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# Reports

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POLAND MARKET



# Poland

## Polishing its new gaming crown

Poland has quietly and modestly grown into one of Europe's biggest gambling success stories. After changes in legislation a few years ago the Polish betting market has grown significantly with operator turnover doubling over the last three years.

Poland has had a turbulent past. It was dealt a harsh hand and historically has bounced between periods of oppression and independence. It was destined to be the economic underachiever. But it proved the doubters wrong.

It is a robust nation made up of sturdy stock with a proud cultural heritage and since 1995 has become the fastest growing large economy in the world and is a European success story in many aspects. From once having virtually no trade with the West and being cut off from the world, Poland has flourished over the last few decades. As the Berlin wall fell a wave of Western media and influences flooded into the country and it began to boom and expand. Today Poland is the sixth largest economy in the EU with a total GDP of €524bn.

This is mostly down to its large domestic market, early economic reforms, fast institution building, a boom in education and an open and transparent privatisation policy.

No mean feat for a country without any real natural resources. During the global recession Poland was the only country in the EU to avoid a recession, which was in part due to the

government's loose fiscal policy and a commitment to rein in spending.

One of the most important aspects of the Polish economy is the large domestic consumer market. This is currently accountable for 61 per cent of its GDP and is expected to be one of the main drivers of the economy for the mid term.

Meanwhile the government has also recently introduced several policies to boost spending and economic growth further.

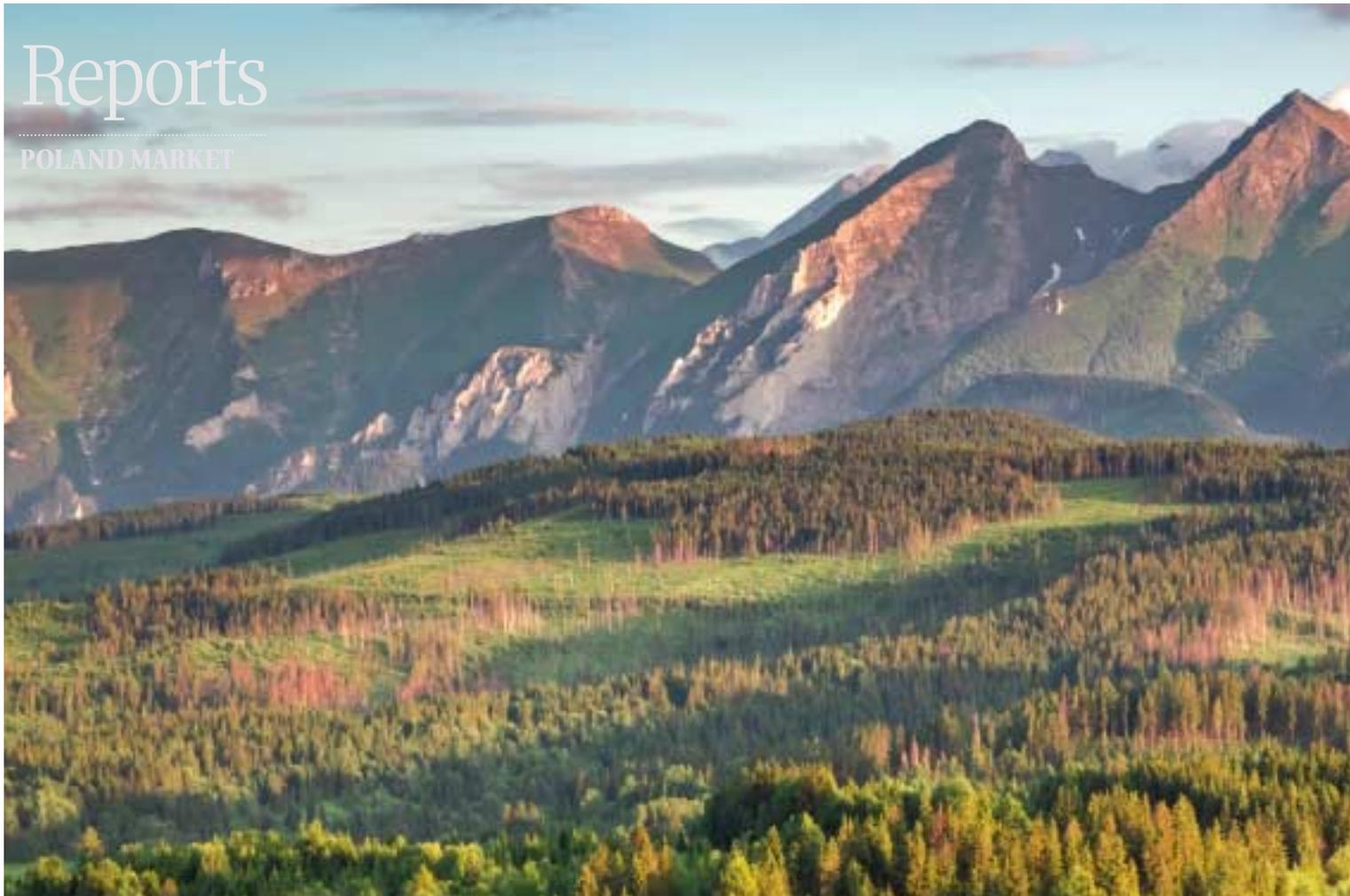
The Family 500+ (Rodzina 500+) programme was introduced in 2016 to boost birth rates and reduce child poverty. It gave parents a tax free benefit of PLN500 (€130) per month for the second and consecutive child (until they reach 18) and for their first child if on a low income. This was a huge boost for families and the programme was amended last summer and it now applies to all families with any number of children regardless of income.

This is part of a welfare package which also saw a cut in the retirement age (65 men and 60 women) and a one-off bonus pension payment. Other changes saw the minimum wage in Poland also increased to PLN2,250 (around €500) per

**Western video game publishers have been investing in Poland and are outsourcing their projects in a country with lower labour costs. There are around 300 game developing companies operating in Poland at the moment. The internal market is big. As of 2018 video game sales in Poland were worth around €485m (about 24th in the world).**

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People under 26 years of age are now exempt from income tax to encourage them to remain in Poland, plus there are lower taxes planned for the general population. The income tax exemption came into effect mid 2019 and means around two million workers with an annual income of less than PLN85,528 (€22,547) don't have to pay the 18 per cent income tax.

month whilst the minimum hourly rate of PLN14.70 (€3.30) was introduced.

In addition, people under 26 years of age are now exempt from income tax to encourage them to remain in Poland, plus there are lower taxes planned for the general population. The income tax exemption came into effect mid 2019 and means around two million young workers with an annual income of less than PLN85,528 (€22,547) don't have to pay the 18 per cent income tax. It is hoped this will help increase sectors such as retail, real estate and leisure activities. And it seems to be working.

The construction and real estate sectors are booming and international companies such as IBM, Citi Group and Credit Swiss are relocating part of their operations to Poland.

The country has also found new sectors to focus on and one of the fastest growing markets is video game development. Poland now boasts several critically acclaimed games including

those by CD Projekt Red, developer of the Witcher series, Techland (Dead Island series), Flying Wild Hog (Shadow Warrior) and CI Games (Sniper Ghost Warrior).

The video games sector has exploded mostly due to cheap costs and publishing. A country which once had no access to Western video games has been absorbing this technology and leisure activity for the last 30 years. There is a huge demand in Poland for video games stemming back to youngsters playing on pirate games in the early 80s.

Western publishers have been investing in Poland and are outsourcing their projects in a country with lower labour costs. There are around 300 game developing companies operating in Poland at the moment. The internal market is big. As of 2018 video game sales in Poland were worth around €485m (about 24th in the world).

The government has also backed the industry

providing schemes and grants to help developers of all sizes plus initiatives to support start ups and contests for student projects.

But despite the positives, Poland is still a far cry from an economic utopia. Politically there are issues. Regardless of the favourable economic policies the country has a rather nationalist and xenophobic party in power.

### **POLITICS AND TOURISM**

Poland has seen 17 different governments since 1990 and the most recent general election in October 2019 saw the Law and Justice Party (PiS) reinstated. The PiS has governed Poland since 2015, when after eight years in opposition,



it became the first party to win an absolute majority in a Polish election since the fall of communism in 1989. Andrzej Duda took over as President in 2015 replacing Bronislaw Komorowski of the centrist Civic Platform. The Civic Platform (PO) was co-founded by Donald Tusk in 2001 and was in power from 2007 until 2015.

Over the last few years the party has moved the country into an illiberal direction and alarm bells have been ringing in Brussels over its efforts to control the judiciary.

The PiS today is headed by Chairman Jaroslaw Kaczynski who co-founded PiS in 2001 with his

twin brother Lech who was later elected President in 2005. Lech later died five years later in a plane crash in Russia.

Although Kaczynski served as Prime Minister between 2006 and 2007, he now governs from behind the scenes but remains one of Poland's least trusted politicians. In 2015, he made Beata Szydlo Prime Minister and she became the face of many of Poland's generous welfare policies. Kaczynski later replaced her with former finance minister Mateusz Morawiecki.

The conservative PiS party have promoted strict Christian values, are homophobic and are considered a right-wing party intend on

safeguarding Poland against migrants and refugees from the Middle East and Africa as well as from LGBT people. Despite this, it remains the most popular party in Poland and the country continues to develop.

Meanwhile tourism figures are increasing rapidly. Safety appears to be a key reason. Poland is viewed as a safe, friendly and hospitable country whilst the country's cultural and natural heritage is a huge draw.

Total tourists in 2018 amounted to 19.6 million (18.2 million in 2017) with an expenditure of PLN34.5bn and an average expenditure of PLN1,759 (€430) per person. There are over



11,000 tourist accommodation establishments in Poland.

The number of tourists during the first five months of 2019 (Jan to May) reached 12.8m (11.8m for the same period in 2018) of which 7.7m were domestic guests and 2.4m were foreign guests.

The majority of visitors are coming from Germany (6.7m), Ukraine (2m), from Russia and the UK. There is also a marked increase in visitors from China, Israel and South Korea.

So does Poland's growth look set to continue? At the moment it is heading to top of the class. It doubled its GDP over the last two decades and it is now predicted that the Polish economy will join the G-20 list of those largest in the world by 2022.

The biggest investment is likely to be infrastructure and the environment, education and digital and technical development. And although there continues to be problems with emigration and an ageing population, on the other side of the coin there is a growing number of immigrants arriving in Poland.

Between 2010 and 2014 one in 10 people from Poland emigrated to Western Europe. But the Ukrainians and Belarusians have stepped into their shoes and to date the number of immigrants has reached two million mark.

### THE GAMBLING MARKET

The Polish gambling law has been in existence since 1992 and although it has undergone several amendments the most significant happened in 2017 which changed the market quite considerably.

The amendments brought in several changes including the opening of state-run gambling arcades; the launch of state-run online casinos games, a tightening of the online market to stop unlicensed bookmakers; the introduction of Eurojackpot and online lottery whilst poker tournaments were also permitted.

The idea was to clamp down on the huge illegal gambling market and increase tax revenues. Big changes - mostly benefiting state run company Totalizator Sportowy.

Gambling in Poland is administered by the Ministry of Finance whilst enforcement is

carried out by the National Revenue Administration (NRA).

The Gambling Act of 2009 governs the Polish gambling market which defines several types of gambling games permitted and grouped in four categories:

**Games of chance** – an umbrella term to include games conducted via the internet, number games, cylindrical games (roulette etc), dice games, cash bingo, telebingo, cash lotteries etc.

**Betting** – totalisator and bookmaking

**Card games** – blackjack, poker, baccarat etc.

**Slot machines.**

For many years the Polish market operated in a largely unregulated arena especially during the 80s and 90s. The Gambling Act 2009 was introduced by then Prime Minister Donald Tusk and imposed strict rules and gambling.

The law at the time essentially dealt with the landbased sector and placed strict limits on casinos and banned slots outside of casinos.



## Essential information and facts about Poland:

<b>Capital</b>	Warsaw
<b>Total Area</b>	312,685sq.km
<b>Population</b>	38,420,687
<b>Religion</b>	Catholic (85.9%), Orthodox (1.3%)
<b>Ethnic Groups</b>	Polish (97%)
<b>Languages</b>	Polish (official), Silesian, other.
<b>Unemployment</b>	3.3 per cent
<b>Tourism</b>	19.6 million
<b>Government type</b>	Parliamentary Republic
<b>Chief of State</b>	President Andrzej Duda (since 2015)
<b>Head of Government</b>	Prime Minister Mateusz Morawiecki (since 2017)
<b>Elections</b>	President elected by majority vote for five-year term (eligible for second term) Prime Minister appointed by President and Sejm (parliament). Last election October 2019.

There are positive moves in clamping down on the illegal markets. Some 63,000 illegal slots were seized between 2015 and 2018 and 25,000 companies received fines for operating without licences. On the other hand, the number of illegal internet terminals seized is increasing from around 300 back in 2014 and 2015 to over 3,000 last year.



Online betting was introduced in 2011. In 2017 a major overhaul of the law came into force which saw several changes including:

- The introduction of a state monopoly slots market outside of casinos (arcades). These are now operated by Totalizator Sportowy.
- Introduction of more online gambling activities from casino games to lotteries. Only betting and online promotional lotteries are permitted to be organised by private entities online, although other games such as bingo, casino and poker are allowed but are operated by state monopoly Totalizator Sportowy.
- Maximum of 70 slots permitted per casino.
- Introduction of responsible gambling regulations.
- A blocking of unlicensed online operators including a blacklist of domain names.
- There was a partial liberalisation of poker tournaments. Land based games and tournaments are now permitted outside of a casino with a licence but with strict

regulations. Online poker came under the umbrella of the state monopoly.

- There were higher fines for those breaching gambling laws.
- Advertising changes - There were heavy advertising restrictions and as a general rule advertising or promotion of casino games, card games, betting and slots is prohibited. In 2017 the amendment meant betting advertising became possible but only licensed operators can advertise and the content is highly regulated and the risk of betting must be outlined whilst adverts cannot be placed in newspapers or magazines.

The idea was to clamp down on illegal gambling. Back in 2014 it was said the Polish bookmaking market was worth PLN5.3bn of which only PLN1bn was the share for legal operators with around PLN552m lost in unpaid taxes.

Today Poland sees total revenues of PLN14.8bn for all its sectors and a tax revenue of PLN1.93bn (2018). Totalizator Sportowy has a third of the market share with its number games, cash lotteries and gaming arcades. Casinos have a

third and betting the remainder.

There are positive moves in clamping down on the illegal markets. Some 63,000 illegal slots were seized between 2015 and 2018 and 25,000 companies received fines for operating without licences.

There are significant drops in the number of devices seized. Back in 2016 and 2017 over 25,000 machines (slots, SWP and internet terminals) were seized each year compared to 11,000 in 2018.

On the other hand, the number of illegal internet terminals seized is increasing from around 300 back in 2014 and 2015 to over 3,000 last year.

The checks are carried out by the National Revenue Administration (KAS) and its main activity last year was the identification of websites offering illegal gambling services. In 2018 over 4,000 domain names were added to the blacklist bringing the total up to almost 8,000 names whilst some PLN29.1m in fines were collected over tax crimes and tax offences

Meanwhile new regulations on the documentation of gambling entered into force in January 2019. This is aimed at counteracting organised crime, in particular tax crimes, the illegal circulation of alcohol, cigarettes, electronics and illegal gambling.

The act requires that there is information

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available on the slots and websites with information about the company offering gambling and contact details; game rules; player age limits; risks related to gambling and details of institutions which can offer help.

Additionally, in 2018 there was an educational campaign for university and schools called "Gambling? No thank you!" aimed at providing information on current legal regulations concerning gambling and to raise awareness among the young in particular of the risks associated with gambling addiction and participation in illegal gambling games. In three months between October and December 2018 meetings were organised at some 287 schools in the province with over 23,000 students attending.

### **TOTALIZATOR SPORTOWY**

**Lottery** - A national lottery was introduced into Poland in 1955. A year later Totalizator

Sportowy was launched and Poland declared all forms of gambling, except the lottery, illegal.

The company is headed by President Olgierd Cieslik and although it began by offering sports betting a year later followed with the first Toto Lotek number game launched to raise funds for sporting facilities. Since 1994 Totalizator Sportowy has donated more than PLN12bn to the fund. Later cultural and heritage projects were added and since 2003 more than PLN2.3bn has been given to fund these projects.

Today there are four types of lottery – Cash lotteries, raffle lotteries, promotional lotteries and audiotote lotteries (those via phone call or text message).

In Poland, cash lotteries can only be organised by Totalizator Sportowy and are subject to a 15 per cent tax rate on sales. Totalizator Sportowy has a network of over 17,000 Points of Sale

offering the public lottery tickets.

Today, Totalizator Sportowy is also exclusively permitted to offer number games (Lotto), cash lotteries, telebingo and since 2018, slot machines (outside of casinos) and online games (except betting and promotional lotteries.) via the Total Casino site and gry.lotto.pl websites.

Lotto games include: Lotto, Eurojackpot, Ekstra Pensja, Multi, Mini Lotto, Keno, Super Chance and the Kaskada lottery terminal which offers players wins of up to PLN250,000 twice a day.

In addition, there are over 80 scratch cards on sale throughout the year with various themes and prices and winnings. From December 2018 Lotto can be played online whilst Multi Multi game was launched in July last year and then followed by Keno in October

**Salon Gier** - In 2017 Totalizator Sportowy was granted the monopoly to operate slots outside of casinos. Thousands of slots were removed from the market to make way for the new Totalizator gaming arcades which first opened in July 2018.

Gaming machines located in gaming arcades are



**LOTTERY**  
TOTALIZATOR SPORTOWY

**LOTTERY RETAILERS**  
17,000

**LOTTERY REVENUE**  
PLN4.9BN (TOTAL)

**GAMING ARCADES**  
48

**GAMING REVENUE**  
PLN61.1M (2018)

**BETTING POINTS**  
2,483

**BETTING REVENUE**  
PLN5.19BN (TOTAL)

**CASINOS**  
51

**CASINO SLOTS**  
2,483

**CASINO TABLES**  
360

**CASINO REVENUE**  
PLN4.66BN

**TOTAL GGR**  
PLN14.8BN

**REVENUE FOR THE GAMBLING SECTOR 2017-2018 PER GAME TYPE.** PODATKI.GOV.PL

TYPE OF GAME	2017	2018	MARKET SHARE
Totalizator Sportowy	PLN4.64bn	PLN4.97bn	33.5%
Number games	PLN3.47bn	PLN3.56bn	24%
Cash lotteries	PLN1.16bn	PLN1.34bn	9%
Gaming arcades	-	PLN61.1m	0.4%
Casinos	PLN4.82bn	PLN4.66bn	31.4%
Betting	PLN3.40bn	PLN5.19bn	34.9%
Audiotele lotteries	PLN29.9m	PLN31m	0.2%
<b>TOTAL</b>	<b>PLN12.9bn</b>	<b>PLN14.8bn</b>	<b>100%</b>

based on the ratio of one slot per 1,000 inhabitants in a single county. Any unlawful operation of slots can carry a fine of up to PLN100,000 per machine. All visitors to arcades (likewise to casinos and bingo halls) must register their identity. Slots pay 50 per cent tax on their net revenue.

There are now around 40 to 50 gaming arcades open. The gambling arcades were launched as part of a pilot programme. They recently signed a contract with EGM for gaming machines and already offer Merkur slots with discussions with other suppliers underway.

The slot halls are open to over 18s and there are strict rules including marking the halls with only the name 'Salon Gier na Slotach' plus information on risk levels with games.

Totalizator planned to have around 1,220 slots active via 50 gaming salons by the end of the

pilot. The law states up to 50 slots can be housed in each salon although the average is between three and 20 slots per salon. The average cost of preparing and opening one salon is said to be around PLN1.12m with a return on investment expected after 12 months.

By end of 2018 there were only 13 arcades with 269 slots. The company predicts that within four or five years they will have 38,000 slots

operating. Total revenues for Totalizator Sportowy in 2018 amounted to almost PLN5bn of this PLN61.1m were revenues for the gaming halls.

Piotr Kazimierczak, Director of the Entertainment Games Department said: "2018 was a key year for our company also due to the fact that we launched the first pilot arcades with slot machines outside of casinos – a total of 23

**“2018 was a key year for our company also due to the fact that we launched the first pilot arcades with slot machines outside of casinos – a total of 23 points in various places in Poland. After six months of piloting we conducted research among our clients.”**

*Piotr Kazimierczak, Director Entertainment Games*



## GAMING TAX COLLECTED 2017-2019 PER GAME TYPE. PODATKI.GOV.PL

TYPE OF GAME	2017	2018	2019 1ST QUARTER	2019 2ND QUARTER
Totalizator Sportowy	PLN870m	PLN917.7m		
Number games	PLN695.1m	PLN713.9m	PLN177.9m	PLN190.1m
Cash lotteries	PLN174.8m	PLN202m	PLN55.6m	PLN53.9m
Gaming arcades	-	PLN1.8m	PLN2.2m	PLN3.4m
e-casino	-	PLN2.1m	PLN16.2m	PLN18.4m
Casinos	PLN372.1m	PLN383.5m	PLN108m	PLN111.9m
Betting	PLN407.3m	PLN622.8m	PLN193.5m	PLN188.5m
Online	PLN128.1m	PLN157.4m	PLN42.4m	PLN39.5m
Betting points	PLN279.2m	PLN465.3m	PLN151.1m	PLN149m
Audiotele lotteries	PLN7.9m	PLN7.7m	PLN2.1m	PLN2m
Raffle lotteries	PLN32,000	PLN12,000	PLN3,000	PLN4,000
<b>TOTAL</b>	<b>PLN1.65bn</b>	<b>PLN1.93bn</b>	<b>PLN555.9m</b>	<b>PLN568.6m</b>

points in various places in Poland. After six months of piloting we conducted research among our clients.

"One of the successes with certainty is that players perceive our salons as safe places. There is also a growing awareness of the fact that these are the only places for legal slot machines games outside casinos.

"The aesthetics of the salon and the sense of security that we propose means that women also visit them more and more often. Customer friendly registration is also not a problem for players. Professional and competent service that fully implements the principles of responsible gaming is also appreciated."

Prior to Totalizator Sportowy receiving the monopoly on slots, the company Wojskowe Zakłady Łączności (Military Communication Plant) was to manufacture the slots for Totalizator Sportowy on a large scale plus also develop a central monitoring system.

However after investing over PLN50bn developing the first batch of machines these are currently sat idle in a warehouse unused.

Despite plans to 'buy local rather than abroad' this went out the windows when WZŁ, which was working with the National Security Printing Works and Exatel, failed to meet deadlines and instead Totalizator made the decision to buy 600 slots from Merkur Gaming instead, plus an Axes Network IT system.

### HORSE RACING

Totalizator Sportowy also offers betting on horse racing via retail and the online version Traf Online to enable bets to be placed online including, among others, races from the Warsaw Tor Sluzewiec.

Racecourse Tor Sluzewiec in Warsaw has just celebrated its 80th anniversary. It opened in 1939 and is one of the oldest tracks in Europe where horse racing is still held. It's a huge complex with an area of 138 hectares with

grandstands, main race track and park.

Since 2008 Totalizator has been renting the location and reforming the racing facilities. In 2018 the racetrack hosted 54 race days and 448 races. Some 41,000 tickets were sold last year.

Also in the beginning of 2019 Totalizator's Lotto brand launched e-sport and has partnered with Game Jam Square to launch the Lotto Cup Winners' Cup in Counter-Strike: Global Offensive.

Apart from Sluzewiec there are three other race tracks in Poland – Partynice in Wrocław, Sopot Hippodrome and a private track in Krakow.

Partynice has grown recently partly due to the Great Partynice Stakes (hurdle races) and Great Wrocław Chase (steeplechase). It opened in 1907 and since 2013 it has included thoroughbred racing. The site is 73 hectares in total with 35 hectares of racing track and includes two indoor stands seating 1,500 in total.



Sopot Hippodrome has a history of more than 100 years and covers a 40-hectare area in total with 31 hectares of race track. There are two stands plus a pari-mutuel betting area.

#### **ONLINE CASINOS**

The tender for the online casino sector was awarded to Totalizator Sportowy and was initially called eCasino but later changed its name to Total Casino.

Together with Playtech they created a number of games initially with slots based on DC Comics and Total Casino began operations in December 2018.

It is said there are a potential 600,000 players in Poland which the online casino site is aimed at. A year since launching and the site has received both positive and negative reviews. Regardless, as the only legal online casino offering in Poland it has no competition.

There are currently over 100 titles available via the online casino divided between slots, roulette, cards and jackpot games. The minimum deposit to play is PLN10. There is a free demo mode which does not require registration and the games are continually updated. Virtual poker is still banned but despite this Totalizator Sportowy reported record sales during its first eight months of operation.

**Wojskowe Zakłady Łączności (Military Communication Plant) was to manufacture the slots for Totalizator Sportowy on a large scale and develop a central monitoring system. However after investing over PLN50bn developing the first batch of machines these are currently sat idle in a warehouse unused.**

During these first few months of operation (December 2018 to August 2019) the website had over 64,000 customers and handled total bets amounting to PLN2.3bn (€545m) with over PLN2.2bn returned in winnings. More than PLN48m in profits was transferred to the state budget.

The record win was PLN514,000 whilst slot games have an 88 per cent share of all games played. Average deposits are around PLN120 to date.

Cieslik previously predicted that Total Casino would soon account for 30 per cent of Totalizator Sportowy's sales within the next three to four years but the site has already topped the 40 per cent mark.

Total sales for FY19 were projected to top PLN3.8bn and could double in the next couple of years. Total Casino is also available as a mobile app which is generating 70 per cent of traffic.

#### **THE SPORTS BETTING MARKET**

**Landbased betting** – Sports betting is big business in Poland. There are two types of betting under the gaming law – bookmaking and totalisator systems. Since April 2017 computer generated 'virtual events' can be used for betting.

Bookmaking and totalisator are permitted in landbased and online form and can be operated by private entities. Minimum share capital for companies is PLN2m. Licences are valid for six years renewable. A betting permit is PLN96,228

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**“We offer a number of services, including the possibility of watching broadcasts of sports events or checking the offer on tablets. We still see great potential in the segment of stationary facilities, which is why the current number of 430 points will continue to grow.”**

***Mateusz Juroszek,  
CEO, STS***

(2019) plus PLN2,400 per betting point and betting and online betting pay a 12 per cent tax rate on turnover.

For the first time the betting sector has overtaken the state lotteries in terms of taxes and it is said the legal market is growing rapidly. In 2018 the revenues for the legally operating betting market reached PLN5.17bn. This is mainly down to the blocking of illegal sites.

Budget revenues from betting taxes amounted to PLN622.8m in 2018 which is 53 per cent higher than a year ago. The first quarter of 2019 saw PLN193.6m in taxes (a 37 per cent increase).

Today there are 17 licensed betting operators (although not all are operating) compared to eight back in 2015 and 16 online operators compared to seven in 2015. There are 2,560 betting Points of Sale

The 17 licensed betting companies in Poland are: STS (sts.pl); Fortuna (efortuna.pl); Totolotek (totolotek.pl); E-Toto (etoto.pl); Milenium Zakłady (millennium.pl); Traf (trafonline.pl); LV Bet (lvbet.pl); SuperBet; Totalbet (totalbet.pl); ForBet (iforbet.pl); BEM Operations (Betclic.pl); Best Bet (bestbet.pl); Cherry Online (pzbuk.pl); Betfan (betfan.pl); Ewinner (ewinner.pl); Typiko (typiko.pl) and Polski Bukmacher (noblebet.pl)

The three main players are:

**Star-Typ Sport** (sts.pl) is the biggest bookmaker in Poland with a 47 per cent market share. STS operates more than 440 betting shops and 80 per cent of its revenue is generated online compared to 20 per cent via retail outlets. STS has seen its revenues increase from PLN220m to PLN2.41bn over the last six years.

The company also offers betting services in the UK, Germany, Luxembourg, Iceland, Slovenia, Andorra, San Marino, Gibraltar, Slovakia, Malta and Latvia and has plans to enter the Netherlands subject to regulatory changes.

STS also opened its first stationary Premium betting shop last year which offers digital betting terminals. Located in the centre of Szczecin this was later followed by shops in Gdansk, Krakow and Katowice.

“Despite the fact that STS conducts its business mostly through the internet, we are constantly investing in the development and modernisation of stationary units throughout the country.” said Mateusz Juroszek, CEO of STS.

“Last year our network of betting shops observed a 16 per cent increase in revenues in relation to the previous year. New high standard facilities are addressed to customers who prefer to use the traditional sales channel. We offer a number of services, including the possibility of watching broadcasts of sports events or checking the offer on tablets. We still see great potential in the segment of stationary facilities, which is why the current number of 430 points will continue to grow.”

Meanwhile STS recently signed a sponsorship agreement with Polska Liga Siatkowki and will be an official partner and official bookmaker of Plus Liga. The agreement will last for four seasons until June 2023.

The deal is part of a strategy to support domestic sports and in particular Polish volleyball. The STS logo will now appear during Plus Liga games on fixed and LED perimeter boards and on press walls. The agreement also provides for the publication of content on the league's website and social media sites.

STS will also organise a special ‘fan zone’ during certain matches offering special bets for Plus Liga games and carry out activities aimed at clubs and fans including joint marketing campaigns.

Mateusz Juroszek added: “The agreement



CATEGORY	OPERATORS 2017	OPERATORS 2018	OPERATIONS / GAMES 2017	OPERATIONS / GAMES 2018
Number games (Totalizator Sportowy)	1	1	7	7
Cash Lotteries (Totalizator Sportowy)	1	1	85	87
Casinos	8	9	49	51
Games arcades (Totalizator Sportowy)	0	1	0	23
Betting	9	15		
Betting Points				
Online	8			
7	10			
14	2,510	2,530		
Audiotele lotteries	18	15	101	74
Promotion lotteries	132	116	355	408

between STS and PLS is the next stage in the implementation of the strategy of supporting domestic sport and Polish volleyball. We are currently an official partner of, among others, the Asseco Resovia team, seven Ekstraklasa clubs and the Polish national football team.

“As the largest private sponsor of Polish sport we also support many organisations and players throughout the country. The agreement with Polska Liga Siatkowi is part of the plan of cooperating with the most recognisable sports brands; Plus Liga is definitely such a brand. Our agreement will translate into a number of

benefits for STS, the league and above all the fans.”

**Fortuna** (efortuna.pl) is number two in the market with a 33 per cent share and operates around 500 betting shops (373 betting outlets and 212 ‘partner’ outlets) and became the first licensed operator to offer online betting when the market opened in 2012. It entered the Polish market in 2005 and also operates in Czechia, Slovakia, Romania and Croatia.

Company revenue for the Polish market in 2018 amounted to €56.1m compared to €40.6m the

year previously. Total amount staked was €406.4m (€255.4m in 2017) with €297.2m paid out in prizes. A gross win of €109.1 was divided between €79.5m in online betting and €29.6m in retail.

**Totolotek** (totolotek.pl) is the third largest player and has been active in Poland for the last 27 years and has 260 retail sites across the country plus an online operation. The company has 10 per cent market share.

In April 2019 the Gauselmann Group agreed a deal to acquire Totolotek outright from Intralot.

PROVINCE	CASINO PERMITTED	CASINO CONCESSIONS	CASINOS OPERATED
Lower Silesian Casinos Sp. Z.o.o x 2 ZPR x 1	4	4	Casinos Poland x 1
Kujawsko Pomorskie Estrada Polaska x 1 Casino Sp. z.o.o x 1	3	3	ZPR x 1
Lublin Casino Sp. Z.o.o x 1 Polskie Kasyna x 1	3	3	ZPR x 1
Lubuskie Lodz Casinos Poland x 1	1 3	1 3	ZPR x 1 Casino sp. Z.o.o x 2
Lesser Poland Casino sp. Z.o.o x 1 ZPR x 2	5	4	Casinos Poland x 1
Masovia Casinos Poland x 3 Casino Sp. Z.o.o x 1	8	8	ZPR x 4
Podkarpackie Estrada Polska x 2	3	3	ZPR x 1
Opole Podlaskie Pomerania Silesian Casinos Poland x 2 Medella x 1 Estrada Polska x 1	1 1 3 7	1 1 3 7	ZPR x 1 Bookmacher x 1 Casino Sp. Z.o.o x 3 ZPR x 3
Swietokrzyskie Warmia-Masuria Greater Poland Casino sp z.o.o x 2 Forgame x 1	1 2 5	1 2 5	ZPR x 1 ZPR x 2 ZPR x 2
West Pomeranian	2	2	Casino sp z.o.o x 2
<b>TOTAL</b>	<b>52</b>	<b>51</b>	<b>8 operators</b> Casinos Poland x 8 Casinos sp z.o.o x 15 ZPR x 20 Estrada Polska x 4 Polskie Kasyna x 1 Bookmacher x 1 Medella x 1 Forgame x 1



**“This year Totolotek brand has re-branded its marketing communication in all channels but also changed the online and retail platform to real omni channel platform to align to company strategy to offer the best product and promotion with the same customer experience in sports betting across all sales channels.”** *Mariusz Rzeczkowski, Director of Marketing, Totolotek*

The deal via Gauselmann's subsidiary Merkur Sportwetten will enable Merkur to roll out its brand in the country and as such means Poland is Merkur's fifth active market for betting expansion.

The name Totolotek remains with a redesign logo featuring the laughing Merkur sun whilst the shops have been renovated with Gauselmann betting terminals and systems.

Mariusz Rzeczkowski, Totolotek Director of Marketing said: “This year Totolotek brand has rebranded its marketing communication in all channels, but also changed the online and retail platform to that of an omni channel platform to align to company strategy to offer the best product and promotion with the same customer experience in sports betting across all sales channels.

“Store fronts for all shops will be rebranded by the end of October this year and we plan to continue to renovate shops in 2020. We are constantly improving our product and introducing new features and promotions to offer the best omni channel customer journey.

**Online betting** - The changes in 2017 saw players lose access to many offshore bookmaker and casino online gambling sites and the monopoly left many feeling stifled with fewer options. The only form of online gambling permitted for private entities is betting and promotional lotteries.

The blacklist was introduced in April 2017 followed by blocking measures from July 2017.

This means unlicensed gambling websites can be blocked from Poland whilst a blacklist is kept by the Ministry of Finance ([hazard.mf.gov.pl](http://hazard.mf.gov.pl)) with ISP blocking and payment blocking services in place. There are fines of up to PLN250,000 for any ISP and PSP failing to comply.

The gambling blacklist was upheld by a local court as permissible and today there are around 8,000 names on the list (October 2019 data) including companies such as Betsson, PartyPoker and Unibet.

An online betting licence fee is PLN433,000 (€100,000) for one website plus a bank guarantee of PLN480,000 (€115,000). A licence last for six years (betting) and two years (promotional lotteries).

All servers and data related to online gambling must be stored and located in the EU/EEA whilst only websites using .pl domain are permitted.

Offshore company Betclik launched its site in June which was previously on the blacklist. But since then it embarked on a huge branding campaign which saw it sponsor the national men's volleyball team last year and later a football sponsorship with Lechia Gdansk.

It was active in Poland prior to the 2017 amendments and like many other foreign bookmakers withdrew from the market. But it applied last year and has since received a licence as of September 2018. It has no plans yet to operate landbased offices.

Other companies got creative in a bid to evade the digital censors and have pushed the boundaries a little. Asia's SBOBet is now on the blacklist with domains such as [cake000.com](http://cake000.com) and [beer77.com](http://beer77.com) which then simply redirect players to their gambling sites.

Although the idea of a restricted online market was to kick out illegal activity, this was initially harder than imagined. A study by the Polish Supreme Audit Office (NIK) is still pushing for more regulations and oversight.

In 2017 changes to the gaming act saw a 12 per cent turnover tax imposed on online gambling which saw tax revenue increase - but not as high as hoped.

One problem is the monopoly but also a withdrawal of big names like William Hill and Bet365. NIK would like to see a bigger clean up to eliminate illegal operators plus more stringent controls over telecommunications providers and payment providers.

Mariusz Rzeczkowski, Director of Marketing at Totolotek, said: “The Polish sports betting market is growing by the number of operators in the market but despite this almost half of the online market is still offshore mainly due to high taxation (currently at 12 per cent tax on turnover), high cost of operations but also legal limitation in advertising and promotion. It is difficult to forecast if and when tax changes may occur.”

## THE CASINO SECTOR

The first casinos opened in Poland in 1989 by Casinos Poland. The law for casinos was introduced in 1992 and the market began to grow significantly.

There are currently 51 casinos (end 2018) operating in Poland run by nine companies although with temporary breaks and closures whilst licences are renewed, the actual number open at any one time is often lower.

Casino licences are limited to 52 in total and the final licence is for the region of Lesser Poland although there is no tender for this licence at present.

Casinos can operate slots, cylindrical games and



# Reports

## POLAND MARKET



dice games and are usually attached to large hotels. There can only be one casino per 250,000 inhabitants in a village or city but no more than one casino per total population of 650,000 in a single province.

Casinos can also be placed onboard seagoing passenger ships and ferries. Minimum share capital for casinos is PLN4m plus a bank guarantee of PLN1.2m. Licences are valid for six years and once this has expired the casino must reapply for a licence. Gaming tax is 50 per cent on GGR.

When licences are due to expire the Ministry of Finance notifies the public and interested parties can apply. Once approved there is also a period in which applicants can appeal the decision.

Casino licensing fee is PLN1.5m (2019) whilst a poker tournament licence fee is PLN4,811. There

are 143 game tables, 217 card tables, one dice game and 2,483 slots in the casinos in total and revenues in 2018 amounted to PLN4.66bn for the casino sector.

It has been a turbulent time for the casino sector with delays on the issuing of casino licences which resulted in several closures and lost taxes for the government. Century Casinos claims this has had an impact for the year ending 2018 figures.

Nikolaus Strohmriegel, VP of Operations at Century Casinos, said: "Temporary closures of casinos due to delays in issuing casino licences have been negatively affecting all Polish casino operators. With legal online offer, increasing number of gaming arcades and a total number of about 50 casinos the Polish gaming market is saturated now."

The three main casinos operators are:

**CASINO SP Z.o.o** which has been operating casinos in Poland since 1989 under the Cristal Casino brand and has 15 casinos open.

**CASINOS POLAND** was the first company to open a casino in Poland. The company began its operations back in 1989 when the gaming market began and the company was the first to receive a casino operator license.

In March 2007 Century Casinos subsidiary acquired shares within the company. Casinos Poland currently has eight casinos open and operates a total of 120 tables and 500 slots approximately across Poland.

Century's casino include: three in Warsaw (Marriott Hotel, Hilton Hotel and Wawa at LIM Centre) and one each in Wroclaw (Double Tree



**“Temporary closures of casinos due to delays in issuing casino licences have been negatively affecting all Polish casino operators. With legal online offer, increasing number of gaming arcades and a total number of about 50 casinos the Polish gaming market is saturated now.”** *Nikolaus Strohrriegel, VP of Operations, Century Casinos*

Hilton Hotel) which opened in April 2018, Katowice (Radisson Park Inn) which opened in May 2018, Bielsko-Biala (President Hotel), Krakow (Dwor Kosciuszko Hotel) and Lodz (Manufaktura Entertainment Complex).

Casinos Poland received new licences and opened Krakow in July 2018 and Lodz opened a month later. The Wawa casino in Warsaw opened in summer 2019.

Other casinos, such as Hotel Andersia in Poznan closed in April 2018 after the licence expired and Hotel Plock also closed in February 2018.

Meanwhile the Hilton location was the former home of Olympic Entertainment's Casino Sunrise which failed to have its licence renewed in 2016 and subsequently closed. Olympic

Entertainment then closed its Polish operations in 2017 and its six casinos.

The company's flagship casino Sunrise had been in business since 2007 and was one of the largest casinos in Poland with a total investment of around €7m. It had its licence renewal rejected after reported paperwork deadline issues. OEG later filed for bankruptcy.

Casino Poland's approval to utilise its third Warsaw licence was granted in July 2018 to operate the casino at the Marriot and transfer the Marriot's licence to the Hilton (which was due to expire). The company then expanded the Marriot Hotel casino and added an additional gaming floor at its flagship casino. The new floor adds 4,000sq.ft of gaming floor with an additional six tables, 20 slots, two VIP rooms

and bar and lounge. There is a total of 35 slots and 70 slots on 12,000sq.ft at the casino.

Century's net revenue for its Polish operations increased by \$8.4m in 2018 compared to 2017 to a total of \$68.2m. Gaming revenues amounted to \$67.2m, an 11.8 per cent increase on 2017, whilst food and beverage makes up the difference.

**ZPR** (Zjednoczonych Przedsiębiorstw Rozrywkowych) or United Entertainment Enterprises is the largest casino operator in Poland with 20 locations. The Group ZPR is a large media and entertainment group with radio and internet brands throughout Poland. It has over 30 years experience in the gambling market. The casinos operate under the brand Hit Casinos plus one under the name Casino Palace and are located in 16 cities in Poland including four in Warsaw.

In total there are over 1,000 slots across the casinos and over 100 gaming tables including American Roulette, Blackjack standard, Blackjack Play 21, Open Blackjack, Double Blackjack, Hold'em Bonus Poker, Las Vega Stud Poker, American Hold'em, Hold'em Royal Poker, Russian Royal Poker, Speed Poker and Baccarat Punto-Banco.

There are 16 provinces in Poland and each are permitted a number of casinos. See page 54 for a list of licences in force as of July 2019.

## Overtly protecting the public while actively pursuing profit



**Piotr Dynowski,**  
Partner and Attorney at Law,  
Bird & Bird



**Michal Salajczyk**  
Associate,  
Bird & Law

Bird & Bird is an international law firm with 30 offices across Europe. In Poland based in the Warsaw office, Piotr Dynowski is a partner and attorney at law and Michal Salajczyk is an Associate. They both specialise in the gambling sector. [www.twobirds.com](http://www.twobirds.com)  
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**The gambling sector in Poland is currently booming. Betting operators, the largest sub-sector where private entities operate, have doubled their turnover in the last three years. Several new operators have recently entered the market, including the major global brand Betcltic. Ironically, operators enjoy this growth not thanks to a liberal approach of the regulator, as often happens in other markets, but in spite of the regulator's restrictive stance towards them**

The Act has been amended several times. Among the main changes, an amendment explicitly allowing online betting was introduced in 2011. Before then, there were no laws that addressed this issue. In 2015, companies from abroad were allowed to apply for casino licences or bingo hall or betting permits, but they were required to establish a branch office in Poland or appoint a representative.

Gambling laws in Poland are typically considered highly prohibitive, and rightly so. Polish politicians usually paint the picture of gambling as a threat to society which ideally should be banned altogether, or at least strictly supervised by the state. In reality, this stance somehow does not prohibit the state from obtaining significant revenue from gambling tax and from gradually expanding the scope of gambling games offered by the state monopoly.

The Act on Gambling Games (the 'Act'), which currently regulates the sector in Poland, was enacted in 2009 as a consequence of a political scandal related to illegal lobbying in the legislative process concerning certain amendments to regulations concerning slot machines in the previous act that had regulated the gambling sector. Because of the scandal, the Act introduced regulations which in effect have gradually removed slot machine gaming parlours from the market.

The Act has been amended several times. Among the main changes, an amendment explicitly allowing online betting was introduced in 2011. Before then, there were no laws that addressed this issue. In 2015, companies from abroad were allowed to apply for casino licences or bingo hall or betting permits, but they were required to establish a branch office in Poland or appoint a representative.

A major revision of the Act came into force in 2017. The amendment introduced a blacklisting mechanism for websites used for conducting unlicensed gambling. Offshore providers, thanks to not being bound by strict Polish gambling regulations, nor by steep gambling tax rates, have for years enjoyed an approximate 80-90 per cent market share in Poland, despite the fact that using their services was illegal. Licensed operators considered this situation unfair and campaigned for the government to tackle the problem. Under the amended Act, if the Minister of Finance finds that a website is used to offer gambling games to customers in Poland without a licence, he may enter that website's URL onto a dedicated register. Over 7,600 URLs are now blacklisted, and new ones are added regularly.

Polish Internet service providers are required to reroute customers wishing to access these sites to a website hosted by the government. Payment service providers may not provide their services on such websites as well, which is intended to cut off funding for unlicensed operators. Website blacklisting in the form enacted in Poland remains controversial; its compliance with EU law is questionable, the Polish Commissioner for Human Rights has expressed disapproval of it and offshore operators are trying to challenge it in court. On the other hand, local operators praise it as a measure that has helped



reduce offshore operators' market share to approximately 50-60 per cent.

While the government has justified the need for the 2017 amendment to the Act by the necessity to protect consumers against crime and gambling addiction, several of the adjustments to the Act seem to rather be aimed at increasing state revenue from gaming. The amended Act allowed the state-owned lottery company (Totalizator Sportowy Sp. z o.o.) to launch several new products, such as an online lottery ticket store, a network of land-based slot machine parlours and an online casino. Private entities may not operate any of these and these services may be considered as partial substitutes to private betting operators' offers.

For private entities, the two main novelties introduced by the 2017 amendment to the Act were the introduction of betting on the results of virtual sports, and a slight liberalisation of betting advertising laws. Betting on virtual sports results (where competitions are

simulated, and results are instantly available) has brought betting closer to other forms of gambling. The changes in advertising rules have encouraged operators to increase engagement in sports sponsorship. Several football clubs, leagues, and national sports teams are currently sponsored by betting operators. Betting operators have also forayed into e-sports, with the majority of companies allowing betting on the results of e-sports matches.

The Polish betting market is currently growing at a fast pace. Operators' turnover in 2018 is reported to have increased by 50 per cent as compared to 2017 and has doubled over the last three years. Several newcomers have recently launched services, although global players, with the exception of Betclix and Merkur Group (which in early 2019 acquired the Polish bookmaker Totolotek), have not yet expressed great interest in obtaining a licence in Poland. Some major offshore operators are trying to continue functioning without a licence by fighting the blacklisting of their websites in

courts or by circumventing the ban. Blacklisting has decreased their profits, although so far only to a degree. The most likely factor that dissuades foreign operators from entering the Polish market in an official capacity is the present gambling tax regime. Currently, the gambling tax rate for betting is 12 per cent of the sum of wagers paid, significantly more than in several other countries where the tax is based on gross gaming revenue (GGR). This also has a negative impact on the sums that players can win.

Unfortunately, the local operators' appeals for a GGR-based tax have so far not been successful.

The 2017 amendment has already had a major impact on the market, but some of its effects are yet to be evaluated. The first state-owned slot machine parlour was launched in July 2018, and the state-owned online casino started in December 2018. While the lottery operator reported it was satisfied by the results of these ventures, it is still too early to say what their long-term impact will be.

## Polish Gambling Market: New Reality – New Opportunities



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RM Legal is a Polish law firm offering services to predominantly offshore gambling industry players that operate or plan to operate in Poland. In 2018, RM Legal obtained the only licence ever issued to an offshore operator under the Polish Gambling Act. Gaming-in-Poland is currently the only Polish company specialising in representative services (as defined in the Polish Gambling Act).  
[www.gaminginpoland.pl](http://www.gaminginpoland.pl)  
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The introduction of the ministerial blacklist and associated blocking measures have resulted in many foreign companies leaving the Polish market altogether. Those who remained were promptly blacklisted and consequently blocked. Their response was varied with some deciding to go the licence application route, while others are challenging the new legislation.

**The broadest and, by far, the most significant amendment to the Polish Gambling Act from the time it was enacted on November 19, 2009, came into force on April 1, 2017. Since then, all online gambling games, excluding mutual bets and promotional lotteries, have been subject to state monopoly.**

Currently, Totalizator Sportowy S.A., a state-owned company, is the only entity in Poland which legally offers online casino and card games. However, the most important change, allowing for the enforcement of the new law, was the establishment of the Register of Domains which lists domains that offer gambling games contrary to the Polish Act. This development has significantly contributed to the growth of the legal gambling market in Poland. Presently, the Register contains 8,995 domains and continues to grow. Since July 1, 2017, both websites of unlicensed operators and the related payment systems have been subject to blocking.

In fact, the introduction of the ministerial blacklist and associated blocking measures have resulted in many foreign companies leaving the Polish market altogether. Those who remained were promptly blacklisted and consequently blocked. Their response

was varied with some deciding to go the license application route, while others are challenging the new legislation.

Prior to April 1, 2017 (i.e., the date of the amendment of the Gambling Act), it was estimated that over 90 per cent of the online mutual bets market in Poland was controlled by unlicensed operators who did not pay taxes in Poland. Currently, the market share of legal operators is approximately 60 per cent, with their revenues for 2018 exceeding EUR 1.2 billion, i.e., approximately 55 per cent more than in the previous year. The growth of the legal market is very dynamic, all the more so that the Polish government is highly motivated to increase revenues from the gambling tax.

### **LICENSE APPLICATION PROCESS**

At the beginning of 2018, there were only seven entities licensed by the Minister of Finance to



organise and conduct internet mutual bets gaming. Currently, 16 licensed bookmakers operate in Poland and four further applicants are going through the approval process.

Since Betclik obtained its license, increasingly more offshore operators have been queuing up. It is worth emphasising that, apart from the 12 per cent gambling tax they will have to pay, offshore operators will not be subject to income tax in Poland giving them a certain competitive advantage against bookmakers registered in Poland. Even without the long-awaited change of the taxation system, it is expected that new license applications will inevitably be filed with the Minister of Finance and that the total number of issued licenses will further increase.

Contrary to popular belief, it is possible for an offshore entity to obtain a license in Poland, as was proven by Betclik when it obtained the license in September 2018. All applications for granting a license are examined by the Minister of Finance. The relevant proceedings may last up to six months. However, the time limit is subject to extensions, often involving several additional

months being added to the application process. The application itself shall be accompanied by official company documentation (e.g., articles of association and financial statements), and information on the applicant's business (e.g., website regulations, technical documentation of the website, or the consent of the sports competition organisers).

The license shall be granted for a period of six years, which may be subject to a one-off extension for the following six years. The fee for granting the license is approximately €100,000 for each website used for the organisation of mutual bets. The applicant shall also be required to provide collateral of €115,000 in cash or in the form of a bank guarantee.

#### **REPRESENTATIVE**

One of the key conditions for allowing offshore entities to provide gambling services in Poland is the obligation to appoint a representative or, alternatively, conduct their activity in the form of a branch office. Due to serious tax consequences of establishing a branch office, the appointment of a representative seems to be

advantageous for foreign entities. The representative may be either a natural or a legal person conducting business activities within the territory of Poland. The compulsory element of a license application includes documentation proving that the representative meets a number of formal requirements laid down in the Gambling Act. In practice, the role of a representative (after a license is granted) is to represent a foreign entity before the Regulator and authorities competent in the field of gambling games and gambling tax. In addition, the representative keeps relevant documentation in the territory of Poland, including records concerning the activities of the foreign entity.

According to market reports, the Polish online gambling market is estimated at EUR 1.2-1.7 billion a year. This market is currently divided between 18 locally licensed operators and one offshore entity. Considering the size of the market, there is certainly enough room for plenty more market entrants, particularly those providing a comprehensive and well-presented offer.