

# LOTTERIES IN EUROPE: AT THE SERVICE OF THE COMMON GOOD

**Lotteries in Europe have been operating for the public benefit since 1441, when in Bruges (Belgium) the first model was conceived: organise a prize game with small monetary stakes and use the proceeds to finance projects for the common good. Today's lottery games are still widespread in all EU Member States and, most importantly, they continue to generate funds for the public benefit. This unique model and the important societal role lotteries play, deserve to be safeguarded at both national and EU level.**

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The European Lotteries (EL) is the largest and most representative lottery and gambling sector's association in Europe. Present in 39 European countries with a total of 70 members (50 EL members are in the EU and 20 in non-EU member states), EL members are operators of national lotteries and organisers of other games of chance, including sports betting. In 2022 alone, EL members secured more than 22 billion EUR for society and directly supported valuable projects related to sport, cultural heritage, art, health care, individuals with disabilities/disadvantages, education, science and many other areas. EL members only operate in those jurisdictions where they are licensed by the state and where they comply with all legal requirements (e. g. anti-money laundering, responsible gaming policies, etc.), and act as the most responsible operators in each jurisdiction.

As established by the EU Court of Justice, gambling services are economic activities of a peculiar nature entailing specific risks. Due to overriding reasons of general interest, there are justified restrictions to the internal market rules that apply to the sector. Whereas services are generally allowed to move freely within the EU internal market, there is no mutual recognition in the gambling sector: a company licensed to offer certain gambling services in one EU Member State does not have the right to offer such services in any other EU Member State(s). The sector is regulated in strict observance of the subsidiarity principle, with authorities at the national level best placed to regulate it, in accordance with the extensive case-law of the EU Court of Justice.

EL stands for the sound and sustainable lottery model for the benefit of society, based on the values of forward-thinking, responsibility and integrity. EL Members are committed to actively preventing harm to consumers and implementing the highest standards of responsible gaming. By doing so, EL members aim to create the highest positive social impact for society.

To shape a secure and thriving future for the lottery sector in the EU, EL identified 8 focus points to actively contribute to all relevant debates at EU level.

# FOCUS POINTS

Maximising Positive Social Impact, While Minimising Harm

## Safeguard National Lotteries Unique Role for Society

In 2010, the EU Council recognised the positive impact lotteries make for society. EL calls on the EU institutions to reaffirm and protect the unique role national lotteries play for society in all EU Member States, the cultural heritage enshrined in their historical traditions and their principles.

## Fight Illegal Operators and Their Online Content

Any operator offering gambling services to consumers in an EU Member State where it does not hold a national license, is de facto an illegal operator. EU policymakers should clearly distinguish legal from illegal operators. EL welcomes the concept of trusted flaggers introduced by the Digital Services Act, as a powerful tool in the fight against illegal content online in the lottery and wider gambling sector. What is illegal offline, should also be illegal online.

## Tax Operators in the Consumers' Country

Illegal operators avoid paying taxes in the countries where they operate. By doing so, they can offer more appealing pay-out rates, creating an unfair competition to the EL members. EL urges EU institutions and EU Member States to ensure that all gambling operators pay taxes in the country of the consumer. However, operators do not become legal solely by paying taxes.

## Strengthen Consumer Protection by Leveraging National Expertise

Because of its peculiar nature, the sector is exempt from specific EU legislations, with the European Commission rather opting for non-legislative initiatives on this matter. EL calls on the EU institutions to maintain such approach, recognising that EU Member States are best placed to address local needs and achieve the highest level of consumer protection in the gambling sector.

## Take a Risk Based Approach to Advertising

Advertising plays a crucial role in channelling consumers towards the legal and safer offerings. It should be handled responsibly at national level in strict observance with the risk based approach. High-risk games should be subject to more rigorous rules than the low-risk ones (lottery games).

## AI in Digital Gambling: Explore Opportunities, Prevent Misuse

While AI can play an important role in consumer protection and responsible gaming, it also poses risks when misused. To ensure integrity, AI implementations in the lottery sector must be carefully assessed and ethically deployed, in line with EU and national applicable legislation.

## Sport Integrity: Urge the ratification of the Macolin Convention

EL supports the Council of Europe's Convention on the Manipulation of Sports Competitions and its key definition of "illegal sports betting": "*any sports betting activity whose type or operator is not allowed under the applicable law of the jurisdiction where the consumer is located*". EL invites EU institutions and all EU Member States that have not done so, to ratify the Convention.

## Include Lotteries into Environmental and Future Social Taxonomy

In any future discussions on the review of the environmental taxonomy or the future social taxonomy, EU policymakers should take into account the unique characteristics of lotteries. A broad sectoral exclusion would harm EL members by hindering their collaboration with investors and insurers.



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FOR THE BENEFIT OF SOCIETY