

Denmark

A great gambling role model?

Denmark was at one time bound for 60 years by a gambling monopoly via Danske Spil. It cut those apron strings in 2012 with a partial liberalisation and introduced a new gaming legislation just in time to respond to the online gaming market demands.

At the time betting, online casinos and land based slots were all liberalised whilst a monopoly remained for the lottery, class lotteries and horse and dog racing. Then in June 2017 parliament voted to further modify the market and online bingo, plus online and landbased betting on horse, dog and pigeon racing were all liberalised and this took effect from the beginning of 2018.

Danish gambling legislation was historically built around complete prohibition of any gambling activities dating back to the 18th century although over time several acts lessened the prohibition and various forms of gambling were permitted.

A Gambling Act in 2010, which came into force in 2012, opened up the market from its monopoly operator via Danske Spil, which had the exclusive licence to offer betting, lotteries and online gambling.

The gambling act served two purposes – to open up the market for privately owned national and international betting and online casino operators and to clean up the rather complex rules and regulations that existed. It offered players high payouts and more choice of games and the state benefited from a higher intake of tax revenues.

Prior to the liberalisation Danske Lotteri Spil was also the only company able to offer pool betting on horse racing (though not fixed odds betting)

whereas now both fixed odds and pool betting can be offered by independent licensees.

Under the new liberalisation rules, which have been fought for since 2012, those with an online casino licence can now offer online bingo which will include TV bingo.

Private operators can apply for licences and the idea is to encourage players away from the unregulated market, which is estimated to be nearly twice the size of the regulated market operated by the monopoly.

The online bingo is however limited to three games – 3x9 bingo cards with 90 numbers or symbols, 5x5 cards with 75 symbols and 4x4 cards with 80 symbols. Players can choose between pre printed cards or choose their own numbers.

There are eight categories within the Danish gambling market – lotteries, class lotteries,



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charity lotteries, online casinos, landbased casinos, betting, horse, dog and pigeon racing and gaming machines.

The country sees a total GGR of DKK9.2bn for the gambling market (DKK0.3bn higher than 2016) and Danes spend more on betting and casino games than their European counterparts. They spend on average DKK38.50 weekly on gambling products.

There are seven land based casinos, 18 betting licences and 29 for online casinos (some companies have a licence to offer both). There

are approximately 25,000 gaming machines located in 1,593 restaurants and 1,155 gaming arcades. Of this number around 20,000 slots are found in arcades and the remainder in bars and restaurants.

With a tight regulation, strict licensing and even educational road shows to teach young players about responsible gambling, the country is a great gambling role model.

LOTTERY

Lotteries see the largest share of revenues in the Danish market. The lottery market was

responsible for 34 per cent of the total GGR (DKK3.1bn) of which lotteries saw DKK2.8bn and charitable lotteries DKK0.3bn.

Lotto games such as Joker and Eurojackpot are responsible for 74 per cent of the revenues and see DKK2.1bn in revenues followed by class lotteries 13 per cent (DKK376m), scratchcards with nine per cent (DKK254m), Keno with two per cent (DKK60m) and bingo (DKK38m).

All licences for gambling are issued via the Danish Gambling Authority (Spillemyndigheden) which operates under the

Essential information and facts about Denmark:

Capital	Copenhagen
Total Area	43,094sq.km
Population	5,605,948
Median age	42.2 years
Religion	Evangelical Lutheran (official), Muslim, other
Ethnic Groups	Danish (87%), Turkish, other
Languages	Danish (87%), Turkish, other Danish, Faroese, Greenlandic, German
Currency	Danish Kroner (DKK)
Government type	Parliamentary Constitutional Monarchy
Chief of State	Queen Margrethe II (since 1972)
Head of Government	Prime Minister Lars Lokke Rasmussen (since 2015)
Elections	Next elections due to be held by June 2019
Tourism	Around 10.7 million annual visitors with 52.6 million overnight stays (26.6 million were foreign visitors). Annual turnover of around DKK91.9bn for the Danish economy.



Prior to 2018 Danske Lotteri held a monopoly on operating lotto, scratchcards, online bingo and non trackside pool betting. After liberalisation of the online bingo and betting on horse and dog racing, Danske Lotteri can no longer offer these games. They can, however, now be offered via Danske Licens Spil

Ministry of Taxation and there is one Lotto operator (Danske Spil) and three class lotteries plus around 1,600 charity lotteries.

Danske Spil and Klasselotteriet are overseen by the Danish Gambling Authority whilst the Landbrugslotteriet and Varelotteriet are overseen by the Ministry of Justice.

Licences to organise lotteries have been granted to:

Danske Lotteri Spil – this is a subsidiary of Danske Spil (Danish Lottery Games) which is an 80 per cent state owned private limited company. Danske Spil has several subsidiaries including Danske Lotteri Spil, Danske Licens Spil (sports betting) and Elite Gaming (slots).

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The lottery offers Lotto and Scratch cards in Denmark and Greenland. More than 800,000 Danes play the Lotto every week whilst other games include Viking Lotto, Joker, Eurojackpot, Keno and Quick. The lottery revenues are fairly stable each year and the company reported a 0.2 per cent increase in GGR to DKK4.91bn in 2017. This is divided up between Danske Lotteri Spil with revenues of DKK2.64bn whilst Danske Licens Spil saw revenues of DKK1.69bn, Elite Gaming with DKK296m, CEGO DKK201m and Swish DKK9m.

Der Danske Klasselotteriet can offer class lotteries with draws once a month. It was

founded back in 1753 and converted to a public limited company owned by the Danish state in 1992. It is Denmark's oldest lottery and one of the country's oldest companies. Sales have been available online since the year 2000. Turnover for this lottery in 2017/18 was DKK760m.

Almindeligt Dansk Vare and Industrilotteri (Varelotteriet) or the Goods Lottery has a licence from the Ministry of Justice and was founded in 1887 and pays back 62 per cent to players whilst supporting charitable causes. Players can play online or via retail stores.

Landbrugslotteriet is an independent institution also licensed via the Ministry of Justice. It is



GGR DENMARK

CATEGORY	2012	2016	2017	MARKET SHARE PERCENTAGE	DIFFERENCE 2017-18 %
Lotteries (all)	DKK3.1bn	DKK3.1bn	DKK3.1bn	34	
Gaming machines	DKK1.7bn	DKK1.5bn	DKK1.4bn	16	
Land based casinos	DKK344m	DKK379m	DKK375m	4	-1.3
Betting	DKK1.1bn	DKK2.1bn	DKK2.3bn	25	+7.4
Horse racing	DKK145m	DKK118m	DKK116m	1	
Online casinos	DKK885m	DKK1.5bn	DKK1.8bn	20	+19
TOTAL	DKK7.4bn	DKK8.8bn	DKK9.2bn		+3.4

Reports

DENMARK MARKET

There are around 58 total licences issued of which 18 are for betting, six restricted licences, 29 for online casinos and five restricted online casinos to around 45 companies in total. There is no limitation to the number of betting and online casino licences which can be granted.

known as the Agricultural Lottery and founded in 1907 and has a 62 per cent payout. There is a monthly prize of around DKK2m and players can access tickets online or via retailers.

BETTING

The now liberalised betting market is the second highest in terms of revenues in Denmark (after the lotteries) with DKK2.3bn GGR in 2017, an increase of 7.4 per cent from 2016. Stakes for 2017 saw a total income of DKK21.3bn with an 89.1 per cent payout ratio.

Danske Lotteri Spil's monopoly on horse racing saw DKK116m in 2017. By January 2018 the ability to offer horse racing betting was open to all betting licensees.

Danske Licens Spil was set up in 2010 and offers games from Oddset, Tips, Casino, Poker and Zezam.

Licences are issued for five years and licence application fee for the betting or online sector is DKK273,500 and a combined licence for both betting and online casinos is DKK382,900. The licence fees rose from DKK250,000 and DKK350,000 respectively in 2018.

There is a restricted revenue licence operators can apply for. This is for a fixed one year term with GGR of DKK1m. The fee is DKK54,700.

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It is estimated by the gambling authority that





unlicensed gambling in Denmark represents just five per cent or less of the total market. Others say it is closer to 15 per cent.

Tax rate is 20 per cent of GGR and pool betting on horse and dog racing is 11 per cent tax plus an additional 19 per cent payable on part of the GGR exceeding DKK16.7m.

Danske Licens Spil has permits for online casino and gambling via danskespil.dk, vegas.dk and youbet.dk.

The most recent figures from Denmark show the second quarter of 2018 with a combined GGR of DKK1.63bn, a seven per cent increase from the previous quarter and 11.5 per cent higher than 2017 Q2 figures.

Sports betting in particular has boosted the figures and betting alone was responsible for DKK648.1m of this figure, mostly thanks to the Football World Cup in Russia.

Both sports betting and the opening of the betting on horse racing are the main drivers of the increase. Of this almost 48 per cent was through mobile platforms while landbased bookmakers saw 33.6 per cent of the revenues and desktop sites the remaining.

LOTTERY

4 LOTTERIES

LOTTERY REVENUE

DKK3.1BN

RACETRACKS

9

BETTING REVENUE

DKK2.3BN

HORSE RACING REVENUE

DKK116M

SLOTS

25,000

SLOTS REVENUE

DKK1.4BN

CASINOS

7

CASINO REVENUE

DKK375M

TOTAL GGR

DKK9.2BN

Online slots are the most popular online casino games accounting for 61.5 per cent of GGR followed by roulette (11.3 per cent) and blackjack (10.4 per cent) and then single player poker (9.5 per cent) and other games making up the remainder.

Online casino GGR also increased this quarter by 17.4 per cent. Slots accounted for 61.6 per cent of the total online casino revenue during this quarter.

Meanwhile organised horse racing has been happening in Denmark since 1820 and there are currently nine tracks. These lanes attract between 350,000 and 400,000 spectators per year. Two of the major horse racing tracks are located in Copenhagen and are a huge tourist attraction.

They offer restaurants onsite or people can bring their own food and there are playgrounds for kids, pony rides and visits to the stables.

The tracks are run under the Danish Horse Racing (Dansk Hestevaeddeløb) banner and include Klampenborg Galopbane in Copenhagen; Jydsk Vaeddeløbsbane in Aarhus; Racing Arena Aalborg; Charlottenlund Travbane (known as Lunden) near Copenhagen; Fyens Vaeddeløbsbane in Odense; Billund Trav in South Jutland; Bornholms Brand Park; Nykobing F Travbane and Skive Trave.

Interest and turnover on horse racing has been

declining in Denmark since 2007 and the Danske Spil model was unable to sustain interest in bets.

Licensees have to pay a special contribution to the horse racing industry and this is eight per cent of the stakes placed on horse races at Danish race tracks (this doesn't apply to local pool betting).

ONLINE GAMING

This sector includes revenues from online casinos, online betting and online sales of lottery products whilst land based gambling covers casinos, slots, betting and lotteries. Online casinos saw a GGR of DKK1.8bn a growth of 15.6 per cent from the previous year.

There has been significant growth in the online sector since it was liberalised. By the fourth quarter of 2017 the online share of GGR compared to landbased was over 51.5 per cent compared to 47.4 per cent the same quarter in 2016.

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blackjack (10.4 per cent) and then single player poker (9.5 per cent) and other games making up the remainder.

Licences are issued for five years and licence fees are DKK273,500 or DKK382,900 for a combined online and betting fee. Tax rate is 20 per cent of GGR.

In 2017 the total stakes for the online casinos sector saw incomes of DKK45.9bn with DKK44.2bn in prizes and a GGR of DKK1.8bn.

It is said Denmark has the third highest number of users of internet based casino games in Europe per capita and the numbers playing games have increased by 106 per cent over the last four years.

The Danish Online Gaming Association (DOGA) was set up in 2011 to represent the sector and

today members include Bet365, Betfair, Betsson, Nordic Bet, Poker Stars, Unibet, Betsafe and Full Tilt.

SLOTS

Gaming Machines saw almost DKK1.5bn in revenues last year, a drop of 1.1 per cent from the year previously. From this slots in gambling arcades saw revenues of DKK1.14bn whilst restaurants saw DKK340m. Revenue for gaming machines has been dropping since 2012.

Slots are permitted in bars and restaurants with a licence to serve alcohol and also in gaming arcades (premises without licences to serve alcohol).

Tax rate (restaurant slots) is 41 per cent of the monthly GGR plus an additional 30 per cent tax on anything over a monthly gross game income of DKK30,000.

For arcades the same 41 per cent rate applies with an additional 30 per cent fee on anything over DKK250,000 (DKK3,000 for the first 50 slots and DKK1,500 for anything after).

This tax rate is still a bone of contention with the DAB who want the landbased slot sector to have a tax rate in line with the online gaming sector (20 per cent) although, despite campaigning, say it could take a couple of years for any changes.

DAB's Gunnar Sorensen said: "The big problem for landbased slot machines is the fact that we have to pay more than double in tax than online operators. But I don't think there will be any changes in the next year or two but we are fighting for it."

There are some 25,000 slots in the country in some 2,690 locations in total - 1,555 restaurants which and 1,135 arcades. There are 345 licence



holders with permission to operate slots. Average monthly GGR per machine in restaurants is DKK71,000 and DKK57,000 in arcades.

Licensing fees are DKK614 per gaming machine per year and there is also an annual duty depending on the GGR.

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CASINOS

The casino market in Denmark didn't really open up until 1990 when the law was changed to permit the operation of casinos by both domestic and foreign operators.

Until 1990 when the new gambling act was passed the Marienlyst was the only casino in Denmark. When the law changed a further five landbased casinos opened.

Casinos combined GGR was DKK374.8m, a drop of 1.3 per cent from the previous year. The casinos see an average monthly GGR of DKK30m.

There are seven casinos which saw total visits of around 433,000. The first four casinos are operated by Casinos Austria International.

Casino Copenhagen in Copenhagen was the first international casino in Denmark and the largest international casino in northern Europe which opened in 1990. It is equally owned by CIH Scandinavia Hotel and Casinos Austria International via the company Casino Copenhagen K/S which also took over Casino Marienlyst in 2004. It is located in the Radisson Blu Scandinavia Hotel which offers 544 rooms over 26 floors. There are 140 slots and 24 table games and 20 TouchBet Roulette terminals.

The casino is 3,000sq.m in size over three floors and in 2012 was completely modernised and renovated.

Casino Marienlyst in Elsinore is Denmark's oldest casino. The venue was originally built in 1859 as a health resort and in 1902 Crown Prince

Frederik granted permission to add the casino at the venue in the Hotel Marienlyst which was rebuilt. Until 1990 when the gambling act was passed Marienlyst was the only casino in Denmark and today offers a wide range of classic games and slots.

Casino Odense in Odense is located on the island of Funen in Central Denmark is the relaxed city of Odense. It is located within the Radisson Blu H.C Andersen Hotel and Congress Centre. The casino offers 11 gaming tables and 50 slots. It was opened in 1990 and a CAI operation.

Casino Munkebjerg in Vejle is set in the woodland coastline in Central Jutland within the Munkebjerg Hotel. It is well known in Denmark as a top poker venue with the new Munkebjerg Poker Lounge. The casino is also attached to a 27 hole golf club. It has table games and 70 slots.

Casino Royal in Aarhus is owned by the RoyalCasino Group which has over 26 years experience in Denmark and owns the Royal Casino in the heart of Aarhus plus two more hotels including the Hotel Royal where the casino is housed. The casino was opened in 1991 after the historic building was renovated after

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originally being built in 1838. The casino has over 70 slots plus table games and 14 TouchBet Roulette machines. The casino also offers its games online since 2016 via royalcasino.dk.

Casino Aalborg in Aalborg is located in the heart of Aalborg with table games and 50 slots and eight TouchBet Roulette terminals.

Finally the seventh casino is located on the DFDS Pearl Seaways ferry travelling between Copenhagen and Oslo and was Scandinavia's first seaborne casino which opened in 2010. Located on deck seven, the casino offers slots and table games from 5pm.

Casino licences are granted for a 10 year period renewable. The criteria for opening is they need to be in a place frequented by tourists, not in the immediate vicinity of a school or building where children are present and approved by local police and the city council.

Since 2010 there have been 10 licences available as four new licences were issued although only one was ever activated. The main reason for the lack of interest in further casinos is the high tax rate as landbased casinos face a high monthly progressive tax rate.

Tax rate is 45 per cent of GGR (on GGR under DKK4m) or 75 per cent on anything over SEK4m (€535,000) compared to online casino taxes of 20 per cent.

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Copenhagen respectively, were renewed and the other three new licence applications were rejected on ground they were insufficient. A new application process opened in the summer of 2018 (results due in 2019) whilst renewals in Vejle, Aarhus and Odense are due in 2020.

Annual licence fees for casinos are calculated on the GGR and ranges from DKK156,700 for GGR below DKK10m up to DKK1.3m for those with revenues over DKK100m. The fees are adjusted annually.

RECENT CHANGES

The Danish Gambling Authority manages its own self exclusion register called ROFUS (Register Over Voluntarily Excluded Players)

which allows players to exclude themselves from gambling online or at land based casinos.

By August 2018 there were 15,322 people registered of which 10,558 were permanent (69 per cent).

The temporary registrations are from 24 hours, one, three or six month periods and the permanent registrations are for a minimum one year. Back in 2012 there were 1,456 registrations on ROFUS.

Since January 2017 the authority has also offered a service which allows operators to not send marketing material to those who have excluded themselves in ROFUS. Since the





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launch 35 per cent have chosen to use this service. ROFUS provides advertising on TV and in cinemas in a bid to promote the opt-out programme whilst the website ROFUS.nu was also launched for easy registration.

Meanwhile there is also an app called MitSpil (My Game) which was updated in the autumn of 2017 and allows players to enter and monitor their gambling participation and spending. When it was first launched it was downloaded around 500 times in the first week. There are now advertising campaigns on television and social media to further promote the app.

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Also in 2017 Denmark implemented the Fourth Anti Money Laundering Directive into its law and the rules previously laid down in the national gambling legislation were repealed and replaced with the new Anti Money Laundering Act.

This covers various initiatives meaning the authority can operate in line with other regulatory authorities covered by the act and this covers all forms of gambling activities (bar those exempted as considered low risk).

The authority has also drawn up a new anti money laundering strategy for 2018/19 to focus on land based gambling which had been pinpointed as high risk.

The authority also met with Spain's DGOJ in June last year as there are a number of similarities between the Danish and Spanish online gambling legislation. One item discussed was the authorisation of international liquidity in the gambling industry plus measures to combat money laundering.

Liberalisation of the market with a few very specific caveats



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Initially it was announced that any kind of online bingo was expected to be included in the additional liberalisation, but politicians claiming bingo to be a problematic game from a gambling problem point of view got some traction in their opposition against the opening of bingo for privately held operators.

The Danish online gambling market underwent a partial liberalisation that came into effect from 1 January 2012, where the market was opened for privately held bookmakers and online casino operators. The Danish gambling legislation has since been under regular review and undergone a couple of amendments, partially to optimise the legislation to reduce the administrative burden of unnecessary bureaucracy, both for the Danish authorities and the operators licensed to operate on the Danish market.

In Denmark, changes continue to be made to make it as commercially attractive to apply for and operate under a Danish licence as possible and at the same time make sure the main objectives of keeping online gambling at moderate levels and secure responsible and professional operation of gambling in Denmark, as established in the Danish Gambling Act, are still being pursued in accordance with the underlying political agreement of the Danish political parties.

In this light the Danish legislation has seen some considerable changes in 2018, with further liberalisations in the market scope to allow both online bingo and betting on horse and dog races.

The opening of the market for private operators to

offer these products in combination with a generally good consistent market growth for the Danish gambling market, resulted in a number of additional operators of all sizes seeking to apply and obtain a licence in Denmark in 2018.

Initially, it was announced that some kind of online bingo was expected to be included in the additional liberalisation, but politicians claiming bingo to be a problematic game, from a gambling problem point of view, got some traction in their opposition against the opening of bingo for privately held operators. The result was that the following versions of bingo are now included within the scope of the Danish online casino license - 5x5 with 75 numbers, 4x4 with 80 numbers or 3x9 with 90 numbers.



The offering of horse race betting was initially kept out of the first liberalisation in an attempt to keep financial support for the Danish horse race sport. But keeping horse race betting as a product reserved for the state owned monopoly turned out not to be the solution for the Danish horse race sport. It is still the aim of the Danish legislator to secure funding to the Danish horse race sport, and the solution in the amended legislation is a requirement that the licensed operator offering pays an additional gambling duty of eight per cent of the total wagers placed on Danish horse races.

2018 is also the year where the Danish Gambling Authority (hereinafter the DGA) had to re-offer the contract to conduct financial assessments of licence applicants and their organisations.

PWC won the new contract and the DGA has ceased the opportunity of contracting with a new new advisor to review the documentation requests connected with the submission of an application for a new licence.

This review will hopefully remove some unnecessary administrative requirements on the

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operators both during the application process but also during operation afterwards. An area that could certainly benefit from a review and reconsideration of the way things are currently handled would be to look at protection of player funds in case of an operator's bankruptcy.

It is to be expected that the review of these processes and requirements will be concluded and changes will be seen starting sometime during the first quarter of 2019.

The continuous growth rates on the Danish online markets has led to increased competition and consequently an increased level of marketing for gambling products. As a reaction

to this the Danish political parties concluded a new agreement to adjust the regulation of marketing for gambling products in Denmark in particularly by restricting the use of bonuses as a marketing promotion tool. Therefore, regulations placing a cap on bonuses that can be offered in Denmark at DKK1,000 (approximately €135) and a maximum on the play through requirements to 10 times play through are likely to be introduced with other new requirements with effect from some time in 2019.

No specific proposed regulation with the necessary details has yet been released or published."