



Social gaming & gambling: Threat or opportunity?

EASG Seminar
17 October 2013, Brussels

Regulation panel:
Social gaming vs. gambling in Italy

Valérie Peano
Attorney-at-law at the Rome Bar



Social gaming & gambling: Threat or opportunity

What is it about in the Italian legal framework?

- ◆ **Gambling:** games with monetary winnings in which the outcome is determined by chance or by player's ability. Remote gambling is played through a remote gaming account on remote devices.
- ◆ **Social Gaming:** e-commerce services. "participation in structured activities that have contextual roles through which users can engage with one another. Social Media Gaming is when this gaming participation occurs via social networking sites"*.
- ◆ **Social Gambling:** "broad range of real gambling or gambling-like activities with social elements online"*.

* Gambling Commission report April 2012



Social gaming & gambling: Threat or opportunity

What is it about?

Unique users Year 2012 average	Definition	Number (mln)
Social Networkers	People on social networks	22,4
Online Gamers	Gamers on web	12,3
Social Gamers	Gamers on social networks	11,4
Social Gamers on mobile devices	Gamers on social networks through Mobile devices	6,3
Social Gamers spenders	Social gamers spending money to buy features	6,8
Social Gamblers	Social gamers playing poker or casino\slot games within social networking environments	2,9
Social Gamblers spenders	Social gamblers spending money to buy features	2,3
Regulated Market Gamblers	Gamblers registered and active in .it for money	0,8

Source: Estimation MAG 2013



Social gaming & gambling Threat or opportunity

Legal framework for remote gambling in Italy

- ◆ State-reserved activity under license granting
- ◆ Under control of the regulation agency:
Agenzia delle Dogane e dei Monopoli - part of the Ministry of Economy and Finances
- ◆ Specific and stringent regulations
 - ❖ corporate & financial requirements
 - ❖ technical & infrastructure abilities
 - ❖ compulsory verifications and audits
 - ❖ players 'accounts and protection tools
 - ❖ advertising requirements
 - ❖ “.com” operations prohibited
 - ❖ gambling taxation



Social gaming & gambling Threat or opportunity

Legal framework for remote gambling in Italy

◆ Forms of remote gambling offer

Chronologically:

- ❖ Betting on horse races
- ❖ Fixed odds sports betting
- ❖ Scratch cards
- ❖ Pool sports betting
- ❖ Skill games & poker tournaments
- ❖ Instant lotteries
- ❖ Bingo
- ❖ Cash poker, casino games including slots
- ❖ **2013: Virtual betting, betting exchange, customised betting**

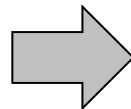


Social gaming & gambling: Threat or opportunity

Legal framework for social gaming in Italy

- ◆ Information society services
- ◆ Home country rule
- ◆ No specific legislation but general national provisions applying :
 - ❖ Consumer Rights d.lgs 206/2005 and EU Dir. 2011/83/EU
 - ❖ Media & E-commerce d.lgs 70/2003 and EC Dir. 2000/31/CE, 2009/140/CE
 - ❖ Data protection d.lgs 196/2003 and EC Dir.1995/46/EC, 2002/58/EC and 2009/136/CE
 - ❖ Unfair commercial practice d.lgs 145-6/2007 and EC Dir. 2005/29/CE

Is there a need for a specific regulation?



Is there a need for the gambling regulation?



Social gaming & gambling: Threat or opportunity

Social gambling games

- Poker
- Bingo
- Slots
- Casino
- Other

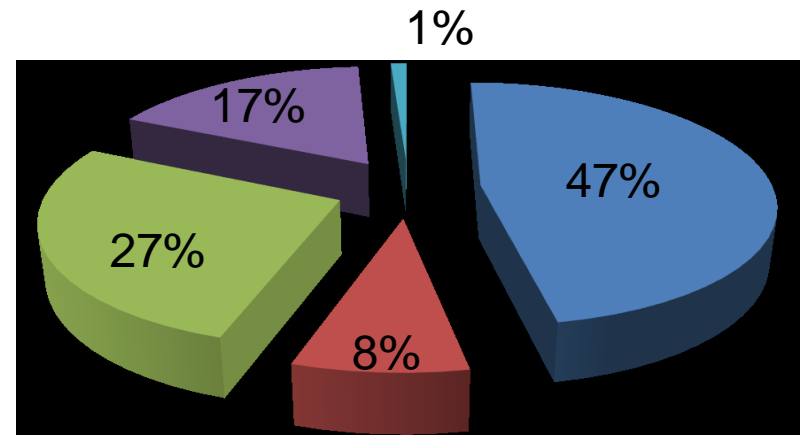


Figure : Genres of social gambling games by percentage of total social gambling worldwide industry size. Source: Morgan Stanley Research 2012.



Social gaming & gambling: Threat or opportunity

Comparison social gaming & gambling in Italy

- ◆ No license granting
- ◆ No specific regulation authority
- ◆ No audit
- ◆ No specific regulations, notably:
 - ❖ age restriction
 - ❖ advertisements limitations
 - ❖ requirements for gaming mechanisms and odds
 - ❖ bonus restrictions
 - ❖ social responsibility
- ◆ No on-going courts litigation



Social gaming & gambling: Threat or opportunity

It has to be one or the other:

are we regulating remote gambling too much?

- ◆ National strengthening regulations
- ❖ Provisions of the Tax bill (so called Delega fiscale)
- ❖ Advertising rules
- ◆ Involvement of all EU institutions:
 - ❖ European Court of Justice cases
 - ❖ Parliament resolutions
 - ❖ legislative initiatives
 - ❖ Commission's recommendations on (i) common standards of consumers' protection and (ii) responsible gambling advertising



Social gaming & gambling: Threat or opportunity?

The right way forward

- ◆ **Aims:**
 - ❖ avoid 28 different national specific regulations
 - ❖ avoid social gambling being a social issue
 - ❖ successful market operations
 - ❖ opportunity of partnerships?

- ◆ **Solutions:**
 - ❖ Research (easy access & play vs. risks)
 - ❖ soft-law initiatives (codes of conducts and social responsibility guidelines)
 - ❖ legislative act at EU level