

German Liberalisation Would Quash Illegal Market, Study Says

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If Germany opened its online gambling model to allow every qualified applicant to get a licence, only 8 percent of players would patronise illegal sites, a researcher said last week.

Opening the market to all capable operators — like Denmark did — would boost tax revenues, keep jobs in Germany, and improve protection of consumers and players, said Iris Henseler-Unger of WIK-Consult, a German consulting group that examines infrastructure.

Henseler-Unger, an economist and former telecommunications regulator, was speaking last week in Berlin at a conference sponsored by ECO, the Association of the German Internet Industry.

A regulated online gambling market could generate €33bn turnover annually, and an additional €8bn in tax revenue, with €30m extra going to sports, art and culture, Henseler-Unger told the conference.

It could generate €3.5bn in advertising and media revenue, which would in turn generate €360m more in tax, she said.

Between 2004 and 2014, gambling-related revenues and fees in Germany declined by 24 percent, or €1bn, according to the study.

Licensing of all gambling sectors with an unlimited number of permits, plus taxation based on gross gaming revenue rather than turnover, could not only boost tax revenue but also benefit consumers and boost take both from taxes and good causes, according to the WIK study.

WIK's research was commissioned by the German Association for Telecommunications and Media.

Germany's state lotteries have rebuffed such arguments from internet providers and commercial gambling firms, and in January called for a clear rejection of moves towards lifting licensing restrictions.

At last week's conference, however, panellists urged government to quickly move to amend the German state treaty which limits online gambling to 20 sports-betting licences, with no legal online casino or poker.

New rules are "indispensable for a functioning legal order", said Christian Koenig, a European law specialist at Bonn University.

"The pressure is rising," said Patrick Sensburg, a Christian Democrat member of the Bundestag, the German parliament.

Sensburg said he thought federal, state, private and player interests could be accommodated in legislation, but not if the goal was simply to “implement ‘minimal solutions’”.

The European Commission is pressuring German states to prove how the treaty meets goals of curbing gambling addiction, a move which is the first step towards infringement proceedings.

Bavaria and North Rhine-Westphalia have advanced proposals for extending the number of licences to 35 or 45, but which would maintain the ban on online casino.

Christian Dürr, head of the Liberal Party in Lower Saxony state parliament, said he favoured a regime similar to Denmark, the current system in Schleswig-Holstein, or one proposed by the state of Hesse.

Schleswig-Holstein, Germany’s northernmost state, is the only one where online gambling is regulated and taxed, as it passed its own Denmark-influenced legislation before aligning itself with the other 15 states, or Länder.

Hesse officials have called for an end to the 20-operator licence limit, as well as replacement of the current Glücksspielkollegium, or panel of chief regulators, with an interstate regulatory body.

The current laws limiting the number of licences “will fail time and time again”, said Hans-Jörn Arp, a Christian Democrat member of the Schleswig-Holstein parliament.

“If we now follow the options presented by Bavaria and North Rhine-Westphalia which leave out online poker and casino, we will fail again,” he said.

“2016 will be the year of discussions in the parliaments of the Länder; 2017 can be the year of decisions,” Arp said.

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