

New Year's Resolutions



Analysts take a cautionary view of UK gaming in 2019

UK OUTLOOK

GRANT HUMPHREY... ON POST-FOBT M&A**DIRECTOR AT TRANSACTION ADVISORY SERVICES, EY**

People are generally relieved that the FOBT review is over and the uncertainty is removed; from an M&A perspective that was exceptionally unhelpful.

There will now be many more deals. FOBTs will drive some smaller transactions that some will need to survive, and there will be a new tranche of strategic M&A. And with so much cost pressure out there, driving synergies will continue to work.

Is the UK market as attractive as it was a few years ago? Absolutely not. But people are still interested in it and are looking at how they can broaden their spectrum overseas - partly to hedge themselves against the fact that UK market is different, but partly because that's where the growth will be anyway.

WARWICK BARTLETT... ON ACQUIRING PLAYERS WHILE RESTRICTING PLAY**CEO AT GLOBAL BETTING AND GAMING CONSULTANTS**

The industry is between a rock and a hard place. While trying to install new algorithms to detect addictive play and monitoring source of funds they

The sector's top analysts look back at the best and worst of a year just passed - and how firms are likely to respond to the challenges ahead in 2019.



do not have the capability of financial institutions to look in depth at a customer's financial standing. They are reliant on the gambler telling the truth, and investigations can only go so far. eGaming is also highly competitive, on one side managers are trying to win over customers from competitors, and at the same time restrict those customers from betting too much, too often. It is this dichotomy that leads to a division in leadership internally with each company. Managers and shareholders are rewarded on results, and a tough social responsibility policy has the opposite effect on their income."

RUSSELL KELLY... ON THE RISING COSTS OF RESPONSIBLE GAMBLING**MANAGING DIRECTOR AT KPMG IN THE ISLE OF MAN**

Undoubtedly the greatest influence on the UK Gambling market in 2018 has been the increased focus on responsible gambling



from the UKGC. This has led to some significant fines being levied on the sector and some high profile press coverage. This is definitely a topic that is high on the political agenda and the level of political instability could bring uncertainty in 2019. Going forward this is forcing firms to invest heavily in compliance resource and software development looking at identifying problem gambling traits and seeking to proactively exclude those players. This landscape will lead to firms continuing to have compliance and responsible gambling as the number one boardroom agenda."

DAN WAUGH... ON A NEW WORLD FOR ADVERTISING**PARTNER AT REGULUS PARTNERS**

The whistle-to-whistle ban will undoubtedly take some of the heat off the industry but it won't stop the campaigning. The same arguments that were used against advertising will now be replayed on sponsorship (where the case for the defence is arguably more brittle than on ads). Marketing activity will be redeployed in other battlefields where

intensification of spending will likely trigger new concerns. For example, an increase in advertising in general programming after 9pm may cause annoyance and lead to greater concerns around vulnerability (studies have shown elevated risk of problem gambling linked to late-night play)."

DAVID CLIFTON... ON REGULATORY PREDICTIONS FOR 2019**MANAGING DIRECTOR AT CLIFTON DAVIES**

I'm certain that we will see LCCP changes aimed at further protecting children and keeping gambling fair and safe in line with the Gambling Commission's September 2018 consultation. My money is also on a ban on use of credit cards for online gambling and expansion of the tools operators must make available to consumers to control their gambling. The outcome of GambleAware-commissioned research into the effect of gambling advertising on children, young people and the vulnerable in Q2 2019 could heavily influence whether greater controls on such advertising are imposed. That might even extend to a ban on football team sponsorship by gambling operators. I suspect we will see yet further focus by the Commission on customer interactions and exploration of operators' corporate governance processes."

