs and goes on to say that:

"The current regulatory and supervisory regime applicable to gambling institutions needs to be reviewed in order to ensure that casinos are subject to and effectively implementing the AML/CFT measures required under the FATF recommendations."

Paragraph 61 states that "as regards casinos, sanctions available under both the AML/CFT Law and the Law on Games of Chance do not appear to set out an effective sanctioning regime. The legislation in force does not define measures aimed at preventing individuals with a criminal background from acquiring or becoming the beneficial owner of a significant or controlling interest, holding a management function in, or being/becoming an operator of a casino."

For more details see the Mutual Evaluation Report and Annexes - Part 1 and Part 2

In light of this report, Serbia will have to bring its anti-money laundering legislation on par with the recommendations put forward by the MONEYVAL’s team in order to comply with its legal obligations.

On June 28, 2010, the Administration for the Prevention of Money Laundering announced that with the assistance of USAID it was able to develop a publication on money laundering and terrorist financing prevention. In their press release, the Administration stated that:

"In addition to its awareness raising purpose, this initiative and publication will contribute to a better rating of Serbia in the evaluation process performed by the MONEYVAL Committee..."
13. Legislation Links

The following is a list of the most important pieces of legislation relating to the regulation of gambling in Serbia (current at the time of publication of this report).

Law


2. Law on the Prevention of Money Laundering and the Financing of Terrorism

Secondary Legislation

Article 135 of the Act on Games of Chance 2011 stipulates that the competent authority shall issue the regulations determined in the act within six months from the date of the enactment of the act. However, with the elections coming up in May 2012, some delays are expected. According to Article 136, until the new decrees are in place, the current secondary legislation shall apply, provided it is not inconsistent with the current law.

Decree

1. Decree determining the criminal offences for which a certificate of non-conviction for certain persons must be submitted with the application for a licence or approval to organize certain games of chance ("Official Gazette of the Republic of Serbia", No. 128/2004)

Rules


2. Rules on the method of determination, whether conditions have been fulfilled for receiving the approval to organize games of chance – betting (Official Gazette of the Republic of Serbia no. 129/2004)

3. Rules on the method of determining whether conditions have been fulfilled for approval to organize games of chance in goods and services and on the method of announcing the results of the game of chance in goods and services ("Official Gazette of the Republic of Serbia", no. 129/2004)


6. Rules on the method of determination, whether conditions have been fulfilled for receiving the approval to organize games of chance on automated gaming devices ("Official Gazette of the Republic of Serbia" nos. 129/2004 and 9/2005)
14. Regulator Contacts

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Bureau of Measures and Precious Metals (ZMDM)
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15. Industry Association

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16. Operators

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17. References

This report has been written based on an analysis of the primary legal documents available in translation. Further primary source information has been obtained from an interviews with Mirjana Aćimović, president of Serbian gaming association JAKTA, throughout 2009 - 2012.

Secondary sources have included:
B92 (Serbian media organisation), "Russian casinos could relocate to Balkans", June 29, 2009.
European State Lotteries and Toto Association’s Panorama Magazine, Number 30, April 2009.
JAKTA association website http://www.jakta.rs.
Koloseum Magazine (Serbian based publication) issues 1-6 (Koloseum broj 1 specijal; Koloseum broj 2; Koloseum broj 3; Koloseum broj 4; Koloseum broj 5; Koloseum broj 6). Available online at http://www.koloseumonline.com/.

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