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Stakeholders' perspectives on channeling policy to address offshore gambling in Finland

What this research is about

Offshore gambling refers to people gambling on websites that are not licensed in their countries. Offshore gambling is hard to address. A strategic tool called channeling can be helpful to address offshore gambling, especially in jurisdictions that use a monopoly system for regulating gambling (e.g., Finland). Channeling is an attempt by national authorities to direct online gambling towards the regulated market. One example is when authorities try to make regulated gambling offers more attractive to people. Authorities may also criminalize gambling on offshore sites or limit their advertising. The purpose of this study was to examine the arguments that stakeholders in Finland made concerning the implementation of channeling measures.

What the researchers did

The researchers interviewed public servants who were employed in Finnish Ministries. These public servants were involved in gambling regulation, ownership steering, and prevention of gambling harms. The researchers also interviewed representatives of the state-owned gambling company (Veikkaus) who were employed on the executive team or board of directors. A total of 18 people were interviewed between 2018 and 2019.

The researchers interviewed the public servants about ownership steering, prevention of gambling harms, responsible gambling, and cooperation between the Ministries and the Prime Minister's Office. The researchers interviewed the representatives of Veikkaus about operative strategy, ownership steering, online competition, responsible gambling, and prevention of gambling harms.

What you need to know

A strategic tool called channeling can help regulate offshore gambling. Channeling is the attempt by national authorities to direct online gambling towards the regulated market. The purpose of this study was to examine the arguments that stakeholders in Finland made concerning channeling measures. A total of 18 people were interviewed. Participants included Finnish public servants and representatives of the state-owned gambling company. The participants discussed the loss of market share to offshore providers. They viewed channeling as an important policy tool. Many felt that channeling can help prevent gambling harms. Some viewed channeling as a way to help retain customers on the licensed and regulated gambling site. They felt that offshore gambling is more harmful than gambling on a national, regulated website. Participants also discussed the benefits and drawbacks of a potential licensing regime. The researchers proposed a new regulatory model that represents the Finnish online gambling policy starting in 2018, which is called the 'dam model.'

What the researchers found

The participants discussed the loss of market share to offshore providers. At the time of the study, Veikkaus relied on a 'competitive monopoly'. The loss of market share became a pressing matter. The participants were both concerned with and aware of the benefits and consequences of channeling.

The representatives of Veikkaus viewed channeling as a way to promote Veikkaus' products. They were

concerned about the loss of gambling proceeds to offshore providers and the number of Finns playing on offshore websites. The representatives of Veikkaus thought that website blocking or monetary transaction blocking could be a useful measure. But they also acknowledged that this kind of regulation needs buy-in from high-level politicians.

The public servants had more diverse views on channeling. Many felt that channeling can help prevent gambling harms. Some viewed channeling as a way to help retain customers on the licensed and regulated gambling site. They felt that offshore gambling is more harmful than gambling on a national, regulated website. Participants discussed how channeling may help maintain the current gambling monopoly in Finland. But some expected that Finnish customers might not accept blocking measures that prevent access to offshore websites.

Participants were asked how they would define the purpose of the gambling monopoly in Finland. Most of the public servants referred to the Finnish Lotteries Act. The Act focuses on prevention of gambling harms, consumer protection, and crime prevention. Some participants also talked about the possibility of creating a licensing regime in Finland, like the case of Sweden. Opening the online gambling market was seen as chaotic and risky for both the state and people who gamble. A licensing regime can use different measures to prevent gambling harms (e.g., operator duty of care and blacklists of unlicensed offshore websites). But the researchers noted that no one seemed to be ready for this change.

The researchers proposed a new regulatory model that represents the Finnish online gambling policy starting in 2018. They called this model the 'dam model.' The dam model describes a 'competition society' in which gambling proceeds are directed towards the state budget. It aims to protect the online gambling market through channeling measures and blocking unlicensed gambling providers.

How you can use this research

This study can inform policy makers on channeling as a strategic tool. The researchers suggested there might be a need for policies that focus on channeling away from gambling altogether, or a least from the most harmful products.

About the researchers

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