

2024-08-21

BOS – The 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 Fi2024/01087, Closing state casinos and a more effective money laundering supervision

About BOS

BOS represents 18 gambling companies that are active on the Swedish gambling market.¹ This makes us Sweden's largest trade association within our industry. All members have a license/permit issued by the Swedish Gambling Authority and all are independent from states and governments in their ownership structure and board composition.

BOS summary views

1. It shall no longer be permitted to operate casinos in Sweden

The Ministry of Finance's proposal: a) The gambling form gambling at a casino should no longer be included in the state gambling license type, b) Nor should any other license type be able to grant the right to provide gambling activities at a casino.

BOS approves proposal (a) and disapproves proposal (b).

2. The restriction on state lotteries should be removed

The Ministry of Finance's proposal: There should be no special restrictions on the types of lotteries that may be provided with a state gambling license.

BOS disapproves the proposal.

¹ <https://www.bos.nu/en/our-members/>

3. A more effective money laundering supervision

The Ministry of Finance's proposal: The government or the authority that the government determines must be allowed to issue regulations on the obligation for such business operators who run gambling operations with the support of a license or registration according to the Gambling Act to periodically or on request provide information about their business, their customers and other conditions.

BOS approves the proposal.

Below are our reasons for the positions of this opinion.

1. It shall no longer be permitted to operate casinos in Sweden

The government has expressed through Minister of Financial Markets Niklas Wykman that "[t]his should not be a politically ordered task for a state company to operate casinos". This was established in an op-ed in Aftonbladet with the headline "State companies should not operate casinos".²

BOS fully agrees with this position from the government, and we welcome the ideologically rigorous stance from the government. That Sweden's government should not own and operate casinos is more than anything else a moral and ideological issue, and it is good to read that the government is particularly highlighting that aspect of the inappropriateness of state casinos.

In this context, we would like to remind the government that, contrary to this stance, the government has not announced the absolutely necessary divestment of government-owned Svenska Spel Sport & Casino, with its extensive online casino operations. The largest political parties in the Tidö collaboration clearly announced before the last parliamentary election that Svenska Spel Sport & Casino should be divested,³ and it is important that the parties now in government move from words to action.

As regards land-based casinos, it can be noted that none of our member companies have expressed an interest in operating them in Sweden. We are a trade association for online gambling companies. Having said this, however, we look positively on the fact that land-based casino is offered in Sweden. It forms part of the gambling market

² <https://www.aftonbladet.se/debatt/a/Av2M0r/niklas-wykman-statliga-bolag-ska-intedrivakasinon>

³ https://www.riksdagen.se/sv/dokument-och-lagar/dokument/motion/med-anledning-av-prop.-202122242-en-forstarkt_h9024759
https://www.riksdagen.se/sv/dokument-och-lagar/dokument/motion/svenska-spel-ab_h802713/

ecosystem. Gambling consumers do not necessarily play on a single form of game, and it is important that a mature gambling market offers a complete range of games. For example, we see no reassuring answers in the Ministry of Finance's memorandum on how physical poker tournaments should be settled in Sweden. Of course, the Swedish Poker Championship must be able to be played legally in Sweden.

Overall – and a little outside the strictly commercial sphere of interest of the online gambling companies – it is surprising that a government with such a strong representation of liberal values and belief of individual rights, finds it so easy to ban. Navigating politics in a right way here should be easier for a liberal conservative government with the public interest in mind than for a trade association that by definition represents a commercial interest. Despite this, the government is proposing a ban on an activity that for many people means a valued and long-awaited pastime. In addition, the operation creates jobs and strengthens Sweden as a tourist nation. And above all, a watchdog about land-based casinos in Sweden had shown that Sweden is a nation that treats adults as capable of making their own decisions.

We therefore discourage the part that closes the door for actors other than the state to operate land-based casinos. On the contrary, it should have been such privately owned operators who had already been offered the opportunity to obtain such a license when land-based casinos were introduced in Sweden at the turn of the millennium. A centre-right government should not at all suggest that only state-owned companies are capable of following laws and regulations, whether it concerns gambling or any other area. In addition, we are convinced that private companies can operate land-based casinos in Sweden profitably, without compromising on strict regulations regarding, among other things, consumer protection and money laundering.

2. The restriction on state lotteries should be removed

The gambling vertical lotteries is shared by the state and the NGO lottery companies. It can of course be questioned why the government maintains such an order, instead of welcoming all operators who meet the state's quality criteria to operate in this market – and pay gambling tax. However, BOS chose to stand behind the compromise that the Gambling Licensing Investigation proposed in 2017 for the Swedish gambling market, and which was subsequently introduced in 2019. Ever since then, it has been a goal of the gambling policy to provide "good conditions for non-profit activities of public benefit to obtain funding through revenue from gambling".⁴

⁴ <https://www.regeringen.se/regeringens-politik/spelpolitik/mal-for-spelpolitiken/>

The government's own gambling company Svenska Spel has not shown any excessive effort to protect this interest. On the contrary, the company has time after time tried to win market shares in the area that is important for NGO lottery companies. An example of this is Svenska Spel's gambling product "Supportern", which distributes a significant part of its surplus – far exceeding the small percentage that goes under the name of sponsorship – directly to sports clubs as beneficiaries.⁵ This is a departure from the politically stated desire with gambling policy that the only beneficiary of Svenska Spel's surplus should be the state, while other beneficiaries are reserved for the non-profit sector's gambling companies.

There is every reason for the government to keep its own gambling company on a short leash in terms of the possibility of expanding further within the lottery segment. The now proposed change goes in the opposite direction.

The Ministry of Finance's proposal for a wider application of permitted state lotteries also exposes another aspect of state gambling operations that has already been addressed in this opinion: no government seems capable of treating its own gambling company equally with other gambling companies. Svenska Spel Tur is not the only gambling company that considers itself to have legitimate reasons for a more extensive application of permitted gambling products. As an example, it can be stated that several of BOS's so-called B2B member companies (that is, gambling companies that develop the gaming services themselves but do not sell them directly to consumers) have legitimate requests that the Swedish B2B licenses include games that are permitted in other European jurisdictions, for example so called crash games. We have not noted the same eagerness and interest from the Ministry of Finance to pursue this matter. This may of course be because said B2B companies and their industry association have been poor at communicating this, but more likely it is because they are denied the channels and responsiveness that the government's own gambling company seems to enjoy.

3. A more effective money laundering supervision

BOS supports this proposal, and at the same time wants to point out the importance that the administrative burden must not become too heavy. The fight against money laundering and the financing of terrorism must always aim at preventing these crimes, rather than further increasing the regulatory burden on companies. Any administrative burden must be able to be justified by its concrete crime-fighting effect.

In this context, we would like to remind that the gambling industry has undergone an extremely positive development in recent decades, driven by our members, the inter-

⁵ <https://www.svenskospel.se/supportern>

national online gambling companies. Their operations in Sweden have always been subject to mandatory know-your-customer measures. No one has been allowed to play anonymously online among our member companies. No cash has been accepted either, but all transactions have taken place with bank transfers and other traceable payment instruments.

Finally, we note that the proposed periodic reporting obligation with its subsequent administrative burden affects only the licensed gambling companies. Almost half of the Swedish online casino market is unlicensed.⁶ There is no better way to combat money laundering in the gambling sector than to increase the extremely low channeling rate in Sweden. BOS and its member companies, with the experience we possess from a number of jurisdictions, have in this context a decisive importance, if and when the government feels ready to discuss and even try measures that will certainly be politically difficult and uncomfortable for the government to decide on, in order to increase the channelization rate.

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⁶ <https://www.mynewsdesk.com/se/atg/documents/atg-rapport-kanalisering-q4-2023-439386>