



INSIGHT
REGULATORY UPDATE

Market Watch

Africa

According to a report by the IMF the economic recovery in sub-Saharan Africa was better than expected in the second half of 2021, leading to a significant revision in last year's estimated growth, from 3.7 to 4.5 per cent. Unfortunately, growth has been affected by the war in Ukraine leading to surging oil and food prices.

The African Economic Outlook 2022 predicts real GDP growth to decelerate to 4.1 per cent in 2022 in the region overall. President of the African Development Bank Group summarised by saying that the Russia-Ukraine conflict "erupted as Africa's economy was on a path of recovery from the ravaging impact of the pandemic" and the war "threatens to set back the continent's promising economic prospects." In addition, the continent now faces the very real prospect of sliding into stagflation.

In South Africa, the situation has been made worse by rolling blackouts of up to six hours while the government wrestles with high unemployment and a five-year high inflation rate of 6.5 per cent. Meanwhile, the potential for civil unrest has increased amidst the backdrop for control within the ANC.

Africa as a whole, however, offers an immense and



varied picture. Several economies in East Africa are expected to experience rapid expansion, driven by population growth including Uganda, Tanzania, and Mozambique. Indeed, Uganda is projected to be among the fastest-growing economies by 2030, according to researchers at the Growth Lab at Harvard University. Meanwhile, Rwanda in central Africa maintained its position as one of the top-performing economies, growing by 10 per cent in 2021; its economy is projected to expand by 6.9 per cent in 2022, driven by strong performance in services.

When it comes to gambling regulation, the situation is equally diverse. In some of the largest gambling markets, such as South Africa, there have been little regulatory developments of late: online gambling remains prohibited and licensed bookmakers are located in all the provinces throughout the republic (there are around 25,000 slots located in 39 casinos nationwide and around 600 betting shops). In Ethiopia, the second most populous country in Africa after Nigeria, stricter requirements on the betting industry have been imposed as a result of an increase in betting amongst younger players.

The more significant changes are happening in smaller/fledgling jurisdictions that have remained pretty much off the radar. These changes need to be highlighted due to the opportunities they will bring and the important work that is being done from a regulatory perspective. For example, in January 2021 the Malawi Gaming Board began inviting proposals for licences for casino development in all locations and, in August last year, authorities also granted eight online sports betting companies permission to operate. In the Republic of the Congo, which has been ravaged for years by civil war, the government is in the process of developing gambling laws for the very first time.

Overall, Kenya, Nigeria and Ghana stand out as the three jurisdictions that have experienced the largest expansion of the market over recent years and they continue to make improvements to their gaming laws. Another characteristic of the market as a whole is that, broadly speaking, there are still major gaps within the legislative framework when it comes to online gambling in addition to an overall lack of supervision. This is compounded by the fact that the region is behind other markets when it comes to Internet and smartphone penetration, while the continent is still very much cash-driven. However, this picture is changing at a faster rate than originally anticipated.

Continuous technological advancements in the region will have a huge impact. Africa's technology ecosystem is set for a period of growth and giant strides are also being made in the fintech industry. For example, Kenya's thriving tech scene means that it is referred to as the 'Silicon Savannah.'

Data from business analytics platform, CB Insights, found that more than US\$1.4bn was invested into African fintech companies in 2021, a nearly seven fold increase over 2020. Meanwhile, the market size of Africa's digital economy is predicted to go beyond \$712bn by 2050.

So, what have been the most significant regulatory changes over the last year and where have they occurred? In this report we cover some of the larger markets alongside smaller, but no less interesting ones, charting the most important regulatory shifts, pinpointing where progress is being made.

Growth in West Africa was driven largely by Nigeria, the region's largest economy. Average growth in the region stood at 4.3 per cent in 2021 and is projected to remain strong at 4.1 per cent in 2022. According to the Digital 2021: Nigeria report compiled by DataReportal as of January 2021, Nigeria had a population of 208.8 million, and about 104.4 million were Internet users, giving a mobile penetration rate of 50 per cent. Of those, 93.3 per cent accessed the Internet via a mobile phone. According to the same report, the number of Internet users in Nigeria increased by as much as 19 million, or 22 per cent, between 2020 and 2021.

Sports betting continues to be the dominant form of gambling and it has increased due to growing access to the Internet and new payment methods. Authorities estimate that 60 per cent - 70 per cent of gaming activity in the country now occurs online.

Major changes look to be on the way with the government set to put in place new gambling laws and ensure that current licence holders meet with the terms of their licences. The NLRC has recognised that not enough money is being generated to the state as the Nigerian government received less than N1 billion revenue from the gaming industry in 2019, while international stakeholders, generated in excess of N250 billion in the same year according to the government.

Both land-based and online sports betting operators are licensed by the government through the National Lottery Regulatory Commission (NLRC), but are sometimes already licensed by state governments as well, meaning that licensing is complex as it is sometimes conducted at both a national and state level.

Casinos can be standalone establishments or be attached to hotels. There are approximately 150 licensed casinos in Lagos alone (50 per cent of all licensed casinos in the country).

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As a result, in 2021 the government said that it was planning to put in place a Central Monitoring System (CMS) to help boost revenue generation.

The implementation will be part of a much wider move on behalf of the federal government to repeal the National Lottery Act (NLA) 2005 and put in place new gambling legislation. The government said that it had hoped to pass The Gaming Act in 2021. However, it now hopes to renew its gaming laws this year.

In Nigeria, those companies offering sports betting are known as Sports Lotteries Operators (SLOs) and they are also licensed by the NLRC. These will be covered in the new law as well as all

The need for tighter regulation was brought into stark focus this year when the West African financial intelligence agency the Inter-Governmental Action Group against Money Laundering reported that many landbased operators may be involved in money laundering. This is of especial importance as Nigeria is battling to stem terrorism financing amid the escalating attacks by terrorists from the Islamic State West Africa Province.

other types of gaming. In March 2021, the Minister of Special Duties and Intergovernmental Affairs, Senator George Akume (a long time supporter of gambling reform), announced that the government was pushing for change due to the industry's capacity to create jobs and increase the nation's GDP. Crucially, it would help put into action President Muhammadu Buhari-led government's pledge of lifting 100 million Nigerians out of poverty.

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Both online and land-based sports betting is covered in Kenys' Betting, Lotteries and Gaming Act and is regulated by the Betting Control and Licensing Board (BCLB). Sports betting has been present since the 1960s, but it has grown considerably since legal online sports betting was first offered in Kenya in 2013. The sports betting market dominates the gambling landscape, especially online sports betting, which has increased due to the success of mobile money banking applications.

Today, Kenya is Africa's leading fintech market, due to the huge upswing in the use of mobile money, which began with M-Pesa. Launched in Kenya by communications company Safaricom in 2007, (M stands for mobile, Pesa is the Swahili word for money) there are around 30 million M-Pesa accounts in Kenya, roughly equivalent to the country's adult population. In addition, Kenya has the highest number of betting youths in sub-Saharan Africa with some estimates putting mobile usage for gambling at 96 per cent.

Betting firm MozartBet has already gone to court seeking to reverse a decision that declared part of their money as proceeds made by money laundering via M-Pesa. In April, a judge ruled that the money held in three bank accounts was part of a money-laundering scheme and should be forfeited. However the company says it had paid the money seized and forfeited to the State, to contract another firm to provide it with customised betting software.

There are around 30 sportsbooks licensed to operate in Kenya. The government has shown increasing concern over the rise of sports betting and has initiated a number of measures to curb excessive gambling. The Treasury announced in April that it was once again seeking to reintroduce the 20 per cent excise tax on betting. A similar levy led to many of the leading operators to temporarily leave the market in 2019. Increased taxes on players reflects a growing trend in East Africa. Tanzania recently imposed taxes of 12 per cent and 10 per cent applicable on the amount or value of all winnings in casinos and sports betting. In Uganda, the tax on the value of gaming winnings has been set at 15 per cent.

Meanwhile, Nairobi's city council has announced efforts to reduce land-based gambling so that it would be restricted to land-based five star casinos via the Nairobi

City County Betting Lotteries, Gaming Amendment Bill (2021). There are around 30 casinos nationwide (with around 1,800 casino slots), mostly as part of hotels with as many as 23 casinos in Nairobi, while only seven counties are licensed to house casinos and other gambling operations. Gambling in Nairobi would also be banned during the day with the ban also extending to online gambling. Anyone found to be breaking the law could face a fine of Sh10 million or a four-year jail term, according to the new bill. However, the BCLB has announced that it would sue if the bill is approved, as they argue that the local government does not have the authority to impose such a ban.

In addition, betting firms are now in the spotlight over money laundering claims after a money laundering risks review report was launched by Interior Cabinet Secretary, Fred Matiang'i. The report stated that large payouts by betting companies were being used to launder billions. According to the report, the money laundering risk was noted "where proceeds from sports betting could be co-mingled with funds from predictable crimes and passed off as genuine winnings with a possible collusion on who takes the winnings, which are later either reverted into the syndicate or transferred outside the country."

Betting firm MozartBet is already taking legal action to reverse a court decision that declared part of their money as proceeds made via money laundering utilising M-Pesa. In April, a judge ruled that the money held in three bank accounts was part of a money-laundering scheme and should be forfeited to the government. However the company says it had paid the money seized and forfeited to the State, to contract another firm to provide it with customised betting software.

Meanwhile, the government is cracking down on licence holders. In July, it announced that leading Kenyan sports betting firm, Sportpesa, would be one of 97 betting firms that would be blocked from using mobile money platforms following a government order to suspend payments for companies that do not have an operating licence from the board.

Communications Authority of Kenya (CA) Director-General, Ezra Chiloba, ordered mobile network operators to suspend the payment channels of the betting firms as the board reviews online licences.

"The Mobile Network Operators are therefore required to discontinue with immediate effect the issuance of licensed ICT platforms and services including USSD, shortcodes and paybill numbers to betting, lotteries and gaming entities whose BCLB licences for 2022-23 have not been renewed," Mr Chiloba said in a notice dated July 1. The BCLB added that only three operators (Betika, Spotika and Betafrigue) had been granted permission to operate in the 2022/23 financial year.

Home to 32.87 million, Angola is often referred to as world's "richest poor country in Africa" because its mineral wealth has not helped lift the majority of its people from poverty, benefiting instead the political elite. The former president of Angola, Jose Eduardo dos Santos, who served as president between 1979 and 2017, died in July.

Dos Santos of the People's Movement for the Liberation of Angola (MPLA) party, oversaw much of Angola's post-war economic growth after a 27 year-long civil war had left a million dead.

Last year Angola's economy officially emerged from the economic recession in which it had been stuck since 2016, with gross domestic product up 0.7 per cent from 2020 figures.

Land-based casinos in Angola are legal and regulated by the Gambling Supervision Institute (ISJ). The ISJ falls under the direct supervision of the Ministry of Finance. Around 14 casinos are licensed in Angola, 80 per cent of which are based in Luanda. Sports betting leader in the market is the Elephant Bet brand. It has been operating for almost five years with around 1,500 sports betting kiosks.

The government enacted gambling Law 5/16 in May 2016. In May 2021, the ISJ announced that tax revenue from gambling had increased by as much as 987 per cent to 590.7m Kz in five years. The increased taxes were due to the enforcement of the law, which allowed for the reorganisation of the market in 2016.

The introduction of a Special Gaming Tax (IEI) also boosted tax revenue. In terms of tax contribution, Elephant Bet and its main competitor, PremierBet, reported a turnover estimated at 4.9bn Kz in 2020, which resulted in the payment of the Special Tax on Games of 575.7m Kz.

New updated regulation is on the way. In February 2021, the ISJ announced that it was in the process of preparing and drafting a new Gaming Law. The bill, which is being pushed forward by the Ministry of Tourism, will allow for an expansion of the gambling industry with the government hoping to raise as much as one to two per cent of gross domestic product overall.

The drafting of the law will be carried out after a public consultation with the main stakeholders in the sector and in consultation with the Ministry of Finance. The bill also has the backing of The Secretary of State, Felinto Soares, who said that the bill would also change the way the industry is taxed.

Angola also addressed the issue of online gambling with the passage of Presidential Decree 131/20 on the Regulation on the Exploitation of Remote Online Gaming in May 2020. According to the new bill, online betting and gambling licences will be granted for an initial period of 10 years.



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Botswana, with 12.5 per cent growth, and Mauritius, with four per cent growth, were among the top-performing economies in 2021. Mauritius' tourism and hospitality industry is the main driver of the economy, which accounts for a quarter of the island nation's GDP; this was severely affected by the COVID-19 pandemic. Around 33,600 South African visitors arrived on its shores between January and May this year, following almost two years of lockdown and border closures. The South African nation had put a ban on public gatherings due to the pandemic, but now the country has ended almost all restrictions.

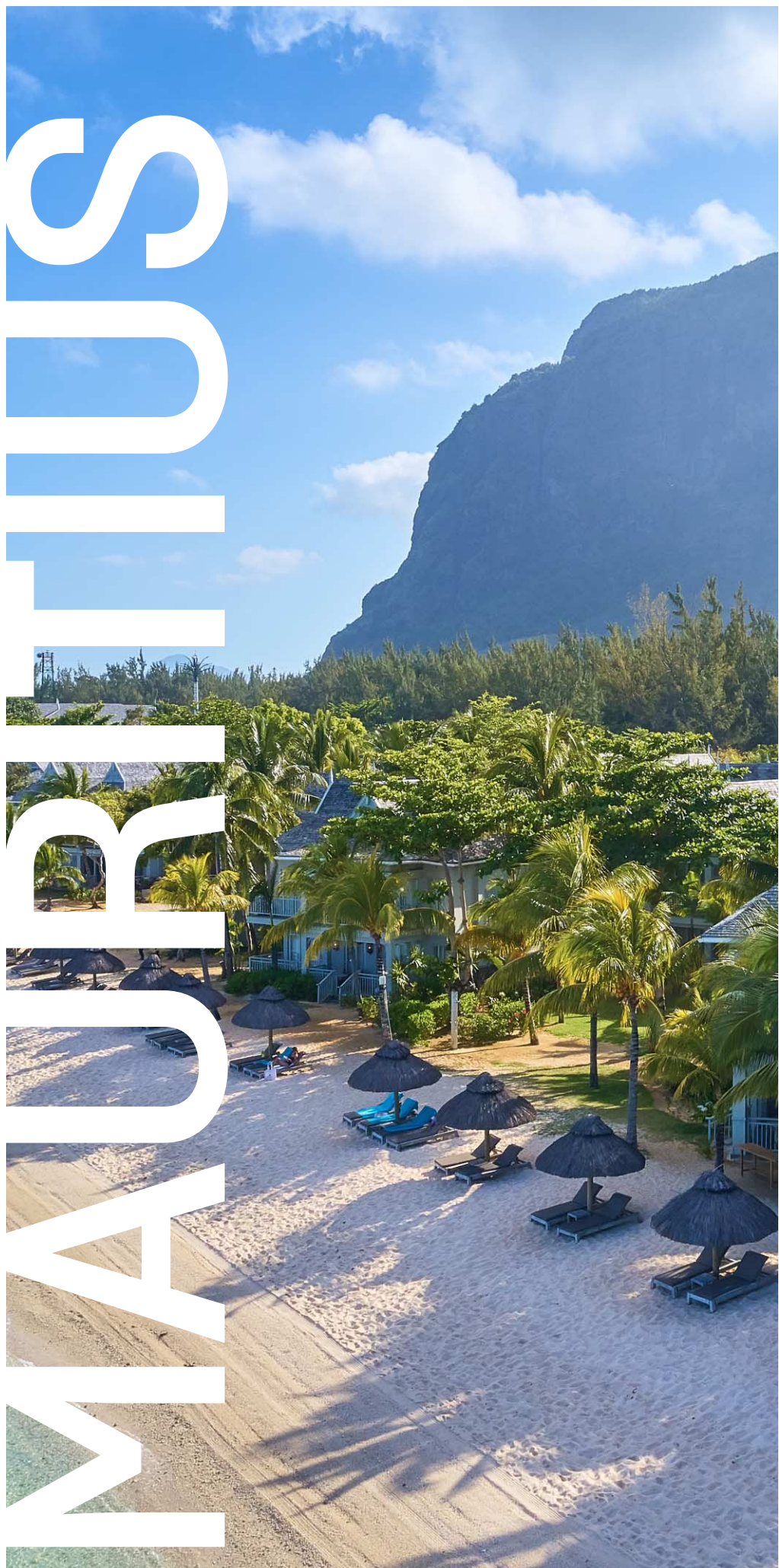
The government is set to make major changes to the casino industry in Mauritius, which has been in a state of decline for several years. The Casino de Maurice was opened in 1970 in Curepipe as a means to bolster tourism. After that a number of casinos in hotels opened, so that by 1996 there were seven casinos in the country providing almost 1,000 people with jobs.

In 1989, the government, through the State Investment Corporation (SIC), took over 51 per cent of the shares in the casino companies and managed the sector by its newly created subsidiary, the State Investment Corporation Management Services (SICMS) Co. Ltd. – the investment arm of the government of Mauritius. Today, the SIC owns 100 per cent shares in Grand Baie Casino Ltd and Casino de Maurice Ltd, and also holds 51 per cent in the Caudan Waterfront Casino Ltd and 62.4 per cent in the Grand Casino du Domaine Ltd. The SIC also owns all the shares of Beach Casinos Ltd and Sun Casinos Ltd, which are closed.

Apart from paying hefty amounts for licences and permits, casinos have also been taxed heavily and the SIC has poured significant sums into the casinos to keep them afloat. In 2011, the SIC announced that it intended to sell more than half of its shares in the Casinos of Mauritius as they were running at a loss, but reportedly a South African buyer backed out of the deal, due to the high tax rate, at the last minute.

Later in 2017, it was also reported that a number of private investors had put in offers to buy the casinos so that they could be privatised. This too ultimately came to nothing. The sale has not been helped by the Casino Workers Union, which has opposed privatisation every step of the way as its members believe strongly that it will lead to lay-offs.

Undeterred, and due to declining revenue, in November 2021 the SIC announced that it would sell part of or all its shares it held in casinos in 2022. In February, the government announced that it would begin work choosing investors. The privatisation process will consist of drawing up the sales offer for the four casinos and studying the proposals of potential buyers. The SIC invited all interested parties to submit their bids before July 29, for all six casinos in Mauritius – four of which are operational. KPMG is handling the transaction.





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With a population of around 25.7 million, Côte d'Ivoire's economy is amongst the fastest growing in sub-Saharan Africa. The government projects economic growth of 7.1 per cent in 2022, up from 6.5 per cent in 2021. The land-based industry is at a very early stage and there are currently just four very small casinos registered with the licensing authority and only three casinos that are in operation. However, online betting is popular offshore while the lottery (LONACI) is present throughout the country and offers online and land-based sports betting.

The opening and operation of casinos and other gaming establishments are now subject to inter-ministerial authorisation from the Minister of Economy and Finance and the Minister of the Interior and Security after Law No. 2020-480 (Legal Regime of Games of Chance) was passed in May 2020. As well as blocking access to unlicensed offshore betting sites the bill imposed responsible gambling measures on the industry.

The government first drafted a decree to regulate the gambling industry in 2019. It was then submitted and approved unanimously by members of the Commission for Economic and Financial Affairs (CAEF) of the National Assembly. Put forward by The Minister of Economy and Finance, Adama Coulibaly, who argued that existing laws were outdated as they dated back at least 50 years, the bill proposed the establishment of a new gaming board and regulations that would cover online gambling as well as put certain restrictions on the land-based sector.

Coulibaly stated that casinos would only be allowed in 4-star hotels. This could be significant in the long-term as the government is investing heavily in tourism and planning to mobilise 2,000bn West African CFA francs (US\$4bn) to revive its tourism industry after Covid.

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Ivory Coast



There are around 30 licensed land-based sports betting operators in Ghana. While casinos are also permitted these are in most cases quite small and there are around eight in total. This is a decrease from 17 casinos in operations in 2014, which were mostly owned by foreign nationals and, typically, were associated with 5-star hotels. Mobile Money continues to remain the biggest payment solution in the country with an estimated c905.1bn transactions recorded in 2021. Online and land based sports betting is permitted and is regulated by the Gaming Commission.

Ghana loses an estimated 300m Ghana cedis in revenue annually due to betting offshore. The Ministry of Finance and the Ministry for the Interior have been ordered to co-supervise the gaming industry and consult with stakeholders to formulate a comprehensive policy to improve tax revenue from the industry.

Assistant Commissioner of the Ghana Revenue Authority, Dr. Martin Yamborigya, said that online gambling offshore had increased over the years and there was a need to tax their operations. "It is an area that is also growing. A lot of people are moving away from the brick and mortar business into this online business," he said.

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The GRA Commissioner- General, Rev. Dr. Ammishaddai Owusu-Amoah said that the government had designed a new system to ensure that any e-commerce, betting and gaming platform operating in Ghana would be tax compliant from now on. The GRA had been working closely with the Gaming Commission, along with operators "to ensure that the right taxes are paid by players in the industry," he said.

The reform is part of a much larger policy as the government plans to collect a large amount of tax revenue from other online companies, including Facebook, Google, Netflix, Twitter, and Tiktok. The Ghanaian government will require all e-commerce and digital platforms without a physical presence in the country to file tax returns and pay monthly taxes. As part of this plan, the Ghana Revenue Authority launched a non-resident e-commerce and Digital Services Registration portal as a first step to begin the taxing of electronic commerce this year.



BTOBET

iGaming platform provider BtoBet, which now forms part of Aspire Global, has increased its presence in Africa. In 2021, BtoBet announced that it would offer an extended suite of managed services through STM Gaming, its certified partner in Africa, in a deal which would 'further consolidate' the platform provider's position in the African iGaming market. It also inked deals with major operators in the region including Surebet247.

In March 2021, BtoBet outlined plans to deliver a 'next-level betting experience' within the Nigerian sports betting market after partnering with Soloti Gaming Ltd to power its Frapapa brand. Through the agreement, BtoBet's Neuron 3 platform is used to enhance Frapapa's retail and digital network. BtoBet's Neuron 3 platform is already fully compliant and provided to clients in a wide number of jurisdictions including Benin, Cameroon, Nigeria, Tanzania, Uganda and Zambia as well as many others. It has been a key player in shaping the evolution of the market.

Surebet247 delivers a large portfolio of offerings based on local and international sports betting, including live sports events, online and live casino, jackpots and a range of special bets and virtuals. In Nigeria it operates around 1,500 sports betting shops. The company plans to expand throughout Africa.

SUREBET247

Founded in August 2011, Surebet247 is an online and retail sportsbetting company with operations in Nigeria and Ghana. The company was one of the first operators in the Nigerian market. The company is licensed and regulated through the National Lottery Regulatory Commission (NLRC). Surebet247 currently plans to expand its online presence into other African markets, including Kenya, Ghana, Benin and Cameroon.

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In October 2019, BtoBet announced a long-term partnership with the company. The deal with Surebet247 will see the Nigerian

licensee integrate the Neuron platform to all its channels. In addition, Paysafe's digital marketing division, Income Access, has re-launched the affiliate programme of Surebet247 on its platform, as the company looks to expand across sub-Saharan Africa.

LIONS BET

LionsBet is a Nigeria-based sportsbook brand and is licensed in Nigeria by the Lagos State Lotteries Board and the Betting Control and Licensing Board in Zambia. LionsBet has launched an affiliate programme with Income Access, Paysafe Group's marketing technology and services provider as it focuses on optimising growth and acquisitions across its brands in Nigeria and Zambia, respectively. The company started integrating this tool at the end of 2018, and were able to launch it officially in February 2019. In December 2020, LionsBet signed an agreement with the provider of live-streaming games, TVBET.

Nigeria-based betting platform, Bet9ja, has an estimated 60 per cent share of the local market. Bet9ja is licensed by the Lagos State Lotteries Board (LSLB) with permission to operate in other parts of Nigeria as well. It is the first most-visited local site in Nigeria and the only Nigerian website in the top 500 most-visited websites globally as of April 2020, according to a recent listing by IABC Africa.

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In 2022, Bet9ja became the official sponsor/partner of the Nigeria Professional Football League. In April, it was forced to suspend operations of its site for a short period after what the company called "a sophisticated criminal cyber-attack" which left customers unable to have access to their accounts, data and funds.





SHAKES

GLI AFRICA

GLI was the first independent test lab in Africa. The company recently expanded its lab and staff at its Johannesburg location to accommodate increasing demand for its services throughout Africa. Gaming Laboratories International now has 100+ employees based in the South Africa office to support GLI customers in Africa and across the globe. The company is certified by jurisdictions throughout Africa, including Botswana, Kenya, Malawi, Mauritius, Nigeria, Seychelles, South Africa, Tanzania, Zimbabwe, and now Uganda where GLI Africa plays a key role. It was recently awarded a certificate of recognition from the South African National Accreditation System (SANAS) for maintaining its continuous accreditation for more than 20 years.

In addition to its land-based, lottery, and digital testing services, GLI provides a wide range of services to its clients, including responsible gaming consultation, cyber security, testing automation, forensic investigations, and training.

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In July 2021, Gaming Laboratories International was appointed by the Lotteries and Gaming Regulatory Board of Uganda to support them in developing new technical standards for the gaming industry in the country. GLI will advise the Lotteries and Gaming Regulatory Board on the review of existing gaming technical standards and draft new technical standards where required. The agreement is the latest in a long series of deals for GLI throughout Africa.

In 2019, the Seychelles Financial Services Authority (FSA) chose GLI to perform a wide-ranging advisory project in order to assist the FSA by facilitating the most efficient and effective oversight of gambling activities in the Seychelles. The FSA is permitted to issue: casino licences, slot machine licences and online gambling licences. GLI has been working with the FSA since 2016, previously conducting training and on-site inspection of gaming devices and systems.

SPORTPESA

Launched in 2013, SportPesa was founded in Nairobi by Kenyans backed by Bulgarian investors. SportPesa pioneered sports betting in Kenya and other jurisdictions in Africa. In September 2019, Sportpesa and other sports betting company, Betin, left the Kenyan market when lawmakers agreed to a 20 per cent tax on betting stakes. Sportpesa also cancelled its sports sponsorships in Kenya. The 20 per cent tax on betting stakes was introduced in 2019, but Parliament removed it in 2020 through amendments to the Finance Act, reducing the tax to 7.5 per cent.

Sportpesa had already returned to the Kenyan market in October 2020 once the Finance Committee had blocked the tax rate under the brand, Milestone Games. This too was controversial as the BCLB ruled that its new licence holder did not have permission to use the SportPesa name (the popular brand is also claimed by Pevans East Africa), leading to a long drawn out battle in the courts.

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Meanwhile, SportPesa has continued to invest in the development of the local sports leagues and tournaments in Kenya and Tanzania. The company has signed agreements to build local and international partnerships in football, rugby, boxing, motorsport, and athletics.

In October 2021, SportPesa signed a Sh26m sponsorship deal with a Murang'a County football club. The company will for the next two years sponsor Murang'a Sports Excellence Academy Limited (M-Seal) Football club, which plays in the second-tier league, National Super league in Kenya. SportPesa has also signed a number of high profile sponsorship with clubs in Tanzania. SportPesa's market strategy in the past has been through partnerships, including most notably a number of clubs in the UK. However, in 2021 SportPesa withdrew from its sponsorship deal with Everton FC and a deal with Formula One team Racing Point due to difficulties in its home market.