

Evaluating regulatory success: the case of the Dutch Gambling Authority

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Many people experience the thrill of gambling as entertaining. Gambling also generates huge tax revenues and contributions to charity. The net benefit of the Dutch gambling market is 2 billion euros, on which a 29% tax is imposed. Nevertheless, gambling contains several risks for individuals, such as addiction, and society, such as money laundering and crime. The Dutch public policy on gambling therefore aims to regulate gambling to facilitate gambling as entertainment and control the risks. The independent Dutch Gambling Authority was established in 2011 with the task of (1) licensing games of chance and slot machine providers (2) stimulating and coordinating prevention of gambling addiction (3) monitoring and enforcing compliance of both legal and illegal games of chance with the Gambling law.

Characteristics of the regulatory environment

Regulation of the Dutch gambling market has been highly restrictive until 2017: only very few providers are currently licensed, and the State lottery and Holland Casino are state owned. Providing online gambling is strictly forbidden. Nevertheless, hundreds of thousands of Dutch citizens gamble online via international providers. European regulation forces the Netherlands to deregulate and liberalize the gambling market. The adoption of the new Online Gambling Law, which legalises online gambling, is expected for summer 2017. The casino market is liberalised; Holland Casino will be privatised; and new, foreign providers are allowed to enter the lottery market.

The Gambling Authority is expected to guarantee certain levels of tax revenues as well as charity contributions. The Gambling Authority operates in a highly politicized environment in which the charity lobby is very influential. The former chairman of the Dutch Royal Soccer Association (KNVB), Henk Kessler, chairs the Gambling Authority.

An attractive and varied supply of games of chance should be available for consumers, to prevent them from resorting to illegal and more risky forms of gambling and to channel consumer's gambling appetite to licensed gambling providers. It is the expectation that the reliable character of legal games of chance, such as the monitoring of fair play and the effective payment of gains, will attract consumers to legal games. This means that reliable providers of online and foreign games of chance should be invited to apply for a license rather than deterred by stringent enforcement.

The Gambling Authority has been established during a large scale legislative operation and was expected to contribute its expertise and advice to the legislative process.

Characteristics of the market

The gambling market is globalized, virtual and complex. The Dutch Gambling Authority has only little influence on international providers. For the realization of its goals, it is also dependent on the efforts of regulatory partners, such as international counterparts; related regulators such as the Dutch Financial Regulator and criminal law enforcement, and local government.

The gambling market innovates with new forms of virtual gambling. The boundaries between online games, gambling, and financial products are blurring as a result of new technology. For example, the boundary between innovative options and futures trade and gambling is not always clear. Demarcation of the policy domain is an important challenge for the Gambling Authority.

How can the success of the Dutch Gambling Authority be assessed?

- How to take into account that the Gambling Authority has multiple tasks and goals?
- How to take the international, complex, virtual and innovative character of the market into account in an evaluation of the success of a national regulator?
- How to take into account that enforcement should not deter providers from applying for a license in an evaluation of the effectiveness of enforcement?