

SUMMARY

Nature and scope of illegal games of chance in the Netherlands
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Aim of the study

In order to gain insight into the current scope of the provision of illegal games of chance, in the fifth progress report on games of chance policies the Dutch minister of Justice announced a study on the nature and scope of illegal games of chance in the Netherlands. This study was divided into two phases: an inventory phase and a research phase. The inventory phase has been carried out by Significant by order of the Research and Documentation Centre of the Ministry of Justice (WODC). On the basis of this inventory study Regioplan Policy Research has carried out the research phase. The study at hand is the result of this research phase.

The aim of the study 'Nature and scope of illegal games of chance' is to determine the current nature and scope of a number of illegal games of chance in the Netherlands in the year 2008. The following five types of illegal games of chance are concerned:

- games of chance on the Internet;
- illegal poker games (excluding poker games on the Internet);
- illegal computer terminals;
- illegal bingo;
- illegal lottery and pools.

The general objective of the study (determining the nature and scope of illegal games of chance) has been translated into five research questions:

1. What is the specific nature of (the selection of) illegal games of chance?
2. Which variants of these illegal games of chance are provided?
3. What is the scope of the provision of these illegal games of chance?
4. Where and at what (types of) locations do they occur?
5. In what way are they made public and how and where are they advertised?

Research method

The study has been carried out by means of:

- a. a secondary analysis of existing registrations;
- b. a questionnaire among a large random sample of Dutch people;
- c. a limited number of interviews with players and participating observation.

The questionnaire is the most important data source. An online questionnaire was held among 17,000 people and 3,999 people have been interviewed by telephone, in the age category 15-65 years.

Participating in illegal games of chance

Nearly ten percent of the interviewees have participated in one or more of the five studied illegal games of chance in the past twelve months. The variant that was chosen most often was games of chance on the Internet. Five percent of the respondents have participated one or more times in illegal games of chance on the Internet in the past twelve months. Three percent of the respondents have played illegal bingo in the past twelve months; two percent participated in illegal poker games. One percent participated in an illegal form of lottery and pools and less than a half percent played illegal games at computer terminals. Table S.1 provides an overview of a number of characteristics.

Table S.1 Participating in illegal games of chance: overview

	Illegal games of chance total	Games of chance on the Internet	Illegal poker games	Illegal computer terminals	Illegal bingo	Illegal lottery and pools
Participation						
% of Dutch people	9,6%	5,1%	1,9%	0,3%	2,9%	1,0%
frequency 12 months	11,7	15,8	6,2	3,6	6,5	14
Demographic characteristics						
% male	62%	72%	81%	54%	35%	56%
% female	38%	28%	19%	46%	65%	44%
Average age (years)	41	33	31	34	39	43
% highly-educated	33%	38%	48%	47%	15%	22%
Stake and result of the game						
average stake last game		€ 12,90	€ 13,00	€ 20,00	€ 12,10	€ 8,90
average winning last game*		€ 63,20	€ 48,00	**	€ 41,40	€ 2,95
average loss last game*		€ 18,50	€ 15,30	**	***	***
last played game was won		25%	31%	24%	24%	35%
last played game ended even		40%	38%	***	***	***
last played game was lost		35%	31%	76%	76%	65%

* If applicable

** Too few data available

*** Not applicable

Players and players' behaviour

From the generalised results of the questionnaire it can be estimated that more than a million Dutch people between 15 and 65 years of age have participated in one of the five studied illegal games of chance in the past twelve months. Table S.2 provides an overview.

Table S.2 The number of players per game of chance (N=20,999)

Game of chance	Number in sample survey (N=20,999)	Percentage	Dutch people between 15 and 65 years of age	Dutch people between 15 and 65 with reliability margin*
Games of chance on the Internet	1,073	5.1%	565,000	547,000 to 581,000
Illegal poker	389	1.9%	205,000	200,000 to 221,000
Illegal computer terminals	64	0.3%	34,000	29,000 to 37,000
Illegal bingo	603	2.9%	317,000	308,000 to 333,000
Illegal lottery and pools	204	1.0%	107,000	103,000 to 118,000

* A 95 percent reliability margin is applicable here, which determines a lower and an upper limit of the number of Dutch people that play the game of chance in question.

Personal characteristics

With regard to four of the five games of chance, the majority of the players are male. Only with regard to bingo more women than men participate. When illegal poker and games of chance on the Internet are concerned young people are in the majority. With regard to the other games, the age groups are more equally divided over the age categories. The percentage of highly educated people is a little higher in games of chance on the Internet, illegal poker and illegal computer terminals than in illegal bingo and illegal lottery and pools. The players are fairly equally divided over the income brackets. The percentage of immigrant players is relatively low with regard to all five studied games of chance.

Players' behaviour

On average, the participants play the game in which they participate approximately once per month. The share of people that play illegal games of chance more often than once per month varies from 45 percent (illegal lottery and pools), and 27 percent (games of chance on the Internet), to approximately 20 percent (poker and bingo). Only very few players who play games at illegal computer terminals play more often than once a month. More frequent players' behaviour can be found in illegal lottery and pools and in games of chance on the Internet (where accessibility, at home on a personal computer, is very high).

Stake

When games of chance on the Internet, poker and bingo are concerned, players stake an average of € 12,- to € 13,-. The average participant in illegal lottery and pools spends less per game (€ 8,90), however, participants in games played at illegal computer terminals spend more (€ 20,-).

Calculated for the Netherlands as a whole, this means that with regard to the studied illegal games of chance several hundreds of millions of euros are staked per year (table S.3).

Table S.3 Stake of players of five illegal games of chance, per year, including entry fee, Dutch people 15-65 years of age

Type	Number of players	Stake	Entry fee	Stake total
Games of chance on the Internet	565.000	€ 115.158.000	€ 65.613.000	€ 180.771.000
Illegal poker	205.000	€ 16.523.000	€ 4.656.000	€ 21.179.000
Illegal computer terminals	34.000	€ 2.448.000		€ 2.448.000
Illegal bingo	317.000	€ 24.932.000		€ 24.932.000
Illegal lottery and pools	107.000	€ 13.332.000		€ 13.332.000
Total of 5 games of chance				€ 242.662.000

Winning and loss

The chance of making a profit when playing a game of chance varies from 25 percent (games of chance on the Internet, illegal computer terminals and illegal bingo) to approximately 33 percent (illegal poker and illegal lottery and pools). When participants win, the amount concerned is highest in games of chance on the Internet (an average of more than €63,-). Winners of poker and bingo games receive an average of €48,- and €41,- respectively. Winners of illegal lottery and pools have to content themselves with an average of €3,-. With regard to illegal computer games, the number of winners is too small to be able to make a reliable statement about the winning at all. With regard to games in which players also run the risk of losing money (apart from the stake), games of chance on the Internet and poker, the average loss is €18,50 and €15,30 respectively.

Proceeds of providers

A minimum estimate of the proceeds of the providers of the games is based on the amounts that the respondents have paid to the providers in the last twelve months (stake or entry fee), diminished by the prize money paid by the providers. This estimate amounts to nearly 90 million euros (table S.4).

Table S.4 Gross game proceeds of five illegal games of chance, Netherlands

Type	Number of players	Stake	Prize money	Entry fee	Gross game proceeds
Games of chance on the Internet	565.000	€ 115.158.000	*	€ 65.613.000	€ 65.613.000*
Illegal poker	205.000	€ 16.523.000	*	€ 4.656.000	€ 4.656.000*
Illegal computer terminals	34.000	€ 2.448.000	?	-	?
Illegal bingo	317.000	€ 24.932.000	€ 20.473.000	-	€ 4.459.000
Illegal lottery and pools	107.000	€ 13.332.000	€ 1.547.000	-	€ 11.785.000
Total of 5 games of chance					€ 86.513.000

* With regard to the gross game proceeds it has been assumed that the entire stake of the players is paid out to the winners in prize money. The gross game proceeds could therefore be an underestimate of the real gross game proceeds of the providers.

If the estimate of the gross game proceeds is not based on the specification of the number of games of chance played in the past twelve months, but on the specification of the number of games of chance played in the past four weeks (and this number is subsequently recalculated for twelve months), this results in a significantly higher estimate of € 224 million.

The estimate of € 86 million should therefore be considered as a minimum.

Figures in perspective

Ten years ago, illegal casinos received the largest part of the gross game proceeds from illegal games of chance, however, nowadays the providers of games of chance on the Internet have taken over the lead with more than two thirds of the gross game proceeds of illegal games of chance. In comparison: estimated in terms of gross game proceeds, illegal games of chance are together larger than the Bankgiroloterij (€ 82 million in 2008) or the Sponsorloterij (70 million in 2008). Starting from the higher estimate of € 224 million, the proceeds of illegal games of chance come close to those of the state lottery (gross game proceeds in 2008 272 million). The proceeds of games of chance on the Internet alone come close to the proceeds of the Sponsorloterij (game proceeds legal providers from annual report of The Netherlands gaming control board 2008).

The results of the study suggest that policy attention should mainly focus on games of chance on the Internet, which yield (by far) the highest game proceeds, have the highest number of participation, the highest play frequency, the highest average profits, the highest average loss and also entail the risk of addiction because of the short-odd character. The data of the respondents do not indicate an evident increase in the past few years, however, the risks of the harmful effects for players appear to be the largest with regard to this category of illegal games of chance.

