

Protecting the societal role of Lotteries in a transforming world

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Our lottery environment is evolving rapidly. While it has adapted to advancing technology, it now faces the transformative impact of AI. AI is becoming a major force in shaping the lotteries, betting, and gambling sectors, with games evolving and deregulation challenging various communities. Lotteries must navigate these shifts to stay relevant. But how can we effectively manage this transformation?

A crucial question is whether a country's current RFP process can identify operators who can leverage AI technology effectively. With outdated legal frameworks, this is unlikely. RFPs urgently need revision to align with new technologies and changing customer behavior. The WLA RFP Template is outdated, and jurisdictions that have successfully modernized their RFPs have done so by addressing specific contemporary needs. Modern RFPs should emphasize business development, innovation, and integration with the local economy rather than focusing solely on costs. The preparation, drafting, and evaluation of RFPs need to be more transparent, structured, and rule-based to ensure objective assessments, with a strong focus on risk management, responsible gaming within the ESG framework, and integrity and sustainability. A forward-thinking approach might involve issuing an RFI or co-designing solutions before finalizing the RFP. This would enable lotteries to capitalize on innovative opportunities, provided the process is open-minded and inclusive in selecting potential suppliers and future contractors.

However, updating the RFP alone is not enough. It must be accompanied by a revised legal framework that aligns with modern regulations and licensing agreements. Many current regulations were established long ago and fail to adapt quickly to technological advancements. While these outdated regulations aim to

maintain a robust legal gambling environment, they can also hinder innovation and development. To truly foster innovation, lotteries need a more flexible regulatory procurement environment.

Strict, unadapted, regulations create opportunities for illegal operators and other competitors to enter the lottery market. These illegal operators can swiftly exploit new technologies to capture significant market shares. Although lotteries can understand and analyze these innovative strategies, they often struggle to respond effectively due to regulatory constraints that delay approvals and implementation.

Governments need to recognize their role in creating regulatory frameworks that actively support innovation. The EU has implemented a useful model by granting "delegated competences" to the EU Commission, with post-factum oversight by the European Parliament. This model ensures democratic control while enabling quicker responses to technological, economic, and societal changes.

Operating models are also undergoing significant changes. While lotteries often collaborate to advance a modern gaming environment, they can also be competitors, as highlighted by a European-based Lottery CEO. Deregulation and advancements in other sectors of the gambling industry are blurring the lines between lottery activities and betting or gambling. This shift has enabled private, primarily online, operators to capture substantial market share. Despite the distinct appearance and structure of lottery games, online operators are increasingly targeting the lucrative lottery market by leveraging new technologies.

Regulators and politicians often lack the

expertise needed to address these evolving challenges, leading to player confusion and affecting the role of lotteries in the gambling landscape. By competing with lotteries, betting operators introduce complications through their economic efficiency (often contributing little or nothing to good causes), the convergence of gaming activities, and greater regulatory freedom. While competition can help lotteries expand and diversify their activities, ensuring a level playing field is crucial—something that outdated legal frameworks fail to provide. An outdated regulatory framework hinders regulators and politicians in safeguarding their key contributor to good causes, the lottery.

Competition can sometimes be beneficial, but lotteries should not merely aim to become another gambling operator. The Unique Selling Proposition (USP) of lotteries extends beyond economic considerations and competition for new players.

Efficiency, innovation, and competitive products are crucial in today's economic context, but lotteries must maintain a focus on responsible gaming and dedication to good causes and social upliftment. These aspects are central to the mission of any lottery and underscore its societal role. The USP of lotteries lies in their dual commitment to economic and societal goals. Lotteries are tasked with upholding a value-driven approach to gaming, which needs protection within our constitutional frameworks to ensure continued relevance in an increasingly competitive market.

However, even this societal role must be reassessed in the face of new challenges. We

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follows concerns raised by operators regarding the clarity of the original wording of the new regulations.

Greece: OPAP financial results for the six-month period ended June 30th, 2024:

H1'24 Gross Gaming Revenues (GGR) landed at €1,082.5m vs €1,025.6m in H1'23, higher by 5.6% y-o-y, while Q2'24 GGR stood at €532.8m, higher by 7.0% y-o-y, benefiting from a notable performance in online, which contributed almost 30% of Group's revenues, and a solid retail contribution, also aided by high-profile tournaments at the end of the quarter, driving customer engagement at higher levels.

Shanghai's annual lottery ticket sales increase by 53% to 5.649 billion yuan (US\$787 million)

GERMANY: Glücksspielbehörde (GGL), the Federal Authority of

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are moving beyond just responsible gaming to a broader concept of responsibility in gaming. This comprehensive approach addresses all facets of the business and helps lotteries stand out from other gambling operators. While not entirely new, this concept has yet to be fully integrated into our constitutional approach to lotteries. Historically, the seeds of this responsibility were evident as far back as 1441 with the first documented lottery in Bruges. The European Court of Justice has long recognized the significant societal role of lotteries, but it has also emphasized the need to respect the economic context. More recently, the Court has clarified this perspective further.

Order of the Court of 18 May 2021, *Fluctus and Fluentum* – case C-920/19 §53:

A dual system for organising the gambling market in which the advertising practices of the (Austrian) lottery and casino monopoly holder are designed to encourage active participation in gambling, for example, by trivialising the game, by giving it a positive image through the use of the proceeds for PUBLIC INTEREST ACTIVITIES, or by increasing its appeal through eye-catching advertisements that promise big prizes, is compatible with EU law and the theory of controlled expansion as developed by the Court

German Gambling, has initiated a new strategy to coordinate with state authorities to combat gambling addiction

Veikkaus Oy prepared for the overhaul of the gambling system while focusing on digital and international business

Veikkaus took major steps in the development of digital gaming and international business in the period from January to June 2024. Fennica Gaming, subsidiary to the company, continued to grow, and Veikkaus doubled its' investments in business development during the first half of the year. This way the company prepares for the partial multi-licence system that will be adopted in Finland in 2027, in accordance with the draft legislation on new gambling system.

Fennica Gaming signed three major client agreements during the review

It is certainly achievable to emphasize the societal role of lotteries in today's technology-driven world.

While the operating model, game content, and economic terms are crucial for remaining competitive and economically relevant, the values upheld by lotteries are equally important, if not more so. Lotteries can enhance their competitiveness by demonstrating that their entire model is value-driven. By ensuring that every aspect of their operations and stakeholder interactions reflects a commitment to societal responsibility, lotteries can offer a modern, innovative, and future-oriented service to their customers. This includes embracing

new technologies, managing risks effectively, preventing problem gambling, and looking beyond traditional KPIs.

Lotteries must actively contribute to creating a secure and welcoming society, distinguishing themselves from online gambling operators who focus solely on economic gains. As former EU Council President Herman Van Rompuy eloquently stated about the EU, his general statement, although not addressing lotteries in particular, proves us that in a changing European society, the societal role of lotteries is a defining factor that

period: one in Brazil, one in France, and one in the State of Virginia (USA). The subsidiary currently boasts fifteen signed agreements, ten of which were in production on three different continents at the end of the review period. The turnover prospects of Fennica Gaming are bright.

SPORTS BETTING AND CASINO GAMBLING

Regulated NFL Bets Could Reach \$35B this year

That's a 30% jump from the trade group's forecast of \$26.7 billion at the start of the 2023 NFL season. Making that increase all the more notable is the point that just three states added mobile sports wagering since the conclusion of last season — Maine, North Carolina, and Vermont. Today, 38 states and Washington, DC allow some form of regulated sports betting.

A place – 'ein Ort' – brings protection, stability and belonging

A space – 'ein Raum' – opens up movement and possibilities. It is about direction, speed and time.

WE NEED BOTH.

(extracts from the Charlemagne Prize speech by Herman Van Rompuy)

sets them apart.

(extracts from the Charlemagne Prize speech by Herman Van Rompuy)

To remain relevant in this rapidly evolving industry, we must adapt to the current reality. This adaptation may necessitate greater caution when sharing information within collaborative working groups. While this was less critical in traditional monopolistic markets, stringent competition laws are now crucial in a landscape where competition is unavoidable.

To effectively adapt, stay relevant, and compete with new entrants in the lottery sector, we must think differently. We need to uphold our societal role while also being prepared to review, revise, and implement new strategies as swiftly as the world around us changes. ■