



REGULATION AND COMPLIANCE IN THE GAMING INDUSTRY

Staying Ahead of the Game

In recent months, the Gambling Commission has issued a number of large fines to operators for breaching regulations and failing to act in a responsible manner towards their customers.

In all of these cases, the companies involved had failed to monitor for and detect vulnerable customers; those gamblers that were potentially staking more than their income and personal circumstances suggested they could afford.

“

If there is indeed any reluctance to act, the Gambling Commission's recent activities would seem to send an important warning sign. It's time for the industry to get their house in order, or suffer the consequences.

”

The fines are intended to send a message to the industry that it will be held genuinely accountable for identifying and protecting problem gamblers and that failure to do so will be punished.

Yet behind these fines lies the additional concern that adequate steps have not been taken to ensure criminality is kept out of gambling. It is well known that problem gamblers will occasionally resort to crimes such as theft and embezzlement to fund their spiralling habit. Detecting the problem gambler early will reduce the risk of such criminality. But beyond even that is a more subtle and worrying concern: money laundering. Those attempting to launder their ill-gotten gains will frequently gamble with them, accepting a level of loss as a small price to pay for being able to cleanse the money that remains. The Gambling Commission is making the point in its most recent fines that those controls that are able to identify a problem gambler should also be able to spot gambling for money laundering purposes. Regulated firms are expected to ensure that those controls are in place and effective.

Similarities to Financial Services Regulation

In the banking sector, preventing financial crime has long been a top priority for the Financial Conduct Authority, with numerous high-street names coming under pressure to improve their systems and controls. The Gambling Commission is clearly looking at its regulated firms in the same way.

The last few years have been challenging for the traditional betting industry. Increased competition, especially online, together with negative publicity regarding Fixed Odds Betting Terminals in betting shops, has eroded profits and led to high street betting stores closing in large numbers. There will be many who question therefore whether the industry genuinely cares about tackling criminality and problem gamblers, given the millions they spend each year.

If there is indeed any reluctance to act, the Gambling Commission's recent activities would seem to send an important warning sign. It's time for the industry to get their house in order, or suffer the consequences.

Staying protected

FTI Consulting works with clients to ensure they meet regulatory obligations, implement robust systems and controls, and provide confidence to all key stakeholders that their business is well-controlled. We help clients to stay protected by focussing on:

- **Financial Crime** – we help clients both to evaluate and improve their financial crime systems and controls.
- **Regulation** – we advise clients as to the impact and interpretation of the never-ending flow of new regulation affecting the industry.
- **Governance** – we evaluate corporate governance arrangements from board effectiveness, through to policies procedures, controls and reporting.
- **Data & Analytics** – we analyse large and complex volumes of transactional and reference data to independently identify problem events and behaviour patterns.
- **Conduct and culture** – we develop and assess conduct risk controls frameworks and have worked with multiple clients on culture-change programmes.



Nigel Webb
Senior Managing Director
+44 (0)20 3727 1568
nigel.webb@fticonsulting.com



Paul Henninger
Senior Managing Director
+44 (0)20 3727 1845
paul.henninger@fticonsulting.com



Nick Hourigan
Senior Managing Director
+44 (0)20 3727 134
nick.hourigan@fticonsulting.com



EXPERTS WITH IMPACT

About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

The views expressed in this article are those of the author(s) and not necessarily the views of FTI Consulting, its management, its subsidiaries, its affiliates, or its other professionals.