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LatAm report 2024

The biggest opportunities in the industry's latest growth market



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LatAm Report 2024

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Editor: Robin Harrison Design: Ogo Ikeogu Production: Guy Parsons
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69-79 Fulham High St, London SW6 3JW. Tel: +44 (0) 207 384 7763 Registered number: 3934419



Questions?
Comments?
robin.harrison-millan
@clariongaming.com

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Editor's Letter

AS THE US BOOM QUIETENS, LATIN AMERICA BRINGS THE NOISE

➔ **LATIN AMERICA** is undoubtedly the hottest market in gaming today. A long and occasionally fraught process to regulate sports betting in Brazil is ultimately concluding with wagering and igaming in the mix as the government embarks on a four-step phase to finalise regulatory requirements.

Due to complete by July, it will end a process that began in earnest in December 2018. That month outgoing president Michel Temer signed legislation paving the way for Congress to develop and enact sports betting regulations. Two presidents later, and the market is finally poised to open.

Brazil is the big opportunity in the region, but we're covering far more

in this report. LatAm feels poised for explosive growth, as longstanding regulated territories such as Mexico and Colombia are joined by other markets gearing up for regulation.

And to use an industry phrase, we've focused on those territories "with a clear path to domestic regulation". That means deep dives on Peru, which will likely beat Brazil to its launch, as well as Argentina, with its unique province-by-province framework, and Chile.

Not that the opportunities end there; other territories not covered in this report are either discussing regulation or moving towards changing existing regimes. The likes of Uruguay and Paraguay are likely to feature in future editions of this report.

LATAM'S GROWTH POTENTIAL

H2 Gambling Capital projects significant growth for LatAm gaming, with Brazil extending its lead as the largest market



We see this document as a primer for those eyeing up the region, providing a foundational understanding of key developments in the market, as well as a vision for the future through the data provided by our friends at H2 Gambling Capital. My heartfelt thanks also go to Sportngtech, our partner in producing this report, and especially to CEO Tom Ustunel for sharing his thoughts on Latin America. We hope it proves useful.



LatAm report 2024
View from Sportingtech



Tom Ustunel,
CEO, Sportingtech

A VISION FOR THE FUTURE OF LATAM GAMING

Sportingtech is well placed to capitalise on its position as one of LatAm’s favourite platform providers. CEO *Tom Ustunel* takes us through his bold vision for LatAm in 2024 and beyond



AS ONE of the LatAm market’s European pioneers, Sportingtech has paved the way for other platform providers to follow.

Tom Ustunel, newly appointed CEO of Sportingtech, sees the growth as a natural evolution for the company.

“Unlike other platform providers currently in this industry, Sportingtech’s story has always been focused towards LatAm and predominantly Brazil,” he explains.

Ustunel joined Sportingtech in January 2024, after more than 15 years in the gambling industry with the likes of Rank Interactive, News UK and GAN. While he may be relatively new, he’s joined a business that has invested years in refining its offering for the region.

“The product that users see today with Sportingtech took years of fine tuning and hard work to create what we believe is the number one turnkey

in the Brazilian market,” Ustunel says.

“The adoption of a Lisbon office is testament to where we felt we could best service Portuguese-speaking operators and continue to do so to this day.”

LOCALISATION PROVIDES THE EDGE

For Sportingtech, success in LatAm comes from getting to know local audiences and localised preferences.

“Getting granular in knowing this information is crucial,” Ustunel explains.

“Getting insight from providers who have undertaken endless amounts of research can also assist here and give operators a helping hand in identifying trends and ensuring they deliver tailored content to various audience segments and maximise engagement.”

The continent is certainly scaling fast, and for Ustunel, one major



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unique factor is the prevalence of local operators.

“The majority of the LatAm operators we work with are based in the market. This has been extremely fruitful for us as we’ve seen local operators thrive in the last 18 months to two years.”

Similar to the US, a solution that performs well in Europe isn’t likely to cut it. LatAm currently has an over-saturation of external products that don’t cater to local needs.

“This is why the operators in LatAm that have the armoury of a platform like Sportingtech have the technological ability and local knowledge to create a compelling proposition,” Ustunel explains.

“We are now having more fruitful conversations with European operators that see it is better to make use of a specialist platform in the region.”

2024 OUTLOOK: THE KEY MARKETS TO WATCH

So, which markets are proving the most interesting?

“Colombia has been in our crosshairs for some time now, and we’ve watched from afar during its time as one of the few regulated markets on the continent. It certainly comes with its own issues,” Ustunel says.

“While it’s been a successful and fruitful market for all involved it’s always important to see how things could be improved.”

For Sportingtech, Mexico has a major part to play in the continent’s development too. “It is more akin to



the rest of LatAm whereby it is going through a transitional phase from mostly retail to online. Operators are looking for products that cater more to the end user using a mobile, which requires a slicker user interface and user experience,” he says.

Differentiation and customisation are key for any operator looking to succeed in LatAm. Without a doubt, localised products are certainly proving to be a key differentiator.

This, Sportingtech believes, is a major key to success. “We have also partnered with a number of LatAm-focused providers to deliver localised games and products,” Ustunel explains.

“We continue to see exponential growth in LatAm and this will only continue throughout this year, when

we see Brazil and Peru opening up. Our local experience is industry-leading and we continue to invest in this, hiring team members in LatAm to provide an even more personal and local service.”

BRAZIL AND PERU: THE 2024 LAUNCHES

For many, Brazil and Peru are certainly going to be the big fixtures in 2024. Starting with Peru, the country already has an established regulatory framework, and it’s quickly growing in prominence. With a population of 33 million, it looks set to be the third biggest market in LatAm and recently received 145 licence requests in just 30 days.

“Peru is an exciting market for Sportingtech, with more favourable tax

conditions and less stringent licensing,” Ustunel says.

“We have been preparing for regulation over the last two years and analysing the requirements needed for our platform to comply.

“As licence applications begin to be considered, we will stay abreast of any changes and remain agile, which is one of our key strengths. We remain ready to tackle the nuances of all regulated or emerging LatAm markets as we focus on quality, not quantity.”

BRAZIL MAKES ITS DEBUT

On to Brazil, and now that we seem to be on the final part of the journey, how confident is Sportingtech that Brazil will get over the line by later in 2024?

“I am hopeful we are on the home

straight now and that everything will be up and running later this year. I think the necessary rules and regulations have been thoroughly debated and detailed,” says Ustunel.

“There has been a lot of work going on in the background, familiarising ourselves with the landscape and preferences of the player base, as well as ensuring our offering is fully compliant with the ever-changing rules and regulations. We feel all of our key components are ready to be delivered and will enhance engagement for our operator partners and their players.”

Of course, the reinclusion of igaming was a huge moment. Ustunel, however, saw the move as almost inevitable.

“It made sense for igaming to be brought back into the regulation

LatAm feels poised for explosive growth, as longstanding regulated territories such as Mexico and Colombia are joined by other markets gearing up for regulation

process. There is great appetite for wagering opportunities in Brazil across both sports betting and igaming and to deliver both will mean a greater depth of content and more variety for players.

“We see igaming as a crucial part of our offering, and we have established partnerships with content studios who create and develop slot titles for the LatAm market. Collaborating with the likes of RubyPlay and Darwin Gaming are two recent partnerships that we have entered into, and we know that they each have rich portfolios of content that appeals to LatAm players.”

In Ustunel’s eyes, Sportingtech is poised to become a key player in the region, after years of preparation. It’s “the jewel in the industry crown”, he says, as it prepares to realise its potential.

“With frameworks also taking shape in other countries that brings its own unique opportunities, there is no question that a regulated LatAm is ready to make its mark on the world.”

BRAZIL: STATE OF PLAY

André Santa Ritta, associate lawyer at Pinheiro Neto Advogados, tells iGB about the complex infrastructure of Brazil's regulating market and what we can expect to see going forward

THE CLOSE of 2023 and the beginning of 2024 were marked by the ups and downs of Brazil's sports betting and igaming bill, Bill 3,626/23, chronicled in our timeline on the previous page. Now, with sports betting and igaming all but implemented, the market's key players are preparing for the all-important go-live date.

We've heard from these key players before. As various gaming bills rumbled through Brazil's parliamentary process, companies have been partnering with various operators to prepare for the inevitable launch.

"We've already seen some movements of international companies trying to enter the Brazilian market by means of either acquiring someone or partnering up with someone who's in the country," André Santa Ritta, associate lawyer at Pinheiro Neto Advogados, explains.

"And not only M&A transactions per se, but all sorts of commercial

arrangements in which you might partner up with a huge media group in Brazil who has access to all their client portfolio, and has the means to actually advertise and to promote you."

MAKING A BREAK FOR IT

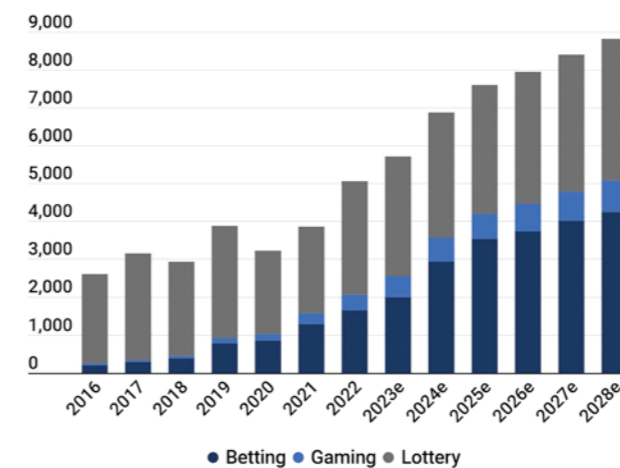
Simply stomping into Brazil's bustling market isn't an option. Bill 3,626/23 stipulates that all operators must have a 20% stake in a Brazilian shareholder. This has proved controversial within the industry, with Neil Montgomery, founder and managing partner of Brazilian law firm Montgomery & Associados previously calling it a "significant market entry barrier".

For Ritta, it will separate the wheat from the chaff.

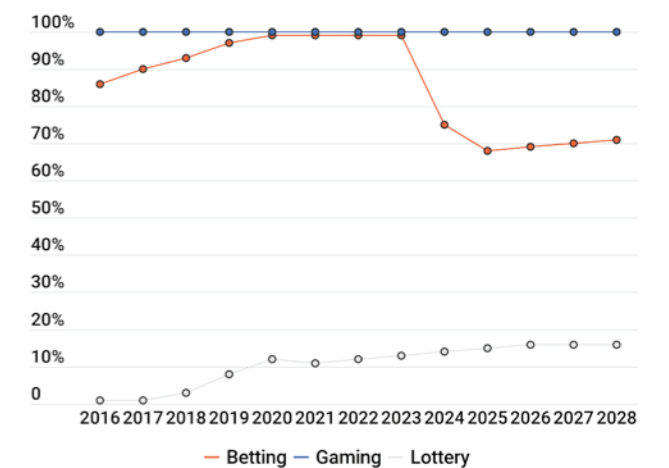
"This is very interesting because on the one hand, it kind of forces international companies to seek some Brazilian ownership to enter the country," he posits. "On the other, it creates a lot of difficulties for those who simply do not



Gambling GGR by product (US\$m)



Online penetration by product



have anyone in Brazil to do that and already operate in the country."

However, the rule doesn't specify whether the 20% corporate capital needs to be with an individual entity or just a company. "Some say that you cannot differentiate, in a constitutional sense, what the difference is between the two. So in theory, this 20% requirement is unconstitutional."

A LONG TIME COMING

The approval of Bill 3,626/23 by President da Silva lifted a weight off the Brazilian market's shoulders. But even without legal regulation, the market was going to rumble on regardless, according to Ritta.

"It is either we regulate this, or this is simply going to [happen] without any type of monitoring and supervision and without the government getting the chance to collect taxes," he explains. "I mean, it is a fact. It's going on."

"Of course, you can say that about any illegal or irregular activity, but let's face it: gambling in general and sports betting have been legal activities worldwide for quite some time now. Brazil is kind of one of the last big countries, with over 200 million people at least."

As with all regulating markets, roadblocks will undoubtedly surface. For Ritta, the primary issues are taxation and clarifying the regulation's fine print.

Taxation on revenue was initially set at 18%, with the chance of operators paying up to 30.82% once other relevant taxes were applied. This sent the industry into uproar, and was eventually lowered to 12%. Tax on player winnings, meanwhile, has stayed at 15%.

"Taxation on player winnings is going to be a significant obstacle. The requirement is to collect 15% taxes on all winnings of players – if you lose more than you win in a month, you'll still be playing taxes on the bets that did win."

There's also the ongoing pressure on the legislature to confirm how tax revenue will be collected and



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clarify how online gaming will fit into Brazil's market.

"Igaming being regulated was very positive," Ritta explains. "At one point last year, it was only sports betting. Now we have online games, it is now a matter of trying to adapt the product to the nature of the fixed-odds concept."

GEARING UP FOR A FIGHT

Now a part of the igaming and sports betting regulated market Rolodex, one question stretches out into the ether: How competitive will Brazil's market be? Reasonably, according to Ritta. And "very few" of the well-known brands will be able to hang tight.

"The challenge is that foreign brands are already powerhouses in Brazil – Betano, Flutter and Bet365 for example," he says. "We have a few mainly Brazilian brands, such as Bet Nacional and NSX, for example, that are big enough to compete with international players."

"But when a huge powerhouse is in Brazil and knows the market, and now it's regulated, the costs and taxes will increase a lot, so it will raise the cost of operating to the sky."

It's important to note that Brazil is some way off from having a fully

How Sportingtech is preparing for Brazil's big launch

Brazil's regulating market will undoubtedly attract a number of key players to the market. But Sportingtech has been quietly biding its time.

In a varied region like Latin America, it's critical to ensure your offering makes sense for the market you're entering, says CEO Tom Ustunel.

For Brazil, "football, basketball and beach volleyball are popular", whereas in markets like Mexico, American sports reign. Naturally, sports betting was a shoo-

in to be regulated under Bill 3,626, but according to Ustunel the readdition of igaming presents its own opportunities.

"It made sense for igaming to be brought back into the regulation process," he says. "There is great appetite for wagering opportunities in Brazil across both sports betting and igaming, and to deliver both will mean a greater depth of content and more variety for players."

With the regulation yet to be fully implemented, Ustunel

believes 2024 will be a milestone in Brazil's gaming journey.

"I am hopeful we are in the home straight now and that everything will be up and running later this year," he says. "I think the necessary rules and regulations have been thoroughly debated and detailed. It looks as though no stone has been left unturned in the proposal for legalised sports betting and igaming from the Brazilian government which should hopefully see the market flourish."

fledged regulated market. Bill 442/91 – which was sent to the Senate last year – would legalise a range of gambling activities, from casinos in integrated resorts to bingo. Ritta expects this to be passed "in the near future",

potentially within the next five years.

For now, wannabe players and established brands must wait for the kinks in the legislation to be ironed out. But even with the market at a standstill, Brazil's industry potential rings clear.

BRAZIL'S INTERNET GIANT PREPARES FOR REGULATED GAMBLING

The advent of regulated betting and igaming in Brazil provides a potentially vast new revenue stream for those in the market, says *Paulo Samia*, CEO of media giant UOL



BRAZIL IS moving towards officially opening its sports betting and igaming market, and local online service provider Universo Online (UOL) is ready for them.

"Regulation is good for every player in the market, and every agent working in the market," UOL chief executive Paulo Samia says.

"It's going to make more people willing to understand a little bit more about this industry and willing to try the betting arena. Gambling becomes more credible, essentially. "People are going to feel more secure in placing that first bet."

It's also going to bring an influx of international operators. That means "more opportunities, new products, new ways of advertising those products for the media."

BALANCING OBLIGATIONS WITH THE IGAMING OPPORTUNITY

Part of Grupo Folha, the country's second largest media conglomerate, UOL is Brazil's largest digital media brand. Nine users out of ten access UOL, and its homepage averages more than 114 million unique visitors each month. It's well placed to take advantage of this influx of advertising investment.

That's not to say eyes won't be on the advertisers as much as the operators, however. Samia sees the controls as comparable to regulations around tobacco and firearm advertising. And

Brazil's advertising watchdog, Conselho Nacional de Autorregulamentação Publicitária (Conar), quickly followed President Lula signing Bill 3,626/2023 into law with a package of measures for advertisers to follow.

"There are a lot of spotlights on this industry," Samia says of the media sector. This brings a level of formality previously missing from the market, he argues.

He's also conscious that a wave of advertising from newly regulated operators will only result in a backlash from lawmakers. That means Samia has to innovate if he's to take advantage of the new opportunity. So how is he doing this?

BUILDING BETTER WAYS OF ENGAGING THE AUDIENCE

"What we've tried to do since the

UOL's homepage averages more than 114 million unique visitors each month. It's well placed to take advantage of this influx of advertising investment

beginning is to offer new products that are not advertising pure and simple, but also provide information and relevant content to the consumer," he explains.

"We prefer to work very closely with our advertisers in order to provide a service to the audience, to make it relevant to them.

"We are the biggest internet portal in Brazil," he continues. "The first

and the biggest, and we have more than 400 people working solely on content development."

Building content is in UOL's DNA, he says, and that ethos extends to the advertising team.

"We're developing products especially for betting, where the audience can see real-time odds. They can see analysis, they can see content about their teams and the sports they prefer. They can subscribe to their preferred sports and get information on betting.

"In our view as a professional content provider we have to provide services and a high quality product for every stakeholder. Not only the advertiser, but especially to the audience."

If this sounds a lot like UOL evolving into an affiliate business, that's as far as it will go – for now.

DOES UOL HAVE A FUTURE AS AN OPERATOR?

It may own the ecosystem, have the brand and the trust, but Samia doesn't see UOL moving into operating just yet.

"What I see is an opportunity to help and to foster the market as a whole," he says instead. "We are traditionally a media company. Sometimes of course we analyse other industries but we are not analysing this opportunity.

"From our point of view, at this

moment we can provide a much better service to the entire ecosystem. So at this time, moving in this direction is on our radar.

"But of course we are a business group. We have several businesses, including payment solutions. So it would make some sense in the future perhaps," he adds.

To Samia, a wait of almost six years since President Michel Temer signed sports betting legislation

into law has ultimately resulted in a strong framework.

"Now we have to see the second step, to add in details missing from the regulations," he says. "There are some grey areas yet to be discussed by the Congress, by players, by stakeholders of this market.

"But I believe what I can see from other markets is our framework of regulations is robust, very strong, and can empower this industry."

BRAZIL REGULATORY FACT FILE

Bill 3,626/23 – regulated sports betting and igaming in Brazil: Bill was approved by the Chamber of Deputies

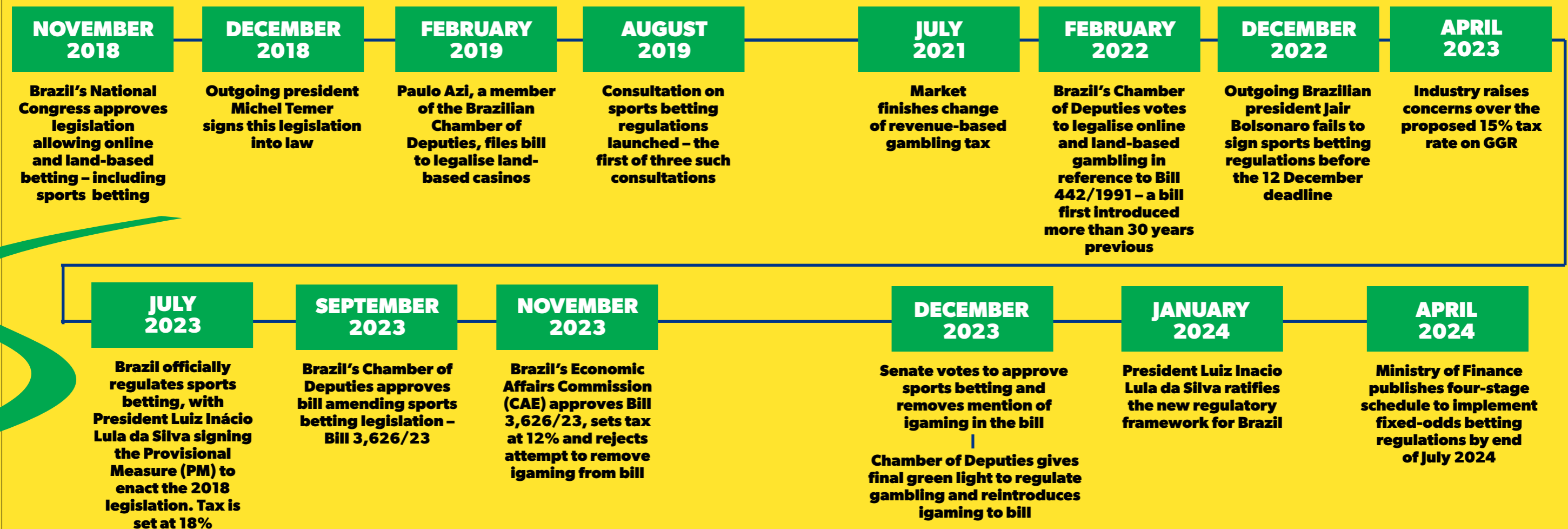
in December 2023 and signed into law by President Luiz Inacio Lula da Silva that same month
Regulator: Regulatory Policy of the Prizes and

Betting Secretariat (SPA)
Regulated products: Online gaming and sports betting approved with Bill 3,626 signed in 2023

Tax rate: 12% of GGR. The rate was previously set at 18% before being lowered
Licence fee: R\$30m and will last for five years

BRAZIL'S LONG ROAD TO LEGAL BETTING AND GAMING

A condensed look at the timeline to launch



PERU: ON THE VERGE OF REGULATION

Law 31557 to regulate gambling first came into effect in 2022, but with some aspects of the law slowing progress down, changes were needed to gain the required support. With the amendments now made, Peru looks set to have a regulated sports betting and igaming market this year. **Gonzalo Perez**, CEO of Apuesta Total, explains just how important those amendments were in getting legislation over the line

➔ IN OCTOBER 2023, Peru's Ministry of Foreign Trade and Tourism (Mincetur) moved the country closer to regulated sports betting and igaming by approving gambling regulations.

Supreme Decree 005-2023-Mincetur clarified the regulatory and technical requirements that gambling operators must satisfy to launch their offerings in Peru.

Peru's then-president Pedro Castillo first signed Law 31557 into effect in 2022, but controversial aspects such as the lack of clarity on offshore tax, the high cost of retail licences and the mandatory use of the .bet.pe domain forced a rethink.

In May 2023, an amended Law 31557 was approved, replacing the requirement for a retail licence with a single online licence, though the cost of that licence tripled to Sol2.97m (£638,628/€744,466/\$807,641), or 3% of net income, whichever is higher. More domains, including .bet.pe and .com.pe were added, while a single 12% point-of-consumption tax for all businesses offering their services in Peru was decided upon, regardless of where a company is based.

Gonzalo Perez, chief executive of Apuesta Total, believes the changes made to Law 31557 were imperative to address existing concerns. In particular,

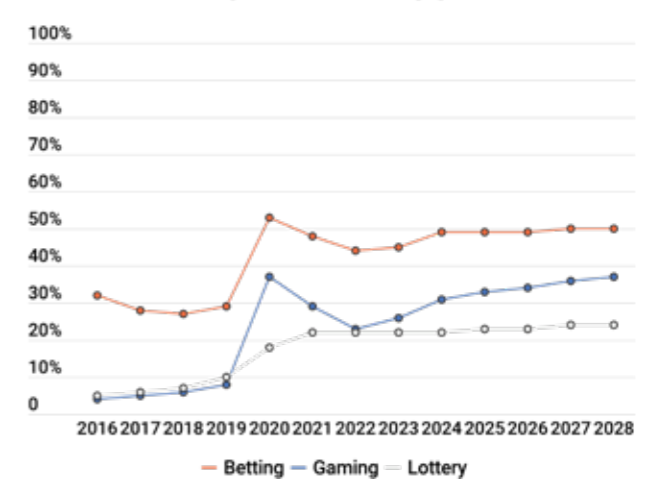


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Gambling GGR by product (US\$m)



Online penetration by product



he highlights the tax alterations as being key to gaining the support necessary to get the law change over the line by avoiding what he labels an “unfair and discriminatory” tax regime.

“Those changes gave more protections to the authorised operators as it became a criminal offence to operate without a licence,” Perez says. “Also, it was included that only authorised operators can do sponsorship activities.

Law 31557 came into effect on 9 February. Operators currently active in the Peruvian gaming market had one month to apply for a licence from 10 March or risk facing a fine of up to Sol990,000. The application process is now closed, though those not previously in the Peru market can continue to apply.

Mincetur revealed that 145 requests were received from national and international companies during the application window. These will now need to be examined.

“Mincetur will check the application and if everything is fine, they will issue a temporary licence and give the operator 90 days to get its platform certified,” says Perez. “Therefore, we expect the market to be fully operational by August.”

Sportingtech CEO Tom Ustunel is excited by the potential of Peru. “The country already has an established regulatory framework and it is quickly growing in prominence,” he explains.

There will be no tax on players’ winnings; taxes will only apply to companies, in a welcome boost for legal operators

“With a population of 33 million, it looks set to be the third biggest market in LatAm.”

Perez also noted that the market had been growing at a double-digit rate for the last five years. Meanwhile, ahead of the predicted launch month of August, a tax rate of 12% of gross gaming revenue (GGR) has been set for operators, with Mincetur reckoning that gambling will produce around Sol162m a year for the state. It estimates that around Sol3.8bn was placed in bets during 2022.

There will be no tax on players’ winnings; taxes will only apply to companies, in a welcome boost for legal operators.

With the licensing process well and truly underway, Peru looks likely to be a competitive market, aided by a relatively low tax for operators compared to some of its LatAm counterparts, as well as the absence of a tax on players’ winnings.

Just how big the Peruvian market will prove to be remains to be seen, but it continues on the double-digit growth trajectory highlighted by Perez, the potential is huge.



PERU REGULATORY FACT FILE

Law 31557 – igaming and online sports betting: Law was passed in October 2023 and went into effect on 9 February 2024

Regulator: Ministry of Foreign Trade and Tourism (Mincetur)

Regulated products: Land-based regulated since 1979. Online sports betting and igaming expected to be fully regulated in 2024

Tax rate: 12% of GGR for operators

Of the tax:

- 40% of that sum will go to Mincetur for control and oversight of the “exploitation” of online betting technology
- 20% to the Public Treasury
- 20% to the Ministry of Health’s mental health department
- 20% to the Peruvian Sports Institute for the development of sports in Peru

Licence fee: Annual cost of Sol2.97m (£639,000/€745,000/\$807,000), or 3% of net income, whichever is higher. Licences last for six years before they need to be renewed

CHILE: DREAMING OF A REGULATED IGAMING MARKET

With a mature land-based market enjoyed by much of the nation's adult population, many of Chile's stakeholders are dreaming of the day they can entertain players online. With an igaming bill currently in the Senate, that dream might not be too far away. **Cecilia Valdes**, executive director of the Asociación Chilena de Casinos de Juego (ACCJ), and **Marianela Artoni**, chief commercial officer of Chile's largest casino group, Enjoy, explain the current landscape



CHILE TOOK a big step towards the legalisation of igaming last December when its Chamber of Deputies passed a bill that would regulate online gaming. The bill will now go to the Senate, where it will face a second legislative process.

There are still challenges to overcome, however, with tax one of the main obstacles to a competitive igaming market and subsequent channelisation to legal operators.

Like land-based venues, online operators must pay 20% tax to correct externalities, as well as contributions to

responsible gaming and Chilean sport, taxed at 1% of annual gross income and 2% of GGR respectively.

When exactly igaming will be legalised is unclear, but its expected regulation will prove exciting for Chile's land-based casinos, which are currently prohibited from offering online games.

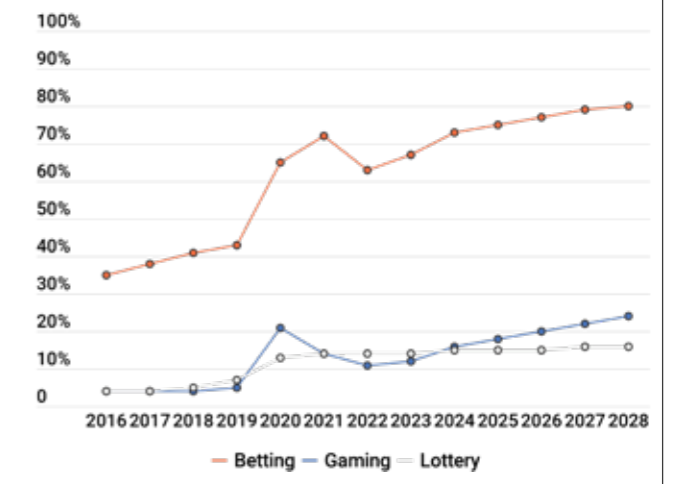
The ACCJ's Cecilia Valdes believes Chile could have a provisional system in place by November 2024. However, this would come after further deliberation within the government.

"The bill is currently in the Senate," Valdes says. "We are optimistic it will

Gambling GGR by product (US\$m)



Online penetration by product



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be ready. It will take between March and June to take the bill through the Senate Chamber, back to the Chamber of Deputies and then signed into law. Following that, there will then be a time for operators to apply for licences.”

Valdes is “very anxious” over the tax rate, though, adding: “When it comes to taxation, we know it’s going to be very high. This will be a big issue, because too high a tax will make it uncompetitive.”

Enjoy’s Marianela Artoni echoes Valdes’ tax concerns, saying: “Many operators have taken advantage of

these years of legal vacuum to take a strong position in the market, while land-based casinos with high tax burdens and very high fixed costs have not been able to participate.”

Prior to the Chamber of Deputies passing the igaming bill in December, the Chilean Supreme Court had ruled online betting to be illegal and demanded the government block access to all igaming sites.

It’s a move that has split opinion. There is still much to be done, and for Artoni, it is an opportunity to label the Supreme Court’s decision as

“effective” due to its heightening in player awareness of the dangers of illegal operators.

For Valdes, the hope is that the new bill will give authorities increased capabilities to clamp down on the black market, with advertising only allowed via legal operators, while those operating online gambling in Chile illegally will not be allowed to have registered bank accounts in the country.

Banks will also have the power to block transactions made with illegal operators.

Artoni agrees the bill offers a stark improvement over the country’s existing responsible gambling policies. “We have great expectations about this bill,” she says. “The industry needs online

betting to be regulated urgently so that transparency and security can be provided to players.”

The regulation of igaming would arrive with Chile’s land-based industry in good health, with casino GGR reaching CLP\$513.68bn (£421.8m/€493m/\$530.6m) in 2023 thanks to a 9.1% year-on-year increase.

The rise in GGR for the 25 venues across the country was aided by a hefty 12% uptick in the number of visitors to casinos, surpassing 7 million people. The casinos’ overall tax contribution of CLP\$195.72bn was an 8.7% hike on last year’s CLP\$180bn.

Artoni is confident igaming will not cannibalise the success of land-based casinos. Instead, she says

CHILE REGULATORY FACT FILE

Federal Gambling Bill 035/2022 – online gambling:

Currently in the Senate

Regulator (proposed):

Superintendencia de Casinos de Juego

Regulated products (proposed):

Sports

betting and “games of chance”

Tax rate (proposed):

20% of GGR

In addition:

• 2% levied for sports betting - given

to the national federation of the sport on which the bet is placed

• 1% of GGR towards responsible

gambling

• 15% tax on players’ winnings

Licence fee (proposed):

General licence (five years), CLP64.2m (£58,147/€67,744/\$74,189)

land-based venues have set high standards for online casinos to follow.

“Land-based casino operators have accustomed our customers to interacting in an environment of

trust, legality and accountability. We understand the regulation of online gambling will allow physical operators to generate a new source of income and offer a new entertainment channel.”

Regulation of igaming would arrive with Chile’s land-based industry in good health, with casino GGR reaching CLP\$513.68bn

ARGENTINA: A PATCHWORK OF REGULATED MARKETS

Argentina is one of the few countries in the world that requires a different set of rules and regulations for each jurisdiction. To explain the complexity of the country's 24-province regulatory process, *Agustín Li Gambi*, president of the Legal Affairs Commission and Argentinian Association of Lotteries, Pools and Casinos (ALEA), takes us through Argentina's development



ARGENTINA'S REGULATORY

process is somewhat notorious in its complexity, with the lack of an all-encompassing federal licence meaning provincial licences are required to launch in the country.

In Argentina, the state can only influence matters that the local governments cede to it. Gambling regulation isn't one of these.

While provinces such as Córdoba and Buenos Aires, the latter of

which contains well over a third of the nation's population, have legalised igaming since 2019, other provinces are yet to do so. Taxes also vary across the provinces.

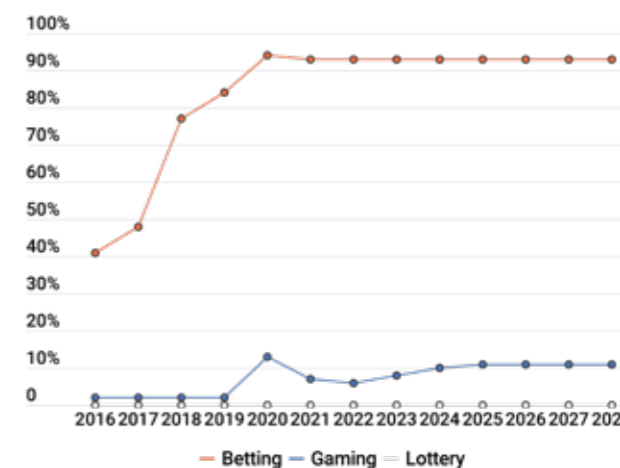
Despite these complications in Argentina, president of the Legal Affairs Commission and Argentinian Association of Lotteries, Pools and Casinos, Agustín Li Gambi, feels the country's legal structure means there is little alternative to the current system.



Gambling GGR by product (US\$m)



Online penetration by product



"It cannot be delegated unless the National Constitution is modified, an issue that in practice is very complex because it requires a supportive majority and specific processes that will be difficult to be carried out," Li Gambi says.

Buenos Aires, which passed igaming legislation in 2018, is the dominant province in Argentina. It has a 25% tax on gross gaming revenue (GGR), while the autonomous city of Buenos Aires,

which is under a separate regulatory framework, sets a 10% rate. The city was also the first to formalise its online gambling licensing requirements in 2020.

That same year the government also increased federal taxes on online gambling to 5% from 2%. This can rise to 10% for operators based in countries deemed to be tax havens.

According to Li Gambi, the system requires a joint effort between

regulators, operators, suppliers and other parties to make it work effectively.

"In each jurisdiction there are particular legal regulations, specific socioeconomic situations, pre-existing contracts and a series of issues that need to be taken into account before adopting a model used in another region," he explains.

Córdoba's legalisation of igaming in 2022 means 15 of the 24 provinces in Argentina, including the city of Buenos



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Aires, now have online gaming.

Despite the rise of igaming in the country, Li Gambi says the very mature land-based sector in Argentina is still performing well. The land-based sector is regulated in every province in Argentina and has been for decades.

“Face-to-face gaming continues to be important, although the advancement of online gaming continues to grow, mainly in larger markets where the supply and volume of gaming is usually more attractive,” he explains.

Like a number of its fellow LatAm nations, Argentina is also facing problems with the black market, with ALEA previously criticising the rise in federal tax from 2% to 5% for its harmful impact on channelisation to licensed operators.

Li Gambi believes the fight against illegal gambling in Argentina is one of the “main battles” the country’s legal market is facing, adding: “We must keep in mind that an effective way to combat illegal gambling is to become more competitive in legal gambling and for this, it is essential to offer attractive products to the betting public.”

To do this, Li Gambi believes that advertising has a big part to play in combatting the prevalence of marketing by illegal operators.

“Due to excessive advertising carried out by influencers or mass media, which end up legitimising illegal sites

ARGENTINA REGULATORY FACT FILE

Online gambling in Argentina is not regulated at a federal level. Instead, each of the 24 provinces regulates gambling within their own jurisdictions. In total, 15 of Argentina’s 24 jurisdictions now regulate online gambling in varying forms: Mendoza, Santa Fe, Corrientes, Chaco, Misiones, San Luis, Tucumán, Entre Ríos, La Pampa, Neuquén, Río Negro and Santa Cruz, Buenos Aires City, Buenos Aires Province and Córdoba. Of the 15 jurisdictions, Buenos Aires City and Buenos Aires Province are the most notable. Per the 2022 census, they are home to nearly 20 million of the country’s 46.23 million population – and are responsible for more than 30% of the country’s GDP.

BUENOS AIRES CITY

Regulator: Lotería de la Ciudad Buenos Aires (LOTBA)

Total licences: No limit

Tax rate: 10% of gross revenue

Cost of licence and duration:

- \$30,000 licence processing fee
- Fixed annual licence fee of \$100,000
- \$2m “compliance guarantee” as a form of insurance
- Five years, option to extend by another five years

Verticals regulated:

- Online casino
- Poker
- Bingo
- Sports betting and fantasy sports
- Lottery

BUENOS AIRES PROVINCE

Regulator: Provincial Institute for Lotteries and Casinos (IPLyC)

Total licences: Seven available.

Applications made by international operators must be partnered with a domestic company, with a minimum 15% revenue share

Cost of licence: Annual single fixed fee of \$75,000

Tax rate: 25% of gross revenue

Verticals regulated:

- Online casino
- Poker
- Bingo
- Sports betting and fantasy sports
- Lottery

and due to the very complexity of our federal system, a game can be legal in one jurisdiction and illegal in the neighbouring jurisdiction,” he says.

While there’s plenty of work to

be done, the market is now more developed than ever. If it continues on the right track, the country will have a big part to play in shaping the continent’s future.

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MEXICO: REAPING THE REWARDS OF A LIBERAL REGIME

Mexico has one of the more liberal betting markets in Latin America, with a wide array of products available to its population of close to 130 million. As a result, the country is quickly developing into a sought-after market, and one that is proving particularly beneficial for Codere Online. *Oscar Iglesias*, the company's chief financial officer, explains how it's bucking the trend with its Mexico focus



AN INTERNATIONAL Betting Integrity Association (IBIA) market assessment in 2021 found Mexico to have a channelisation rate into legal markets of 90%, aided by its wide range of betting options, with most forms of gambling – online and land-based – available. Further help comes in the form of Mexico's advertising restrictions, which are more favourable

compared to other developed markets in what the regulator, the Secretariat for Home Affairs (SEGOB), allows.

Most advertising is allowed as long as it encourages responsible gambling, does not appeal to minors and avoids deception.

A 2022 report from Delasport on Mexico's igaming market found that approximately 60% of the country's



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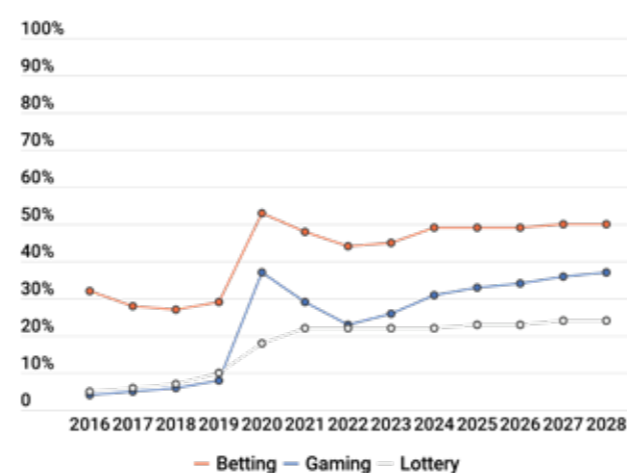


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Gambling GGR by product (US\$m)



Online penetration by product



bettors wager on sports, while around 40% bet on casino offerings such as slots and blackjack.

One operator enjoying real success there is Codere Online, which last year saw Mexico leapfrog its home country of Spain to become its leading market thanks to a 2023 in which revenues in the nation rocketed by 60% year-on-year.

Codere Online has invested heavily in the Mexican market, though it's a path that some would-be competitors seem hesitant to join, as its chief financial officer Oscar Iglesias explains.

"It's an intense, competitive landscape," Iglesias says. "I think

Operators opting to expand into Mexico are choosing to do so in spite of a 30% tax on gross gaming revenue

some of the big global international operators are still a little bit reticent to get involved, given some of the complexities to operating in a market like Mexico.

"I think people see that it's a sizeable market and a good opportunity for them. They are just maybe not clear what their approach or what their winning approach would be to that market."

Such is Codere Online's success in Mexico, it has actually allowed the company to avoid the high-reward, but also high-risk, markets such as the US and Brazil.

"With people distracted away from some of our core markets to a market like Brazil or focused on the US opportunity, it just gives us that much more opportunity to continue making gains in the two markets that are really driving value for us as a company, which are Spain and Mexico," Iglesias continues.

Sportingtech CEO Tom Ustunel believes the product offering suits the Mexican population. "If we take a look

at readily available products on the market, they are somewhat dated but fit the needs and requirements of its customer," he says.

"Like any market a new, more agile product will become available and you'd expect to see a shift towards more technical and dynamic offerings."

Operators opting to expand into Mexico are choosing to do so in spite of a 30% tax on gross gaming revenue (GGR), a tax that applies to both land-based and online products.

Operators pay an annual licence fee of 1% of turnover on sports betting, while the rate is 2% on racing turnover, for both dogs and horses. There is also no

application fee for potential licensees.

Players' winnings are taxed, too, with 1% going to the federal government while states take approximately 4-6%, depending on the local regulations.

And yet, despite the high tax rates, Mexico is still flourishing and offering operators growth opportunities. Iglesias believes operators are starting to catch on to the potential of the Mexican market.

"Part of it is it's still a developing market," he says. "I think for a lot of people, maybe three, five years ago, it was more of a secret thing.

"Today, the secret is out that Mexico is a strong online gaming market."

MEXICO REGULATORY FACT FILE

1947 Federal Gaming and

Raffles Law: Amended in 2004 with the Gaming Regulations, but still outdated compared to changes in technology since then. New federal framework was proposed in 2014, but unclear when it'll be implemented.

Regulator: Secretaría de Gobernación (SEGOB).

Regulated products: Most forms of gambling permitted, both land-based and online, for those aged 18 and over. Slot machines banned by presidential decree in November 2023, with new operators barred from gaining licences for slots and existing licences expiring at the end of their term.

Tax rate: 30% of GGR for both online and land-based operators. States can also impose their own taxes, but can be deducted from the federal rate. Players taxed on winnings, with 1% going to the federal government, while 4-6% go to states.

Licence fee: Annual cost of 1-2% of turnover. 1% of sports betting turnover or 2% of racing turnover. Licences can last up to 25 years, with 15-year extensions available.



COLOMBIA: LATAM'S MOST MATURE IGAMING MARKET

With a robust, fully regulated online gaming market in place since 2017, Colombia has blazed something of a trail in Latin America. **Marco Hincapie**, president of the country's regulator Coljuegos, tells iGB why he is bullish about the market's future prospects



COLOMBIA LEGALISED online gambling – including online sports betting – in 2016 through its Egaming Act, becoming the first Latin American country to regulate igaming. The country's Gambling Act was enacted in 2001, when Law 643 was passed.

Colombia's gambling tax rate was recently under review, with the Senate analysing the current rates of 15% on gross gaming revenue (GGR) in February. Marco Hincapie, president of Colombia's regulator Coljuegos, stresses the importance of operators following the law surrounding tax.

"We have done a lot in terms of taxation so that we can be paid for the resources of the monopoly," he says. "There is also a criminal sanction for those who do not pay the tax."

"There are very severe penalties, such as terminating the contract. A clause applies that says they can no longer hold a contract with the state. Our legislation is a legislation with teeth, to be able to force operators to comply with its rules."

Colombia's first online gaming licence was awarded to Wplay.co in June 2017, followed by Corredor

Empresarial in September of the same year. In the months ahead regulator Coljuegos then issued several more online gambling licences to key players, including Codere, Gaming1 and Luckia. As the market developed further its big-time market players emerged. Today, the most popular operators in Colombia are regarded as BetPlay, RushBet and Wplay.

Like every gambling market, Colombia was affected by the prevention measures implemented in response to the Covid-19 pandemic. In April 2020, Coljuegos permitted

online gaming operators to operate live dealer games to boost Colombia's market as the pandemic began. The pandemic also saw Coljuegos legalise instant-win scratch cards and bingo games until the end of 2021, again to generate activity in the sector.

The country's regulator has played a large part in how the Colombian market has developed since 2016. In 2022 Coljuegos made significant moves to prevent illegal gambling operators accessing the market, carrying out raids and shutting down 1,577 unlicensed sites in the first half of the year.

Contravening Colombia's gambling law severely impacts Colombia as a country, Hincapie says, particularly through the funding of illegal groups.

"Illegality affects the entire gaming market," he explains. "Money laundering, financing of terrorism, groups such as mafias that are more found in areas where there has been more violence such as Santander."

"Let's say that this makes these groups on the margins of the law take advantage and take over illegality in various places."

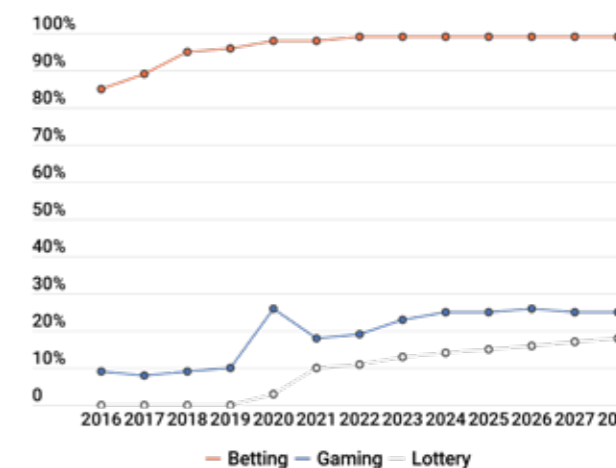
Last year, Coljuegos made a bid



Gambling GGR by product (US\$m)



Online penetration by product



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to become Colombia's gambling advertising regulator. This came in the form of a bill submitted to Colombia's parliament last October. In the same month it issued a resolution that outlined how it would regulate gambling ads in the country. However, this needed to be approved by the country's parliament in order to pass; in the event, it failed.

Looking ahead, Hincapie has high

hopes for Colombia's gaming market, and views the role of the regulator as essential to its prosperity.

"Success for the next five years will be to grow much more," he says.

Evert Montero, president of Colombian industry trade body Fecoljuegos, believes that Colombia will face three main challenges in its gaming market: fighting against the black market, implementing

emerging technology and ensuring that responsible gambling practices are put into action.

On the second of these, Montero is keen to "develop the topic of technological innovation, such as artificial intelligence, and apply it to gaming sector." Doing this, he explains, will "both strengthen the revenues and also achieve more effective control."

Montero is acutely aware of Fecoljuegos' role in promoting responsible gambling.

"We have been insisting more and more on the professionalisation of the sector, to make a much friendlier sector," he says. "Socially, to make a sector much more understood, even politically if you like. I believe that responsible gambling has to be a commitment of operators, authorities and all the people who participate in this entertainment activity."

COLOMBIA REGULATORY FACT FILE

Egaming Act 2016:

Legalised online gaming and sports betting in Colombia

Slot halls and land-based casinos:

Regulated in 2008

Regulator:
Coljuegos

Regulated products:

Online gambling, sports betting, casinos, slot halls, bingo halls

Tax rate: 15%

of gross gaming revenue (GGR) for operators that have a

return-to-player (RTP) rate of 83% of stakes, and 17% of GGR for those with an RTP rate of over 83%

Licence fee: 811 times the minimum wage, equivalent to around COP1.05bn



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