



DFS INDUSTRY

UK gaming expert: Sports betting's existing popularity in Europe could limit DFS explosion

By [Brent Holloway](#) on July 7, 2015 at 7:13 pm [@thebholloway](#)

Are Daily Fantasy Sports primed for a boom in the UK and Europe? [DraftKings' application for a pool betting license](#) has prompted the question and could eventually provide the first hint at an answer.

A handful of sites are already operational in the United Kingdom, focusing primarily on soccer. But none have the wherewithal of DraftKings, one of the industry's unquestioned leaders.

David Clifton, a gambling industry legal expert in the UK, offered some thoughts on the

matter in [an article published Monday](#) on SBC News. We'll break down the highlights below (our comments follow the quotes), but Clifton's most interesting opinion seems to be this: The established presence of legalized sports betting could dampen excitement for DFS to some degree.

David Clifton:

My inbox seems saturated with emails informing me that this is the fastest growing segment in the online gambling industry with claims that 41 million Americans spent an estimated \$11 billion total in fantasy sports leagues last year. If accurate, this is an extraordinary increase from the 2 million Americans thought to have participated in fantasy sports before the internet became generally accessible.

DFT: This seems to be in reference to *last year's* Fantasy Sports Trade Association research. The FSTA's most recent findings—reported at last month's summer conference—suggested that the number of Americans playing fantasy sports is now in [excess of 50 million](#).

DC:

I certainly know from the increasing number of new clients approaching us for advice that they have witnessed the runaway success of the US market leaders FanDuel and DraftKings and hope to replicate that success here in the UK, with a belief that daily contests and in-play opportunities will provide a far more attractive customer proposition than the traditional season-long format.

DFT: There's no indication if or when DraftKings' application for licensure will be approved, but they're well positioned to reap the benefits if it all comes to fruition. Not a bad spot to be in.

DC:

However, what may have been overlooked by many of those commentators is that the recent growth in the US of fantasy sports has been an unintended but direct consequence of the Unlawful Internet Gambling Enforcement Act.

DFT: Yep. Clifton goes on to note that individual state laws differ and that because of these, FanDuel and DraftKings remain off limits for residents of Arizona, Iowa, Louisiana, Montana and Washington. Similar battles may lie ahead as DFS spreads throughout the different legal jurisdictions of Europe.

DC:

In the UK, any remaining doubt about the true character of fantasy sports was removed by section 11 of the Gambling Act 2005. Before then, different examples of fantasy "competitions" had been the subject of UK court proceedings brought by the tax authorities to determine whether they were liable to betting duty, culminating in a 1998 case when the

Court of Appeal decided that the "Fantasy Fund Manager" competition run by News International Newspapers constituted pool betting.

DFT: Hence, DraftKings' application for a pool betting license.

This requirement, coupled with the accompanying point of consumption tax regime and the fact that, unlike the US, the UK has a very long-established and well serviced sports betting market, must surely make it questionable whether a similar explosion in daily fantasy sports is about to erupt on this side of the Atlantic Ocean or, at the very least, in the UK.

DFT: So, there you have a little cold water doused on the raging wildfire of DFS enthusiasm. Stateside, [others have predicted](#) a similar chilling effect if sports betting is legalized, which would make sense. Anecdotally, we see [plenty of overlap between the two communities](#).

That said, the significance of the overlap isn't clear, and there are also reasons why [sports bettors might consider sticking with DFS](#).

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