

SOCIAL RESPONSIBILITY CHALLENGES

FOR THE CREATION OF A SUSTAINABLE GAMING ENVIRONMENT IN GREECE

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Good afternoon Ladies and Gentlemen.

Many of the other speakers – today - have sufficiently outlined the duties and initiatives undertaken by the gaming business industry in order to excel in corporate citizenship. I want to put into today's discussion that social responsibility in gaming is largely a governmental policy-making challenge.

Gaming is an inherent human need and even an accepted societal necessity. We all here – though – are aware that gaming has always been a delicate matter due to its nature and the repercussions that it may bring on local economies, societal structures, human relations and youth upbringing. Human behaviour has historically been documented as being prone towards gaming activities.

We all recognise that banning gaming activity altogether brings no results. Yet gaming has the capability to absorb a lot from the many and distribute it to the fewer. That is why global experience has indicated that containing gaming – rather than expanding it – has been the most sustainable and equitable route for all those involved and impacted. Policy-makers around the globe try and on many occasions succeed in containing gaming activity in the most sustainable way for all stakeholders; citizens, employees and entrepreneurs.

Since that realisation has become part of the policy-makers minds, gaming has been a largely - if not exclusively - state overseen activity. The over-guiding policy direction still is the licensed provision of as a limited number of gaming venues or outlets or channels as possible. The more the gaming venues become, the bigger the penetration of the activity is. The bigger the penetration, the larger the economical anomaly; meaning increasingly more are lost by the many and gained by the fewer.

Suffice to say that gaming affects both the macroeconomics and microeconomics of a country. All negative indicators go wild when gaming expands. Does the opposite happen? Can we find that silver lining where we may live with enough gaming that sustainability and even growth may be achieved? This is not only a business question. It is also a state economist's challenge. Allow me to elaborate on which I consider to be the key pillars for a sustainable gaming environment.

Pillar 1: Proportionality

You can never go to a village of a 1000 inhabitants and create accessibility to gaming for all 1000 or even half of them. A wide-spread gaming culture is risky both for the gaming business and the villagers finances and subsequently the village's taxation income. Casinomics may teach us a thing or two. You always go for 5% of the villagers. You hope to attract more as you lose some of your existing customers. Your footprint on the local economy is restricted and your 5% customer pool is replenished. Gaming venues are provided to citizens but do not become the omnipresent providers of entertainment; they are not the prevalent lifestyle choice. Local economy targets and other

business prospects are not diverted, state income remains stable and the equation is solved. Proportionality is paramount in achieving the necessary balance between contained levels of gaming activity and the acceptable positive / negative effects ratio.

Pillar 2: Scalable Fair-Play Guarantee

Fair play guarantee is the key currency of our industry; the gaming business. A state along with a specific number of operators can guarantee that a limited number of gaming venues or channels provide fair-play to the participants. It is a symbiotic and mutually beneficial relationship.

On the other hand, a massive expansion of gaming venues and channels cannot be possibly sustainable. Consider one key fact; the costs of truly monitoring and maintaining fair-play across thousands of new venues and channels would exceed the proceeds from any associated gaming tax and license fees. Adherence and compliance on such a large scale will make the whole value chain unsustainable, open to manipulation and eventual demise.

Furthermore, the gaming activity per se becomes diluted and scorched both in terms of quality and pay-out guarantee. That will take place both in the minds of the population and in reality. The customer pool is replenished with hard-core gamers rather than entertainment-seeking participants. In essence you create a negative spiral both for society and business.

Fair play is scalable only to a limited extent.

Pillar 3: Values Protection & Rationalisation

Under-age and young individuals should not be exposed to gaming activity. This is a universal understanding. We all accept and do our utmost to safeguard it. The gaming industry has brought further control mechanisms since that fundamental understanding. Self-banning, problem gaming identification and alcohol moderation in gaming venues to name just a few.

An extended set of venues provides an additional and complex set of issues. As gaming venues are being hybridised, the issues are exponentially amplified.

Is it possible to have age verification in thousands of gaming venues? Will 18 year-olds lend their gaming cards to their younger peers? Shouldn't casinos allow 18-year olds too instead of 23-year olds plus? Will online gaming sites be able to monitor problem gaming? How does self-banning work across a network of thousands of venues which may be similar or differentiated? Will a self-banned casino player break his own choice by going to another venue or logging on? Can you guarantee a homogenous protection of values?

The state has to protect the values it proclaims. Gaming expansion invades this domain. Society and government have to decide which values to uphold and which compromises to make. Substantiated studies should be commissioned, hastiness should be avoided, true societal interests should prevail.

Best practices and the EU legal framework prove that gaming activity containment has been and will always be the safest route for all involved and impacted.

Pillar 4: Future-Proof Consideration

Technology is evolving exponentially. This is a fact. The casino industry is monitoring and adopting the best technologies globally. There is, though, a very fine line between future-proof consideration and technophobia.

There is a rationale for licensing online gaming, but we should again consider global experience and act with determination. Unlicensed online gaming should be prevented. The Greek Government and authorities have the technological and legal means to do that, they just don't. What does the future hold? No-one will enter into a license-gaining process when there are hundreds of web-sites already illegally operating in the country.

At the same time we should strongly consider that gaming participants' protection can only be guaranteed by the natural providers of such games. In some EU countries, online casino games are awarded to casino industry enterprises. Why? In order to guarantee fair-play, age verification, self-banning and because they are already under the strictest supervision of the state. Sports-betting is again a domain that should be awarded to the equally strictly supervised offline entities.

Now, slot machines, VLTs, AWP's are not something new. The country's 9 casinos have 5,000 units already. There is no rationale for adding another 30,000. If you want analogy that is 54 new slots casinos or 1,200 mini-casinos. How can you guarantee all the necessary safety and control mechanisms? More importantly, when the government realises the economical and societal consequences of such an initiative, they will have to face claims and lawsuits from all the 10-year licensees.

Gaming policy and initiatives should be future-proof and should always allow space for containment and remedies.

Pillar 5: Illegal Activity Elimination

When there is gaming there is illegal gaming. This is a fact. The question remains what is the extent of illegal gaming in a country. At this point, I would like to make an important note. Let's not confuse gaming drop with gaming win. It is largely misleading and frequently misinterpreted in order to create some sense of urgency.

Still, illegal gaming is dangerous and it is fraudulent on most occasions and it is unfair on state economics and existing legal gaming operators. I strongly state though that there is no logic in expanding gaming activity in a country by adding thousands of venues and channels with a view to cannibalise existing illegal gaming activity. This is a paradox on its own similar to claiming that we may legalise corruption since it is wide-spread.

Illegal gaming activity cannibalises existing gaming operator revenue and subsequently state income. The call for urgency is there. The bigger the estimated size of illegal gaming activity is, the larger the necessity to conduct a complete overhaul and crack-down of its venues and channels.

Ladies and gentlemen, there is only one way to combat illegal gaming activity. Fight it and make citizens aware of its negative footprint. We all know the illegal gaming venues across Greece. So why don't the authorities close them down? Why don't they arrest the illicit gaming operators and

confiscate the black untaxed money they circulate? When there is a will, there is a way. The more the state effectively fights illegal gaming activity, the more it increases the associated state revenues from the licensed legal gaming venues and channels. It is high time that policy-makers started doing their duty to provide the authorities with the necessary framework to eliminate all such illegal activity.

The benefits will be enormous both for state and citizen economics.

Pillar 6: National Economy Protection

Gaming expansion should always take into consideration the expected outflow of funds from the country. 30,000 VLTs equals over 500 million EUROS exported from Greece's national economy just for the purchasing of the equipment. If you do the math – and we have – more money is lost by the introduction of 30,000 VLTs into Greece over the next 3 years than gained. There may be a temporary upside from licenses but overall gaming activity taxation and parallel activities taxation will be tremendously deprived. And let's remember, the moment of realising that fact once the government proceeds with this initiative, it will be a moment too late.

Online gaming is also not an easy puzzle to solve. It is not coincidental that the UK and the USA engaged in long-standing legal battles in order to ascertain jurisdictions. I want to pose some questions to all of us here. We are striving for competitiveness and extroversion so why facilitate outflow of funds from Greece by getting a mere commission in the form of taxation? Why don't we counter-balance the upcoming gaming outflow deficit by building frameworks and ventures based in Greece but targeting other countries?

National economy protection is not a temporary inflow exercise. It is a long-term strategy and gaming activity – due to its nature – deserves a more sustainable vision.