

# Norway

## Right way or wrong way?

In the spring of 2017, after a thorough evaluation of the market, the Norwegian Parliament approved a white paper called *Alt å Vinne* 'Everything to gain – a responsible and proactive gaming policy' which basically merged the three gaming laws into one gambling act and announced there would not be any re-regulation of the Norwegian market.

As many as 2.2 million of Norway's 5.23 million population gamble whilst the lottery and games have historically operated under a strict monopoly in a bid to keep gambling tightly regulated.

The Norwegian market is dominated by two state owned companies, Norsk Tipping and Norsk Rikstoto, which have a national monopoly between them, operating gambling and horse racing respectively, and account for 75 per cent of the overall gambling turnover in Norway.

Bingo, lottery games and casinos on ships make up the rest of the market whilst the unregulated market consists primarily of the foreign online gaming operators.

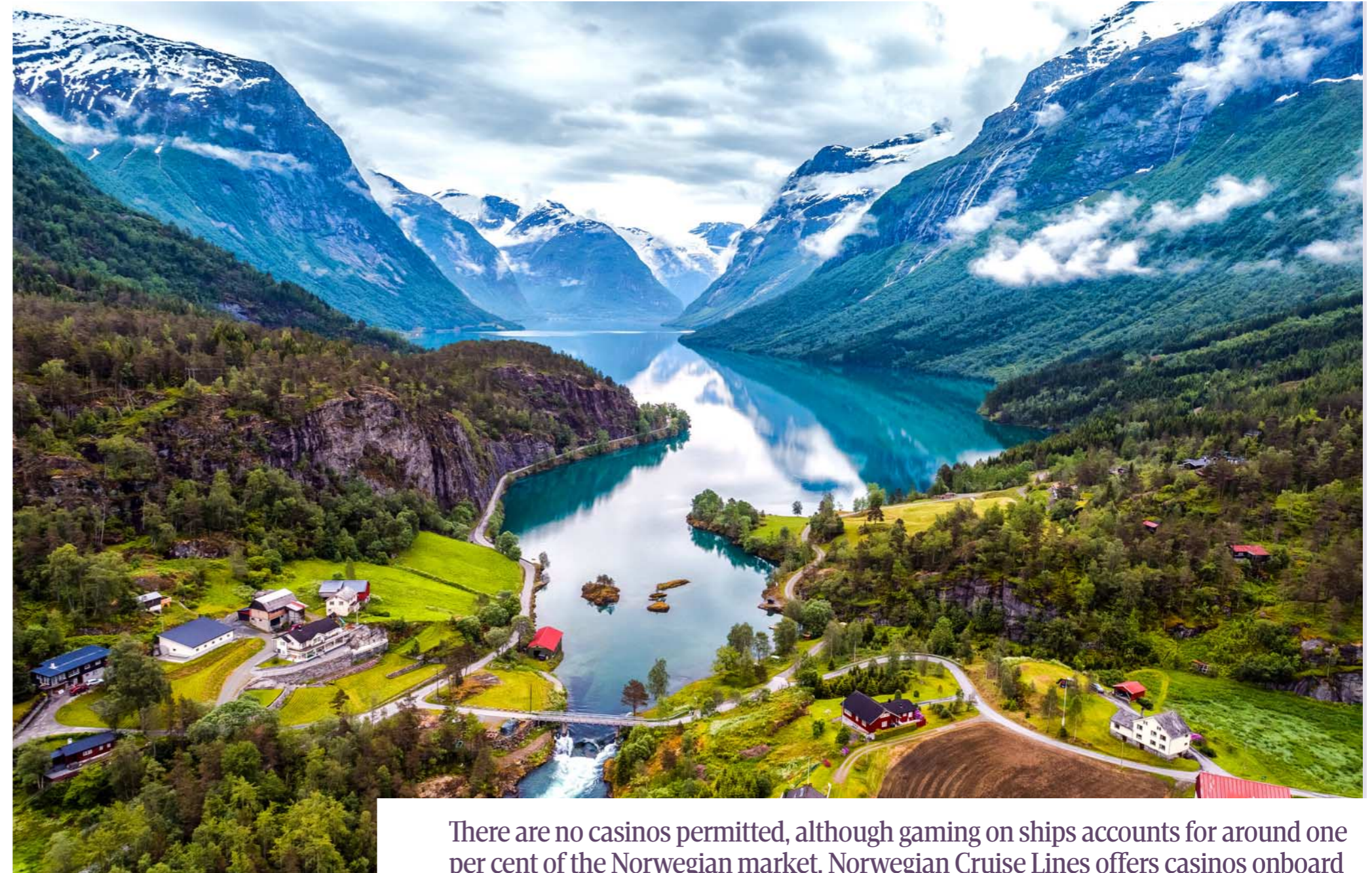
The sectors are supervised by Lotteri-og Stiftelsestilsynet or Lottstift for short (the Gaming Authority) which was set up in 2001 and the sectors operate under three various gaming acts - the Norwegian Lotteries Act (Lotteriloven) of 1995, The Gaming Act (Pengespiloven) of 1992 and the Totalisator Act (Totalisatorloven) of

1927. The 1927 law provided the basis for Norsk Rikstoto to offer horse race betting whilst the 1992 Gaming Act granted Norsk Tipping the exclusive rights for number game Lotto and sports betting. Today responsible gaming is a prime objective and as such there is no anticipated change in the monopoly system which exists.

There are some private lotteries and at one time there were also slots. In the late 1990s slots were permitted under the Lottery Act 1995 and the market mushroomed with an estimated 22,000 slots at their peak. Between 2001 and 2004 gross turnover from slots grew from NOK9bn to NOK26bn.

But poor regulation and social reaction eventually saw a ban on slots introduced in 2007 and a year later Norsk Tipping introduced their own VLT games called Multix followed by the exclusive right to operate bingo machines (Belago) in bingo halls in 2010.

In 2017 the *Alt å Vinne* white paper was published which outlined a recommendation



regarding the future regulation of Norwegian lotteries and gambling sectors in order to maintain a responsible gambling policy. The most important elements of the white paper included:

- No re-regulation of the Norwegian market
- The three gaming laws to be combined into one gambling act
- Some changes to games within the bingo halls.
- Norsk Rikstoto moved from the Ministry of Agriculture and Food to Ministry of Culture alongside Norsk Tipping.
- Gaming authorities set to approve new games.

The gaming authorities are also now working on a new gambling act with the new law expected by 2020.

The total regulated gaming market in Norway in 2017 was worth around NOK43.7bn. Norsk

**There are no casinos permitted, although gaming on ships accounts for around one per cent of the Norwegian market. Norwegian Cruise Lines offers casinos onboard their vessels offering slots and table games via their Casinos At Sea brand. They operate a total of 2,800 slots plus various table games.**

Tipping has a 64 per cent market share whilst Norsk Rikstoto has a 10 per cent share whilst bingo has a seven per cent share and other companies in the regulated sector have a three per cent share and the unregulated market has a 16 per cent share.

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Meanwhile poker played with money, has until recently, been prohibited in Norway. But in 2014 amendments to the lottery regulation opened up the market for organisations with a charity

purpose to apply for permits for poker tournament games. The permits are for a period of three years.

Permission is now given for up to five regional qualification tournaments and three types of tournament poker. Previously the Norwegian National Championship was held abroad but has since moved to Norway. Poker tournaments can offer a maximum prize of NOK2m with a maximum number of 5,000 participants.

Meanwhile private poker has also been permitted legally since 2015 after proving difficult to police and now allows legal poker games in private homes with a maximum of 10 players and maximum stake per player of NOK1,000.

**ONLINE**  
The Norwegian Gambling Authority (NGA) recently launched a public consultation into

proposed changes aimed at strengthening the ban on payments from non licensed online gambling operators.

Online gambling in Norway is subject to the same regulation as landbased activities and Norsk Tipping and Norsk Rikstoto have exclusive rights to provide online gambling whilst other operators must apply for a licence from the Gambling Authority under the Lottery Act.

The unregulated market is said to be worth around NOK2.2bn whilst international operators spent NOK866m last year on advertising their products on Norwegian television. Although under regulations only Norsk Tipping and Rikstoto can legally advertise, a loophole in the regulations means other companies have been able to exploit the situation. The new proposals aim to crack down on this loophole.

### Essential information and facts about Norway:

<b>Capital</b>	Oslo
<b>Total Area</b>	323,802 sq.km
<b>Borders</b>	Finland, Sweden and Russia and a 2,566km coastline along the Norwegian Sea and North Sea.
<b>Population</b>	5,320,045
<b>Median age</b>	39.2 years
<b>Religion</b>	Church of Norway (Evangelical Lutheran) and Roman Catholic
<b>Ethnic Groups</b>	Norwegian (83%), Europeans
<b>Languages</b>	Bokmal Norwegian and Nynorsk Norwegian
<b>Currency</b>	Norwegian Kroner (NOK)
<b>Government type</b>	Parliamentary Constitutional Monarchy
<b>Chief of State</b>	King Harald V (since 1991), Heir Apparent Crown Prince Haakon Magnus
<b>Head of Government</b>	Prime Minister Erna Solberg (since 2013)
<b>Elections</b>	Last year in 2017 and next due in September 2021
<b>Unemployment</b>	4 per cent
<b>Tourism</b>	There were 6.2 million tourists in Norway in 2017 of which 1.3bn were foreign arrivals. Some 33m overnight stays in 2016 of which 29 per cent were generated by foreign travellers. Tourist expenditure is around NOK84bn.



There have been several attempts over the years to stop the illegal commercials with several political initiatives in the 2000s whilst the process intensified in 2015 when the Ministry of Culture called for some research into the problem.

Apparently between 2015 and 2016 the unregulated market accounted for 79 per cent of all gambling advertisements on foreign language channels aimed at Norwegian players. A study in 2015 revealed almost 1,500 commercials for illegal foreign gambling services and lotteries during a 24 hour period.

The authorities also found violations of the Norwegian legislation on all 12 channels that they examined (eight from the UK, two Spanish and two Dutch channels). Two channels in Spain later agreed to respect the Norwegian legislation after letters were sent from the authorities whilst the UK and Netherlands stated their TV channels would not adhere to the request.

Since then there has been continued fights to prevent the advertising breaches including several political initiatives involving the UK government.

Veslemøy Aga, associate at Bing Hodneland law firm said: "Regardless of the strict Norwegian

### Television commercials for illegal online gambling services directed at the Norwegian public are broadcast on television channels aimed at a Norwegian audience, but which originate from other EU/EEA countries with less strict rules and regulations.

legislation, many foreign online gambling operators direct their services at the Norwegian public. Illegal online gambling is in many cases presented in Norwegian and the players can gamble in Norwegian Kroner.

"Foreign gambling operators spend large amounts of money on marketing aimed at the Norwegian public. Television commercials for illegal online gambling services directed at the Norwegian public are broadcast on television channels aimed at a Norwegian audience, but which originate from other EU/EEA countries with less strict rules and regulations. Most of these TV channels are based in the UK.

"According to research conducted by the Norwegian Media Authority, commercials for foreign betting companies have taken larger market shares every year, for the last four years.

The Media Authority estimates that foreign betting companies in 2017 spent NOK866m on commercials that would have been illegal under Norwegian law if they were broadcast on a Norwegian TV channel."

In 2017 Norway published its white paper Alt å Vinne 'Everything to gain – a responsible and proactive gaming policy' which aimed to reinforce the ban.

Another bone of contention is the payment blocking system. Back in 2010 Norway implemented payment blocking to stop money transfers between Norwegians and foreign operators. The NGA said in January and February 2017 alone the volume of transactions was worth over NOK500m.

The Norwegian Gaming Authority at the time

ordered local banks to sever ties with seven account numbers registered with five international payment service providers that were processing payments on behalf of online gambling sites.

Three of the five intermediary payment companies stopped their transactions and at the end of 2017 the NGA sent two new resolutions to Norwegian banks to suspend payment transactions to and from foreign money gaming companies from specific account numbers relating to Magyar (Trustly AB) and Entercash Ltd. The ban applied to the deposits and also payment of winnings.

However most foreign companies simply introduced new payment solutions to circumvent the ban and have continued their operations in Norway by simply changing their account numbers. So far the ban has apparently not had a major impact on foreign money gaming companies.

Trygve Hermansen, Senior Adviser at Lotteritilsynet said: "The gaming authority has over the past two years sent several orders to the financial institutions to block gambling transactions to and from specific bank accounts. These bank accounts have been held by payment service providers and gambling companies.

"We have in total sent about 10 orders during the period. At the same time we are in the process to update the payment ban regulation. We had a public hearing about the new regulation during the summer 2018. The gaming authority is now in the process of evaluating the feedback we received. It is unsure when an updated regulation can be in place."

When the original ban on payments was issued many foreign operators claimed it was a violation of European Union law. The EGBA last year reached out to Norway's Data Protection Authority to address the situation and says it

will challenge Norway's payment blocking plans.

In August 2018 Maarten Haijer, Secretary General of EGBA said: "From a consumer perspective, there are only two licensed gambling providers in Norway – both state owned – and this is just not sustainable in an age when consumers can easily search around the internet for their preferred choice of gaming product.

"A fundamental rethink and reworking of the Norwegian online gaming regime is therefore necessary to ensure that local and foreign operators can co-exist and have equal access to a well regulated market which meets the realities of consumer demand for different products. This can be easily achieved through a national licensing regime, such has been recently introduced in Sweden, which enables the Norwegian gambling authority to bring the activity of foreign websites under its control,

### LOTTERY

NORSK TIPPING LOTTO

### LOTTERY TURNOVER

NOK4.1BN

### NORSK TIPPING TURNOVER

NOK34.9BN (TOTAL)

### RACETRACKS

12

### RIKSTOTO TURNOVER

NOK3.89BN

### VLTS

MULTIX 2,700/1,600 BELAGO

### VLTS REVENUE

NOK483.4M

### BINGO HALLS

224

### CASINOS:

0

### TOTAL GGR

NOK43.7BN

alongside existing state owned operators. That's exactly what the overwhelming majority of European countries have been doing, and that's exactly what we are urging Norway to do."

But in 2018 the authority began a consultation of its proposals to further restrict foreign online operators accessing Norwegian players. The consultation ran until August.

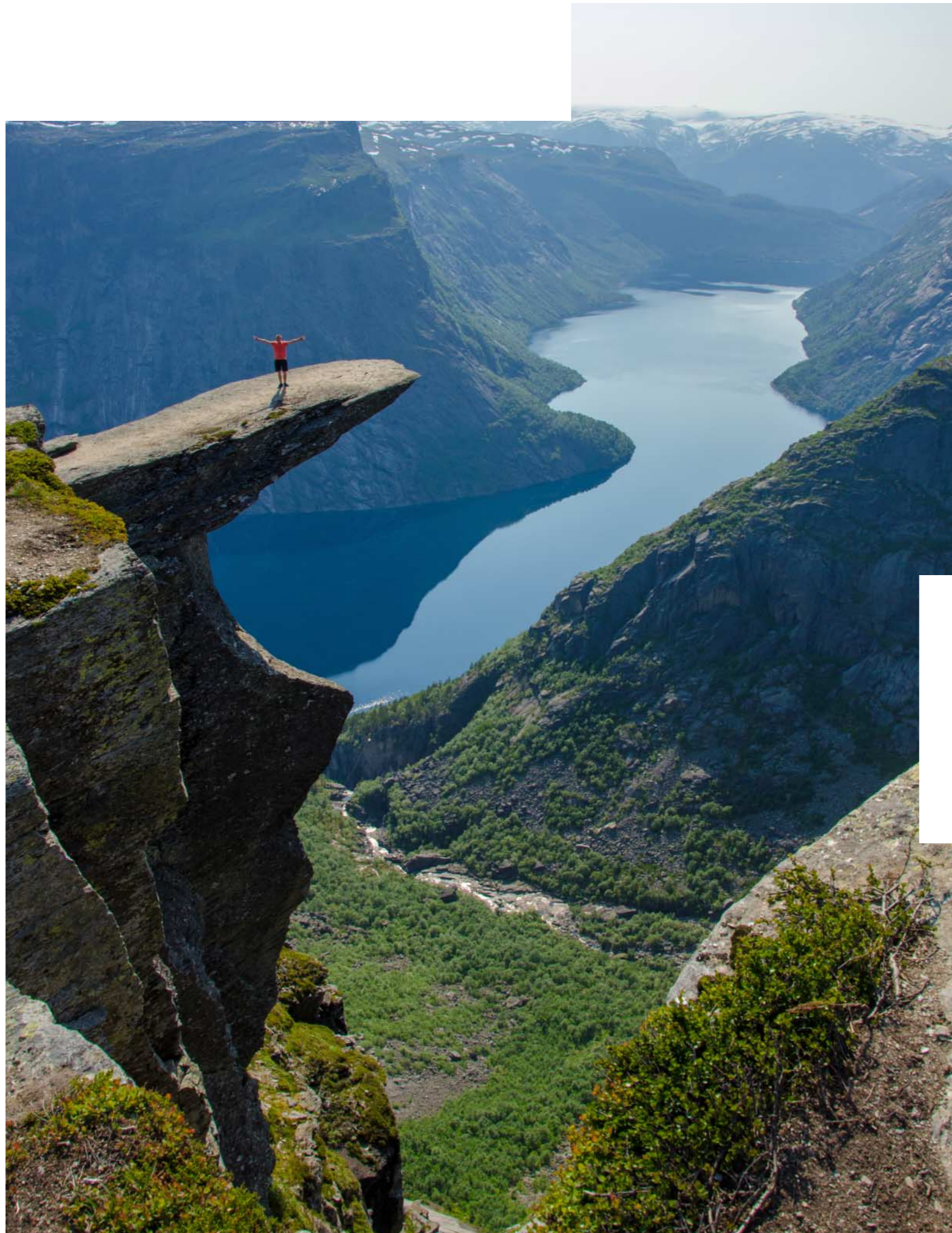
The proposals stated that local financial institutions should block transactions involving unauthorised online gambling operators. It is said players make up to NOK40,000 worth of transactions daily on international sites.

The new rules would also require the banks to share suspicious information with the authority including details of new account numbers issued to gambling companies and information about transactions which have been blocked.

The authority is now trying to put a company name ban in place rather than account number so they don't need to file new blocking demands every time a processor changes their account numbers.

In June the NGA appointed a new gaming regulatory head. Gunn Merete Paulset, who with a law degree looks set to continue to the battle against the unlicensed online gaming market

A number of interactive and other international remote gambling activities are accessible in Norway of which online poker is probably the most popular, whilst there are many offering Norwegian language.



The EGBA is against such a proposal claiming prohibition does not solve but creates more problems and will be ineffective saying players can simply transfer funds to a foreign bank account, or encourage to use other forms of electronic payments whilst consumer protection may be compromised.

In June last year the gaming authority sent Apple a letter requesting them to remove several unlicensed gambling apps from its App Store, from such companies such as Betsson, LeoVegas, Unibet. The letter identified several apps that offer gambling to Norwegians without having local licences to do so. Apple removed the apps from the Norwegian App Store after receiving the letter.

### NORSK TIPPING

Norsk Tipping is the government owned limited company which operates under the Ministry of Culture and was founded back in 1948.

It operates under the Gaming Scheme Act of 1992 and provides funds for Norway's sport organisations and generated NOK5.2bn for good causes last year and has around 1.96 million customers with 82,000 new customers in 2017.

The Grass Roots Share is supervised by the Gaming Authority which ensures those playing Norsk Tipping games can select local charities and organisations and a percentage of their stake is allocated to the cause.

are upper limit loss rates of NOK650 per day and NOK2,700 per month set. There are some 2,700 games in the market.

Belago meanwhile is a range of interactive games offering via a terminal found in bingo halls throughout the country with 1,600 games in the market at the moment. Maximum stake is NOK50 per game and the highest payout is NOK2,500 with a maximum jackpot of NOK50,000. There is an upper loss rate of NOK900 per day and NOK4,400 per month which can also be amended. The maximum stake limits were introduced in 2016 and there are around 224 bingo halls in Norway. There is no limit on the number of halls permitted to open but bingo halls need a permit to qualify for Belago machines.

Roar Jødahl at Norsk Tipping said: "The bingo parlours are now allowed to fill the minimum draw time of 30 seconds per game round with entertainment on databingo terminals. They can also provide a bingo-at-home solution for customers of the bingo parlour.

"Meanwhile Norsk Tipping is set to receive 35 per cent instead of 40 per cent of GGR from our Belago terminals in bingo parlours and the share of money to good causes is to be adjusted from 25 per cent to 30 per cent of GGR."

In January 2014 Norsk Tipping launched its own online gambling games via Instaspill which is a

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The company offers various games including sports betting games Tipping and Oddsen (seven per cent share) plus lottery games (45 per cent share) Lotto, VikingLotto, Joker, Flax, Keno, Extra, Nabolaget and Eurojackpot with tickets available via 3,600 retail partners, online or via supermarket checkout chains.

Multix and Belago are VLT games (six per cent share) which can be found in kiosks or restaurants and also in bingo halls, respectively.

Multix VLTs arrived in the market in 2008 and can be found in kiosks, petrol stations, bars and cafes and offer casino games, card games, skill and luck games. Once players have registered with Norsk Tipping they can transfer funds to their players account. Players must be 18 years plus and the maximum stake per game is NOK50 and the highest payout is NOK1,500. In 2016 Norsk Tipping introduced their loss limit system and became the first gaming company to adopt loss limits for all their gaming products. Players can set their own limits although there

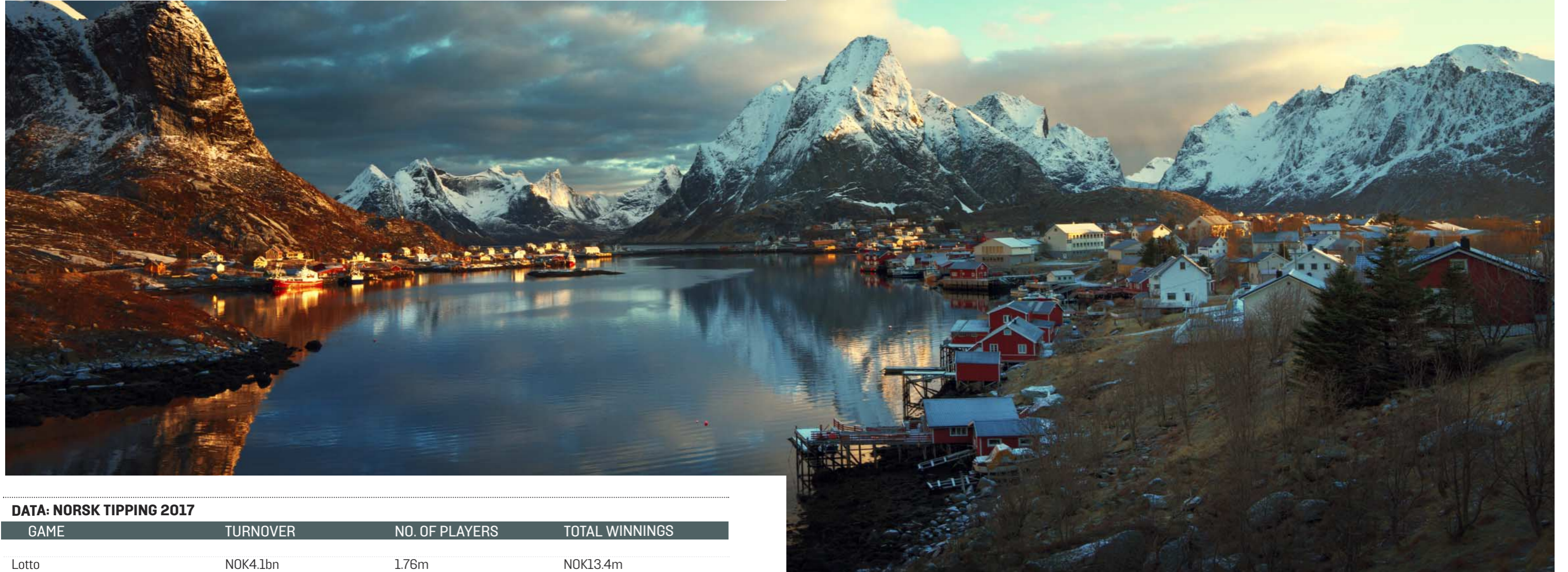
range of online games (six per cent share) with casino, bingo and scratchcards games.

Lotteries and scratchcard games make up about 50 per cent of online sales in the Norwegian market.

Roar Jødahl added: "Digitalisation and transition to online, mainly driven by mobile, has been and is in rapid growth. Summer 2017 was the first time online was above 50 per cent of total GGR and last month we turned 62 per cent measured in GGR and have 52 per cent measured in numbers of players and trending."

The total operational revenues for Norsk Tipping amounted to NOK34.9bn in 2017 compared to NOK32bn in 2016. Some NOK27bn was paid out in prizes with a profit of NOK5.2bn.

Gross gaming revenues increased from NOK7.7bn in 2016 to NOK7.8bn in 2017 a result primarily of the popularity of online products plus growth of non digital game Flax.



### DATA: NORSK TIPPING 2017

GAME	TURNOVER	NO. OF PLAYERS	TOTAL WINNINGS
Lotto	NOK4.1bn	1.76m	NOK13.4m
Viking Lotto	NOK2.8bn	1.46m	NOK8.3m
Joker	NOK888.8m	1.29m	NOK3.7m
Eurojackpot	NOK815.9m	697,400	NOK1.1m
Keno	NOK273.8m	175,000	NOK3.3m
Extra	NOK816.5m	619,500	NOK2.8m
Flax	NOK1.1bn	825,400	NOK9.3m
Oddsden	NOK2.75bn	259,000	NOK5.1m
Tipping	NOK527.5m	208,600	NOK1m
Nabolaget	NOK236.6m	378,500	NOK679,500
Belago	NOK262.1m	33,800	NOK112.2m
Multix	NOK483.4m	89,400	NOK176.2m
Online games	NOK720.3m	355,000	NOK352.1m

Åsne Havnelid, Norsk Tipping CEO said in the annual report: "The growth in gross gaming revenues in 2017 is derived primarily from online gaming products. Revenues in this category increased by 37 per cent compared with 2016, representing a clear acceleration in growth."

"Online gaming is subject to high levels of competition from unregulated companies, which employ relatively intensive levels of

marketing with the aim of attracting players from Norway. Norsk Tipping's growth in sales in this area indicates that the company is succeeding in diverting gaming from this segment into the regulated market, although Norsk Tipping's share of total sales in this category is not dominant.

"The authorities have signalled the introduction of additional measures with the aim of restricting the opportunities that the

unregulated companies have to offer their gaming products in Norway. This will contribute towards reinforcing the aforementioned channelling effect."

In 2017 sales of traditional gaming products on digital media came to NOK6.9bn compared with NOK6.2bn the year before.

"The growth in sales from digital media contributes towards greater cost efficiencies for

the company in the form of reduced sales commissions, but also places increasing demands on media capacity and functionality. Advancing developments in digital media technology will thus continue to be an important area of focus for the company."

#### NORSK RIKSTOTO

Norsk Rikstoto has a licence to organise totalisator games and operates under the Totalisator Act with its profits channelled back into the equine sector. There are 11 harness tracks and one gallop track in Norway.

The company was established in 1982 by the Norwegian Trotting Association (Det Norske Travelskap/DNT) and Norwegian Jockey Club (NJ) and offer the game V75 plus others, in Denmark and other countries.

The company saw total sales in 2016 of NOK3.89bn of which NOK151.4m came from track sales, NOK1.9bn from retailers, NOK1.4bn from electronic channels and NOK304.2m from mobile sales.

In the first three quarters of 2018 turnover was

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NOK2.7bn with NOK82.9m from track sales, NOK953.9m from retailers and NOK1.6bn from electronic channels (including mobile). There has been a drop from the previous nine months which amounted to NOK2.9bn.

The Norwegian Jockey Club (Ovrevoll Galopp) was set up in 1932 and the Ovrevoll Galopp course was officially opened the same year and is located near to the Oslo Fjord and entry is free (except on Derby Day).

The Norwegian Trotting Association is an umbrella sports federation for 12 regional federations and 174 local trotting teams with 13,169 members. Tote betting takes place at 11

trotting and harness race courses in Norway. All betting is organised via Rikstoto and there are on average 4,500 races annually.

The trotting association was established in 1875 although horse betting wasn't legalised until 1928.

The first race track to open was the Bjerke racetrack in Oslo in 1928 whilst other tracks are located in Harstad (in Harstad municipality), Biri (Gjøvik), Drammen (Drammen), Momarken (Eidsberg), Jarlsberg (Tonsberg), Klosterskogen (Skien) Sorlandet (Kristiansand), Forus (Stavanger), Bergen (Bergen) and Leangen (Trondheim).