Market Barriers
A European Online Gambling Study 2012

An impartial and comprehensive evaluation of the current legal, regulatory and market landscape for online gambling in Europe
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NORWAY

The Norwegian gambling market is highly restrictive with the state-owned monopoly Norsk Tipping the only operator licensed to offer online sports betting and lottery games. However, with the online payment ban introduced in 2010 proving ineffective, Norsk Tipping has expanded its range of online games.

KEY MARKET DATA

Population: 4.9m
Internet Penetration At Home 2011: 91 percent
Regulator: The Norwegian Gaming and Foundation Authority, the Ministry of Culture
Online Gambling Market: Monopoly

Source: Eurostat; GamblingCompliance
In brief: Norway

**ONLINE GAMBLING STATUS**
- Online gambling is regulated.
- Monopoly market.

**ONLINE GAMES PERMITTED**
- Online gambling licences are currently not available in Norway.
- "Remote gambling", which includes games such as totalisator and sports betting, and lottery games, is permitted with a licence. However, the licence has been granted to a single state-owned operator, Norsk Tipping, creating a monopoly system in the country.
- "Interactive remote gambling", which includes games such as poker and casino games, is prohibited; however, Norsk Tipping received a licence on June 1, 2012. Norsk Tipping can now offer in-play betting services as well as electronic bingo, online scratch cards, casino and social games.
- The charitable foundation Norsk Rikstoto has the exclusive right to conduct totalisator betting.
- Private lotteries organised by humanitarian or socially beneficial organisations may be offered online if the internet is used as a distribution channel for already existing terrestrial activities.

**LICENSING AND COSTS**
Norsk Tipping and Norsk Rikstoto are the only companies licensed to offer online gambling services.

Norsk Tipping has a statutory right to offer games pursuant to the Gaming Act but the games in the company’s portfolio are approved and licensed individually by the government.

Norsk Tipping’s licence was issued by the Ministry of Culture for an indeterminate time. Norsk Rikstoto’s licence was issued by the Ministry of Agriculture and Food. Its licence has been issued for a five-year period. The company’s right to offer games is not a statutory right.

**MARKET RESTRICTIONS**

Advertising: Yes. A total ban for unlicensed and illegal operators. The Norwegian government has issued guidelines for the marketing of gambling offered by state-owned companies. These guidelines contain specific regulations with regard to the objectives behind and the content of advertising. The Norwegian Gaming and Foundation Authority evaluates all their marketing.

Website Blocking: No. The government is not currently pursuing website blocking as an enforcement measure.

Payment blocking: Yes. It has been an offence since June 1, 2010 for certain credit institutions to process payments from Norwegian nationals to unlicensed and foreign internet companies providing gambling services.

**TAXATION**
- According to the Norwegian tax law, Norsk Tipping and Norsk Rikstoto are exempt from all taxation.
- In 2010 Norsk Tipping paid out 63 percent of the company’s net turnover (gross turnover minus prizes) to good causes. Pursuant to the Gaming Act, 44.5 percent of this goes to sports, 36.5 percent to culture and 18 percent to humanitarian and socially beneficial organisations.
PART 2: NORWAY

SERVER LOCATION
There are no server requirements for Norway as it keeps gambling under a monopoly.

INTERNATIONAL LIQUIDITY
Not applicable.

COOPERATION
Bilateral agreements: No.
Gaming Regulators European Forum: Yes, member.

IMPORTANT REGULATIONS
• Totalisator Act (Act No 3 of July 1, 1927)
• Gaming Schemes Act (Act No 103 of August 28, 1992)
• Lottery Act (Act No 11 of February 24, 1995)

ADDITIONAL COMMENTS
Breaching the provisions of the three main gambling acts is a criminal offence punishable by fine or imprisonment for up to three months. An accomplice to the breach is liable to the same penalty. The negligent breach of the acts is also an offence.
Norway is one of the countries with the highest level of internet penetration and highest annual income per capita in the world, making it an attractive market for online operators. However, the Norwegian online gambling market is highly restrictive and subject to strict control by the state. The licensing system in place has been barring private companies from operating legally in the country.

Norwegian law divides the market into two categories: “remote gambling” and “interactive remote gambling”. Remote gambling includes sports betting and lotto. While these types of activities are allowed under the condition of obtaining a licence, only one licence has been awarded for an undetermined period to the state-owned company Norsk Tipping. Interactive remote gambling, which includes games such as poker and casino games, was prohibited in the country until a licence was granted to Norsk Tipping on June 1, 2012.

Norsk Rikstoto, a charitable foundation, has received the only licence to operate pari-mutuel betting.

The private sector in Norway, the sector outside Norsk Tipping and Norsk Rikstoto, consists of bingo operators and lotteries operating pre-drawn money games including scratch cards and traditional draw lotteries. According to the Lotteries Act, lotteries must be humanitarian or socially beneficial organisations. Private lotteries may also be offered online if the internet is used as a distribution channel for already existing terrestrial activities. The Gaming Schemes Act reserves certain lottery games, including Keno, Extra and Lotto, for operation by Norsk Tipping.

Norway has traditionally restricted gambling because of its potential moral and social effects with the stringent licensing system in place to ensure that revenues from gambling are reserved for charitable or socially beneficial programmes. The Norwegian authorities have, however, allowed for some forms of online gambling to occur, reflecting their belief that a total prohibition would be unenforceable. In this context, the government’s position has been to channel the desire to gamble through public companies to minimise the harmful social effects of such activities and reserve the revenues for socially beneficial purposes.

The authority in charge of overlooking land-based and online gambling in Norway is the Norwegian Gaming and Foundation Authority. The board operates under the Ministry of Culture and is in charge of ensuring compliance with the three main gambling acts: the Lottery Act, the Gaming Schemes Act and the Totalisator Act and their accompanying regulations. The board issues all licences for charitable operators and supervises the activities of Norsk Tipping and Norsk Rikstoto.

Norway’s restrictive policy towards online gambling has been challenged twice before the European Free Trade Association (EFTA) Court regarding its compatibility with the country’s obligations as a member of the European Economic Area (EEA).

In 2004, the EFTA Surveillance Authority commenced infringement proceedings against Norway over the part of its legislation granting Norsk Tipping the exclusive right to operate gaming machines. In its judgment issued in 2007, the EFTA Court accepted Norway’s argument that the charitable revenue secured by the state monopoly model was not the primary purpose of the contested legislation but merely an incidental benefit. The court accepted that fighting gambling addiction could provide a policy justification for restrictive legislation and found that the state monopoly could be an effective and proportionate means of achieving this aim.

A similar case arose in 2007, when UK-based operator Ladbrokes contested the legality of Norway’s restrictive licensing regime with the principles of freedom of establishment and free movement of services as inscribed in the EEA Agreement. The EFTA Court accepted again that such restrictive system could be justified where its purpose is to reduce gambling addiction. The court found that the imposition of a state monopoly could constitute a proportionate and coherent gambling policy and provided guidance for a national court to determine the compatibility of a gambling policy on these grounds.
One other key characteristic of Norwegian legislation is that it penalises accessory involvement in a breach of the statutory provisions to the gambling acts. Accessory liability can be incurred in respect of such activities as marketing, sponsoring or advertising.

The processing of payments by financial institutions to unlicensed, including foreign-licensed, online gambling operators is also considered in the Norwegian legislation to constitute accessory involvement. Therefore, it is an offence for financial institutions, subject to the law, to process payments to or from unlicensed operators in Norway.

Provisions to this effect were voted on by the Norwegian parliament in December 2008 and introduced into the three main gambling acts, as amendments. These amendments became enforceable on June 1, 2010, adding an additional barrier in the already highly restricted Norwegian market. Norway became the first country in Europe and one of the first countries in the world to implement payment blocking legislation for online gambling services.

Violations of the payment blocking measures carry the possibility of both administrative penalties and criminal prosecution.

According to the technical regulations accompanying these amendments to the main gambling acts, the ban on payment processing from unlicensed online gambling operators applies to banks, financial services and payment and e-money businesses based in Norway (including Norwegian branches of foreign entities). Therefore, under the scope of the payment restrictions gambling from overseas accounts, foreign credit cards and foreign e-wallets is outside the scope of the law.

The Norwegian Gaming and Foundation Authority can issue an order to block payments involving particular bank accounts. Information about individual players’ bank accounts, however, cannot be retained or publicised by the regulator. The gaming authority also has the power to directly impose fines on banks and other financial services it believes are in violation of the ban.

With these blockings in force for two years now, a study published in January 2012 entitled the “Evaluation of the regulation prohibiting the payment of gambling without a Norwegian licence”, revealed that 54 percent of online gamblers play online games as often as they did before the legislation, and 5 percent of them even play more than before. The study also showed that it has been easy to find ways around the payment processing ban, such as alternative modes of payment or the creation of an overseas account. In addition, the evaluation revealed that only one in three visitors of foreign gambling websites were aware of the prohibition.

Following these findings, the Norwegian Gaming and Foundation Authority admitted that its online payment ban has not been a success.

As a result, Norsk Tipping announced in February 2012 that it was seeking to expand its range of online games to drive consumers away from illegal gambling by offering legal alternatives to popular games.

The Norwegian authorities first authorised Norsk Tipping to offer in-play sports betting and then gave the company the approval to offer e-bingo, scratch card games, casino games and social games in June 2012. The new games will debut in 2013. Norsk Tipping and the Norwegian authorities are hoping that this expansion will help curb illegal online gambling in Norway.