

2024-05-23

BOS – Swedish Trade Association
for Online Gambling

The logo for BOS.nu, featuring the text "BOS.nu" in a white, sans-serif font on a dark grey rectangular background.

Referral statement Fi2024/00442, A new ban on gambling on credit

About BOS

The Swedish Trade Association for Online Gambling (BOS) is here issuing its statement on the memorandum *A new ban on gambling on credit*, in which a ban on credit cards for gambling for money is proposed.

BOS represents 18 gambling operators that are active on the Swedish gambling market¹. This makes us Sweden's largest industry association within our industry measured in number of members. All members have a license/permit issued by The Swedish Gambling Authority, Spelinspektionen.

BOS recommendation

BOS rejects the proposal. If the government nevertheless goes ahead with the proposal, we propose that the obligation not to mediate payments for gambling purposes be imposed on those issuing credit cards.

Our reasoning for the rejection

BOS agrees with the approach that you should not gamble on credit. Consequently, we have given our support to all the bans that have been proposed in this area, from the Gambling License Inquiry's proposal on credit bans in 2017² onwards.

¹ <https://www.bos.nu/vara-medlemmar/>

² <https://www.regeringen.se/contentassets/29291777554d47e49e717171e4eb5f83/en-omreglerad-spelmarknad-del-1-av-2-kapitel-1-21-sou-201730/>, s. 617

We operate in the entertainment industry, in competition with a lot of other entertainment, and it goes without saying that it is important that people do not spend any money on our business before the basics of life - such as food, housing and clothing - are financed.

When the Over-indebtedness Inquiry investigated the possible need for regulatory changes in the credit market, it was found that this was the case³. The investigation wanted to see an extended credit ban on gambling for money. BOS also agreed with this view⁴. However, the investigation did not find enough reason to ban the use of credit cards when gambling. Here, the reasoning was that in the practically cashless Sweden, the credit card was the customary means of payment of our time. We share the Indebtedness Inquiry's opinion that a ban on credit cards for gambling should not be introduced.

We have had a selection of our member companies study the characteristics of the customers who use credit cards. To begin with, it can be noted that the use of credit cards for gambling services is decreasing, in favor of other payment intermediaries, not least Swish. However, there is a smaller percentage of gambling consumers who still use credit cards. These tend to be older and have a more organized economy than average. The prevalence of problem gamblers among these consumers is low, in any event not higher than the average for all gambling consumers.

At least one credit check has already been carried out by the creditor before a credit card is issued to its user. In the normal case, the credit is settled (repaid) at the end of each month and no interest is ever accrued. Credit cards are accepted everywhere and are the obvious way for many Swedes to pay for services and products, including potentially dangerous products such as alcohol at the monopoly Systembolaget.

One can certainly object to the comparison between alcohol addiction and gambling addiction that the former phenomenon does not always have the same *financial* consequence of an addiction as the latter. This should be contrasted with the fact that the state allows credit cards in its own alcohol stores despite the fact that 310,000 Swedes are addicted to alcohol⁵, which can be compared to 40,000 Swedes who have a gambling addiction⁶.

Channelization

³ <https://www.regeringen.se/rattsliga-dokument/statens-offentliga-utredningar/2023/07/sou-202338/>

⁴ <https://www.bos.nu/wp-content/uploads/2023/10/Remissvar-Judep-Överskudsättning.pdf>

⁵ <https://www.can.se/fragor-och-svar/alkohol/hur-manga-ar-alkoholberoende-i-sverige/>

⁶ <https://www.folkhalsomyndigheten.se/spelprevention/statistik/spelproblem/>

The biggest challenge in the Swedish gambling market is unlicensed gambling, according to Finance Market Minister Niklas Wykman⁷. We wholeheartedly agree with this view.

The so-called "channelization", the percentage of gambling that takes place legally, is approximately 70 percent - according to ATG's web traffic-based statistics - to sports and casino sites, of which the latter is at 58 percent (Q4 2024). Trend: negative, i.e. an ever-lower proportion⁸.

Further restrictive measures against the licensed gambling operators at the initiative of the government (pandemic restrictions, increased gambling tax, credit card ban etcetera) in combination with high hopes of the effectiveness of countermeasures against unlicensed gambling operators have proven to be a toxic mixture with dramatic outflows from the licensed gambling market as a result. This must end.

There is no more serious threat to safety, security and consumer protection in the gambling market than aforementioned actions. Countermeasures against unlicensed gambling are certainly urgent and must be intensified, but to be effective they must be combined with measures that promote the attractiveness of the licensed gambling market. Only repressive measures against unlicensed gambling without promoting measures for the licensed gambling market may possibly work in the political rhetoric, but never in reality. The proposal to introduce a ban on the use of credit cards when gambling for money should therefore be rejected.

The proposal for a ban on credit cards is not the most serious misstep in the new gambling regulation's five-year history, and with a generally better designed gambling regulation with high channeling, Sweden could have "indulged" this restriction. We understand the political appeal of outright banning all forms of gambling on credit. Against this must be weighed the percentages of the customer base that use credit cards as their form of payment for their licensed gambling, and how this customer base will react to a ban.

Sweden's largest online casino operator is, at the time of writing, likely an unlicensed gaming operator. The way the proposal in the government's memorandum is designed, the credit card ban affects only legal gambling companies operating on the Swedish license market. BOS proposes instead,

⁷ <https://api.screen9.com/preview/hvHHVc-BuE-KFTaycheiKfx1KLsEx9Rr9WGTYnDCDXVn6euO4bQ9hS0DinV6Ac9P>, 49 minutes into the programme.

⁸ <https://www.di.se/nyheter/svea-bank-tillater-betalningar-till-licenslos-kasinojatte/>

in the event that the government goes ahead with a ban on credit cards when using gambling services, that the ban hits the issuers of credit cards, not the licensed gambling companies. In this way, it will be prohibited for issuers of credit cards, under the supervision of the Financial Supervisory Authority, to mediate payments via credit cards for all gambling companies, even the illegal and/or unlicensed gambling operators.

In conclusion, something must be said about the tendency of governments to initially propose that new austerity measures should apply to the entire gambling market, in order to, at a later stage, exempt gambling activities of particular importance to state-owned and/or controlled gambling operators. It is true that the government proposes in the current memorandum that all forms of license subject to a license should be affected by the proposed ban on credit cards. This has also been said previously in original proposals from governments when other restrictions were proposed, but upon entry into force exceptions have been made for gambling products where state-owned and/or controlled operators have a dominant position. Such action does not create confidence that governments acts in the best interest of a competitive neutrality Sweden, rather than in the best interest of governments gambling company.

Gustaf Hoffstedt
Secretary General

BOS – Swedish Trade Association for Online Gambling
Box 3198
103 63 Stockholm

gustaf.hoffstedt@bos.nu

www.bos.nu