

Response to European Commission on the Finnish Government draft proposal to Parliament to amend the Lotteries Act and certain related laws

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The Finnish Association for Healthier Gambling Environment (Terveen Rahapelikulttuurin Puolesta ry / TeRaPu ry) is a non-governmental organization founded by experts by experience. Its purpose is to prevent and reduce gambling harm and to make the Finnish gambling environment and policy healthier.

TeRaPu ry is the only gambling prevention organization independent from the proceeds of the Finnish gambling company Veikkaus Oy in Finland.



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We thank the European Commission for the opportunity to give our response and view on the Finnish Government's draft legislative proposal to amend the Lotteries Act and certain related laws.

General notes

Finns gamble more than any other nationality in Europe, spending an average of EUR 320 a year per person. They spend the largest sums of money on slot machines, which carry an elevated risk of gambling addiction and associated problems.¹ The Finnish Institute for Health and Welfare 2020 Report on Gambling revealed that 2.5% of those who gambled accounted for one-half (50%) of the total gambling spend (losses) 2019. 52 % of the money lost on gambling comes from gamblers at risk and problem level.²

TeRaPu ry does not consider the provisions proposed in the Finnish lottery bill to be sufficient to prevent and reduce gambling harm and demands changes to the proposal. The presentation takes mainly into account the preservation of the returns of stakeholders which benefit from gambling losses (Veikkaus Oy's proceeds). Finland continues to prioritize third sector funding above reducing gambling problems.

The aim of the Lotteries Act must be to reduce the total consumption of gambling

The stated purpose of the bill is to prevent and reduce the harm caused by gambling in particular, and to strengthen the channeling capacity of the monopoly system. In gambling, consumption and amount of gambling problems are directly related. It must be stated in the law that Veikkaus Oy should not aim to increase gambling consumption by channelling and that the purpose of the law is to reduce total consumption of gambling. This also means waiving the revenue requirement set for Veikkaus Oy by the state.

Slot machines must be removed from Finnish grocery stores, kiosks, service stations and restaurants

According to the proposal (section 16) decentralized slot machines would not be removed. Slot machines must be removed from grocery stores, kiosks, service stations, restaurants and other everyday areas where minors and other vulnerable groups are exposed to them.

The minimum duration of a gambling ban

The minimum period of a temporary self-ban on gambling is set in the bill for one month and the self-ban valid for the time for one year (Section 15). Both are too short. The minimum duration of the

temporary ban should be one year and there should be an option for a self-ban for minimum three years. There should also be a possibility of a lifetime ban.

Compulsory authentication

Compulsory authentication must not serve as the only, or main means of verifying gamblers' age. In 2019, 41% of Finnish 15–17-year-olds gambled and Finland reported the highest proportion of slot machine gamblers among 15–16-year-olds (60 %) in Europe.^{3,4} Based on purchase tests, 88% of young people can play Veikkaus games without age verification.⁵

The Lotteries Act should record clear sanctions for failing to control age limits and make Veikkaus Oy legally liable. The Veikkaus card should not be considered a strong enough means of identification. It should also be required by law that Veikkaus Oy utilizes authentication for preventing gambling problems by contacting those whose spending behaviour displays signs of risk and problem gambling.

Gambling funds generated by Veikkaus to standard budget allocation

The distribution of monies generated from gambling in a manner that bypasses the standard budgetary procedure is not democratic governance of the state's funds. The earmarked use of gambling losses increases the need to market and provide gambling, thereby increasing gambling problems.^{6,7} Funds generated from gambling must be generated to the state budget without earmarking to any beneficiaries. As proposed by OECD's recent report Civic Space Scan of Finland, and the working group nominated by the state, Liikanen et al.^{8,9}

Regulation, control and supervision must be centralized and independence guaranteed

The regulation, control and supervision of the Finnish gambling system is decentralized and full of conflicts of interest. There is no state-nominated actor with a comprehensive responsibility. The same bodies who decide on the funding policy of organizations are members of the gambling supervisory bodies and represent the benefitting organizations, for example through board memberships. Both The Finnish Competition and Consumer Authority and the European Court of Justice have emphasised the importance of regulatory oversight in identifying potential conflicts of interest in Finland, given the fact that public bodies and CSOs are often simultaneously working to both increase gaming revenues and reduce gambling opportunities.⁸

The regulation, control and supervision of gambling must be centralized and their independence from the gambling proceeds guaranteed in the Lotteries Act.

Gambling marketing

The marketing provisions recorded in the bill (Section 14b) are principles established in the preliminary ruling practice of the European Court of Justice, which, theoretically, Veikkaus Oy has had to follow. In practice the bill has left Veikkaus Oy too much leeway in interpreting the concept of moderate marketing. For example, the sole purpose of Veikkaus Oy's loyalty program is to increase gambling through rewards for increased frequency of playing as well as variety of games played. Furthermore, even if Veikkaus Oy does not target its marketing to children, they are also exposed to its marketing on a daily basis.

TeRaPu ry welcomes the fact that the Lotteries Act prohibits the marketing of games through so called gambling information. At the same time, however, the bill proposes lifting the ban on the marketing of betting and horse racing (toto) games that were banned before. In addition, it is proposed that the marketing of games with a particular risk of gambling harm should continue to be allowed in the places where these games are played and that information on their location should be provided to the public.

The marketing of games with a particular addiction risk and informing the public on gambling alternatives including betting and horse racing (toto) games must be prohibited. The marketing of other gambling in public and semi-public spaces, such as grocery stores and kiosks, must also be prohibited. Advertising of gambling on the Internet, television and radio should be limited to viewing and listening times, for example between 9 pm and 6 am, to avoid children being exposed to it. In addition, the use of authentication as a tool for targeted marketing must be prohibited.

Veikkaus Oy constantly communicates the good deeds that are done through gambling proceeds. Winning stories published by the media, "news" sourced from a constant stream of Veikkaus Oy's press releases and content published by Veikkaus Oy also represents gambling advertising. This indirect advertising must be prohibited.

The National Police Board's Gambling Administration is in charge of supervising gambling advertising in Finland. Veikkaus Oy's advertising campaigns are short and as the complaint process takes at least one month the campaigns are over by the time the Gambling Administration has finished its investigation. The Gambling Administration does not have the power to sanction Veikkaus Oy for any illegal advertising practices if they have already ended. Veikkaus can therefore break the law without any penalty or interference, and has done so several times.

Finland, like the United Kingdom, should have a body that evaluates gambling ads in advance.

Invest in the prevention of gambling problems

Although the purpose of the gambling monopoly is to prevent gambling disadvantages, the number of those with gambling problems has remained at the same level for ten years.² At present, preventive measures are not taken by any stakeholder. In Finland the Ministry of Social Affairs and Health both distributes gambling money to beneficiaries, often with political party members as stakeholders, and is responsible for gambling prevention measures. Such an arrangement increases the likelihood that maximizing revenue from gambling will take priority over minimizing harm.⁷

Almost all operators who are responsible for preventing gambling harm receive funding from gambling losses.

The Lotteries Act should determine the organization responsible for the prevention of gambling harm and its financing must be secured independent from Veikkaus Oy's proceeds.

Ministry of the Interior regulations decisive

On the basis of the Lottery Bill, the success of the prevention of gambling harm would be decisively affected by the regulations of the Ministry of the Interior (Section 13c), which regulate gambling rules and may also include provisions on game types and player-specific quantitative and time limits. If the rules and restrictions of the game set by the Ministry of the Interior are insufficient, problem gambling will not be reduced. For example, the current monthly loss limit of EUR 2000 for fast-paced games and the daily loss limit of EUR 500 are far too high for preventing problems due to excessive gambling.

Decisions on restrictions such as loss limits should not be left to Veikkaus Oy (Section 14 c) or, in the worst case, to the individual player alone. Measures that regulate the features of the games and the environments of play, are more impactful in reducing gambling harm than those that are left as the responsibility of the players. Self-assessment, and other personality-based responsible gambling tools mainly serve the interests of game providers such as Veikkaus Oy.⁷

Losses Disguised as Wins

Problem gambling is also enhanced by the definition of winnings in red games and scratch cards, according to which the payout can also be equal to, or less than the stake placed in the game. Losses Disguised as Wins mislead consumers. A win that is less than the stake must be defined by law in the Lottery Act as a loss and the amount equal to the bet as a refund.

Disclosure and right of access

TeRaPu ry supports the proposals in the bill (Section 53) on Veikkaus' obligation to disclose information and Finnish gambling researchers' access to information. In addition, Veikkaus Oy should

be required to use the gaming and customer data collected in any means, for preventing and reducing gambling harm.

Gambling research and supervision must be separated from gambling lost funds

Veikkaus Oy pays the state the costs to The Lottery Administration of the National Board of Police arising from the supervision (Section 46) to. The monitoring, research, prevention and development of treatment for the harm caused by gambling are also paid out of the gambling loss funds (section 52). TeRaPu ry finds the financing of the above-mentioned activities with gambling losses as questionable. The funding model can limit the impartiality of those involved in the prevention, monitoring, investigation and control of gambling harm and reduce the interest in preventing gambling harm. Gambling research and supervision must be separated from gambling loss funds.

Sources

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