

Sports Betting is Global ... The Fight Against Match-Fixing Must also be Global



By Kristian Nylén
Chief Executive Officer,
Kambi Sports Solutions

KAMBI SPORTS SOLUTIONS

Any attempt to combat match fixing must be made with the understanding that this is a global problem. An event taking place in one country will have bets placed on it throughout the world, not just locally. As we have seen time and time again, national boundaries and geographical distances are no defense against determined fixers. Even if the relevant authorities were able to prevent any betting within their jurisdiction this would do nothing to prevent match fixing – bets would be placed outside their jurisdiction where the authorities would have no ability to control or monitor the activity. As we will discuss below, this would only make match fixing easier to carry out, and so more common and damaging.

In situations where betting is outlawed or too heavily restricted there are countless examples that show that “prohibition” just results in an illegal and/or un-regulated and untaxed sports-betting market. Betting is not stopped, it simply moves to a black market. Here the organizations taking bets have no concern for the integrity of sports.

With a large flourishing regulated market the need for underground operators diminishes. We can already see in Europe that the countries who have adopted a regulated system, that allows operators to compete on the same level as their unregulated competitors, have a very high proportion of the gaming activity staying within the regulated system.

Experience in Europe shows that professional and regulated online operators very seldom take large hits as they understand how to assess risks and how to manage their customers. It is very important for the operators to have strong risk management, robust customer management tools, and competent traders. An experienced trader can detect suspicious stakes and betting patterns and by watching the game live these traders can easily spot when players are not playing to the best of their ability. It's important to note here that operators who rely solely on feeds and automated solutions are more exposed to fraud and are likely to see more instances of large bets being accepted on matches that are subject to investigation. The most important asset of any sports betting operator is its integrity and reputation for effective control over the betting process. The operator depends on the com.

Match-fixers are discouraged by Sports Federations which take greater responsibility and dare to make tough decisions

Sports Federations are dedicated to promoting the image and public confidence in the positive role that sports plays in society. So regulated bookmakers, sports federations, and agents of law enforcement must work together to prevent illegality of any kind. Betting operators can and should play a vital role in the process of detecting attempts to manipulate the outcomes of sports contests. They are the ones who



are in the best position to observe play in real-time, identify aberrations, and alert the sports federations. Very often betting operators are actively providing the relevant sports federations with information about suspicious matches before, during, or immediately after events.

Many federations receive this information and act on it accordingly. The ICC (the International Cricket Council) took a very strong approach to the Pakistani spot-fixing scandal. The players were warned beforehand not to carry out the fix, and then prosecuted afterwards when the warnings were not heeded. Several players were banned from sports for terms of 5 to 10 years with some serving time in jail.

The bookmaker's role here is vital but limited. All they can do is report suspicions about criminal activity. Bookmakers can provide information, but are not authorized to do more than that in the way of follow-up investigation or prosecution of criminals. Bookmakers report their suspicions to the relevant federation, which then must carry out the investigation, determine the actions, and then set the actions into motion. Once fixes are identified, players must be banned from sports, and prosecuted by agents of law enforcement and the legal system.

Responsible betting operators are already taking steps to minimise the potential for match fixing

A serious and professional bookmaker tailors the limit of the stakes to the profile of the event. This process includes factoring in consideration for the potential for match-fixing. For example, team sports are more difficult to fix than individual sports so they will typically have higher limits to the stakes. The profile of the event is also relevant, as it reflects the incomes of the players involved, which affects the potential for abuse. A Premiership game is almost impossible to fix as the players are so well paid. Players are less well-paid in semi-professional or amateur sports, so that creates a more fertile ground for match-fixing. Professional bookmakers differentiate the limits depending on the profile of the event.

Similarly, matches that are of no consequence for one or both teams should be traded carefully, as should bets on events that do not necessarily determine the outcome of matches, such as a player to be booked or who will have the first throw-in. As we have seen in point-shaving scandals, teams can be corrupted even while winning matches - so vigilance is always needed. There is no need to forbid betting opportunities of this nature, there is just a need to handle them more carefully.

The best defence against match-fixing is the ability to connect all bets to the specific individuals placing the bets. Regulated online operators must have rigorous control of the identity of their players due to anti-money laundering laws. Ideally, all bets placed in a retail environment would

...continued on page 50

Outsourcing Lottery Sales Force ...continued from page 23

tract the Lottery was extremely interested in leveraging our electronic POS solution to provide new advertising avenues to reach consumers. So my team was given the task of convincing retailers to allow us to install electronic POS monitors (or ESMM screens). It was decided that retailers were going to be provided with two monitor options – 19" or 22" wide screens. Or, retailers could choose to not accept monitors. Now, it is important to note that this was the first time such a solution was deployed in Texas, so if we were to be successful at placing the monitors, we would have to gain a substantial amount of new counter space – while not being able to pay for that store real estate. So we needed to convince the retailers to allocate that valuable counter space for free. Since we recognized that this new advertising solution could increase sales, we were able to design and implement an incentive program for our field team that would encourage the sell-in and installation of the 22" monitors. Basically our sales team was given a larger incentive payment for every 22" monitor they sold-in.

Our team was able to sell-in and install monitors to over 98% of the approximately 17,000 Texas Lottery retailers. And the most satisfying feat was – we were able to place the larger 22" wide screen monitors in over 80% of those retailers, a far higher success rate than we had anticipated. That would not have happened without the sales incentive, which could not have been implemented within the typical state lottery compensation structure. All this occurred within a 6 month period, with no additional capital investments made by the Lottery, nor incurring any extra costs for retail counter space.

Another example would be our ability to react quickly to changes in the market-place. Over the past 3 years, the Texas population has grown by over 6% (over 1.5 million residents) which makes it one of the fastest growing states in the country. Our private sales organization has been able to adapt to the coincident market op-

portunity by adding 18 full time employees, including vehicles, incentives, etc. We also added 4 new facilities to support retailer training and supply storage needs. The strong sales increases achieved by the Texas Lottery over the past three years would not likely have happened without that increased investment. And that increased investment would not have happened if the sales force was not outsourced to a private-sector manager. The Texas Lottery has not been able to add one single full time employee in over 5 years. So, having this flexibility within a sales and marketing organization is essential to proper field execution and satisfying the market's needs.

G. Grief: You have explained many things you do to create alignment so that the Texas Lottery and GTECH Texas work together. But what happens when a decision or action is required that was not addressed in the contract? Michael, how do you ensure a collaborative partnership with the Lottery Operator when there is no contractual obligation?

MICHAEL ANGER: First, the contract does provide the foundation to support an effective collaboration. But it would be wrong to think that a good contract guarantees a good partnership. A successful business collaboration depends on a healthy and productive relationship, and that goes beyond the contract. Both parties have to be committed to developing an effective collaborative relationship where the best ideas rise to the top regardless of where they originate from. In Texas, we do this through routine communication and candid and honest feedback. The vendor could simply take the position that they invest heavily in R & D and pull on the resources of a billion dollar corporation and therefore their input should carry more weight. Likewise, the Lottery could take the position that we are the customer and the customer is always right. Fortunately, neither of us thinks that way. In an aligned environment, both parties can challenge the other to identify the

Sports Betting is Global ...continued from page 31

involve player cards or some properly audited membership scheme. In the absence of those protections, operators would do well to accept lower stakes and adopt a safety-first trading strategy for anonymous players just as any serious online operator would accept lower stakes to customers without a history compared to loyal long-term customers.

With live betting it is a fallacy to think that it would be more susceptible to match fixing. It is easier to organize bets to be placed before events because bets can be spread out over a longer time period and across several operators. During events, anything could happen that could potentially affect the fix. The odds could drop on the outcome the fixers are attempting to place stakes on due to events in the match that they have no control over, such as the non-cheating team conceding or having players sent off. If this happens before wagers are placed, then the fixers will not make the expected profits, but will still have to pay the corrupted participants and could actually lose money on the fix. Live events are also much more closely monitored, and any problems are generally detected more quickly, making it harder to get large bets placed.

Ultimately it is important to recognize that sports-betting is a multi-billion dollar/euro industry. The issue isn't whether or not there are attempts to illegally manipulate sports-betting. The issue is how to defend against it. Part of the answer would include recognition of this

reality, and imposition of effective regulations and fraud-prevention actions. That can only be done in an environment in which sports is in fact regulated with the appropriate application of tools to enforce the rules and regulations.

Consumers aren't the only ones victimized by match-fixing. The biggest financial victims are bookmakers – not only do they lose the money to the match-fixers but the reputation of the industry is itself severely damaged. ♦

About Kambi Sports Solutions

www.kambi.com

Kambi is a B2B supplier of fully managed sports betting services on an in-house developed software platform. Kambi employs approximately 300 staff and has offices in London, Stockholm, Malta and Manila. Kambi's clients include Unibet, Paf, Mediaset Espana, Aristocratic Group, Egasa Group, Sueria, Napoleon Games, Expekt and Interwetten. Kambi's solutions are currently certified in Denmark, Malta, Alderney, Italy and Spain. This means that they are approved and audited by the SPM, LGA, AGCC, AAMS and DGOJ. Kambi utilizes a best of breed security approach, with guiding principles from ISO 27001. Kambi Sports Solutions is an eCOGRA certified supplier.