

worldpay

# Gaming Payments Report

Your definitive guide to the  
world of online payments  
in the gaming industry





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It has been another incredible year, marked by continued consolidation amongst operators, further emphasis on player safety and, as ever, a fast changing regulatory environment



## Executive summary

Hello and welcome to the 2019 edition of Worldpay's Global Gaming Payments report.

Looking back over the past 12 months it has been another incredible year which at an industry level has been marked by continued consolidation amongst operators, further emphasis on player safety and as ever a fast changing regulatory environment. On the latter point there was perhaps no bigger news than the repealing at a Federal level of the Professional and Amateur Sports Protection Act in the USA. This Supreme Court ruling means that individual States can now regulate sports betting and in the process create huge new market opportunities. Indeed to this end we feature a view on the U.S. and payments in this report. Just as we felt clarity and understanding was forming in the U.S. at the time of writing a revised DoJ interpretation of the 1961 Wire Act may cause further confusion and challenge. It remains to be seen to what extent this revision will have on the nascent online gaming market. Outside of the U.S. there are also murmurs of notable regulatory change in South America and India which would create sizeable opportunity. If proven true we look forward to including a view in next year's report.

Continuing the regulatory theme, across the entire European Payments landscape, 2019 is also the year the

second installment of the Payment Services Directive (PSD2) comes into force. This has been long discussed and we feature a special report on what this might mean for operators. Two notable aspects of this directive include the introduction of Strong Customer Authentication (SCA) which for many merchants and operators will take the form of 3DS2. Long seen as a significant barrier for player conversion, especially on mobile devices, a successful 3DS and fraud strategy could prove a differentiator amongst operators. SCA may also result in further demand and adoption of e-wallets such as Apple Pay and Google Pay that also satisfy the regulatory requirements. Uptake of these has been steady over the past 12-18 months, but with the impact of PSD2, coupled with the ability to now pay back through these wallets, 2019 may be the year that their growth becomes explosive.

A second notable aspect of PSD2, which demands attention, is the forcing of banks to loosen their control of consumer bank accounts. This will enable third parties to offer product and services linked to bank accounts. This may take the form of new direct bank payment rails that in time could create meaningful payment opportunities outside of the traditional card networks. Progress in this area has been slower than some might have expected. It remains to be seen whether there will be truly significant deployment from payment providers or indeed uptake

from merchants or consumers, in the near term but it is one to keep an eye on.

On a final point, 2018 was also the year that Fast Fund payouts back to card holders finally became a reality in the form of the FastAccess Funding - enabled by Visa Direct. 2019 will see further roll out and adoption across the Card Issuing community. Mastercard's own version of this, Mastercard Send, looks set for release in 2019. It will be fascinating to see how operators offer this new capability as a service and what impact it may have on withdrawal behaviour, consumer loyalty and also even card acceptance rates.

Altogether 2019 looks set to be another incredible year across gaming and payments, Worldpay remains committed to the industry while supporting our customers through the inevitable changes that arise.

I hope you find this report an enjoyable and informative read. Best wishes for the year ahead.

**STEFFAN JONES**  
VP Relationship Management, Digital & Gaming at Worldpay

We collect a diverse range of data using our own proprietary models whilst comparing with multiple industry sources, providing analysis with both breadth and depth



## Methodology

This report is intended to provide a useful at-a-glance snapshot of the current gaming eCommerce payment landscape in 16 selected countries, as well as highlighting scenarios and trends over the next five years.

This report draws upon Worldpay's decades of experience in providing global gaming eCommerce solutions to hundreds of gaming operators in multiple countries. It asserts Worldpay's own view of the market, based on internal expertise, our own research, and third-party vendor data. This report also benefits from the strength of our growing team of payments experts based in the U.S., the UK, and around the globe.

Worldpay's Market Intelligence team compiles this report using a mixture of third party vendors and other publicly available data. This data is analysed using Worldpay's proprietary data model and categorisation scheme. The resulting data is rigorously tested and validated by Worldpay's product and regional commercial teams. The gaming market figures contained in this report were

sourced from H2 Gambling Capital, the gaming industry's leading market data and intelligence provider. The payment methods breakdown and forecast by country and region is calculated using a data model developed by Worldpay using data from GlobalData's 2018 Consumer Payments Insights survey of 45,000 consumers in 31 countries; historical trends of individual payments methods, and macroeconomic variables including GDP and nominal household consumption.

Additional secondary sources for this report include Statista, yStats and We Are Social; data from local card banking and payments associations; card scheme and payment providers; eCommerce industry reports and studies; news articles; and international organizations including the World Bank and United Nations.

It is important to note that all predictions and conclusions are indicative only, based on current data. They are naturally subject to changes in world events and market dynamics over the period concerned (to 2022).

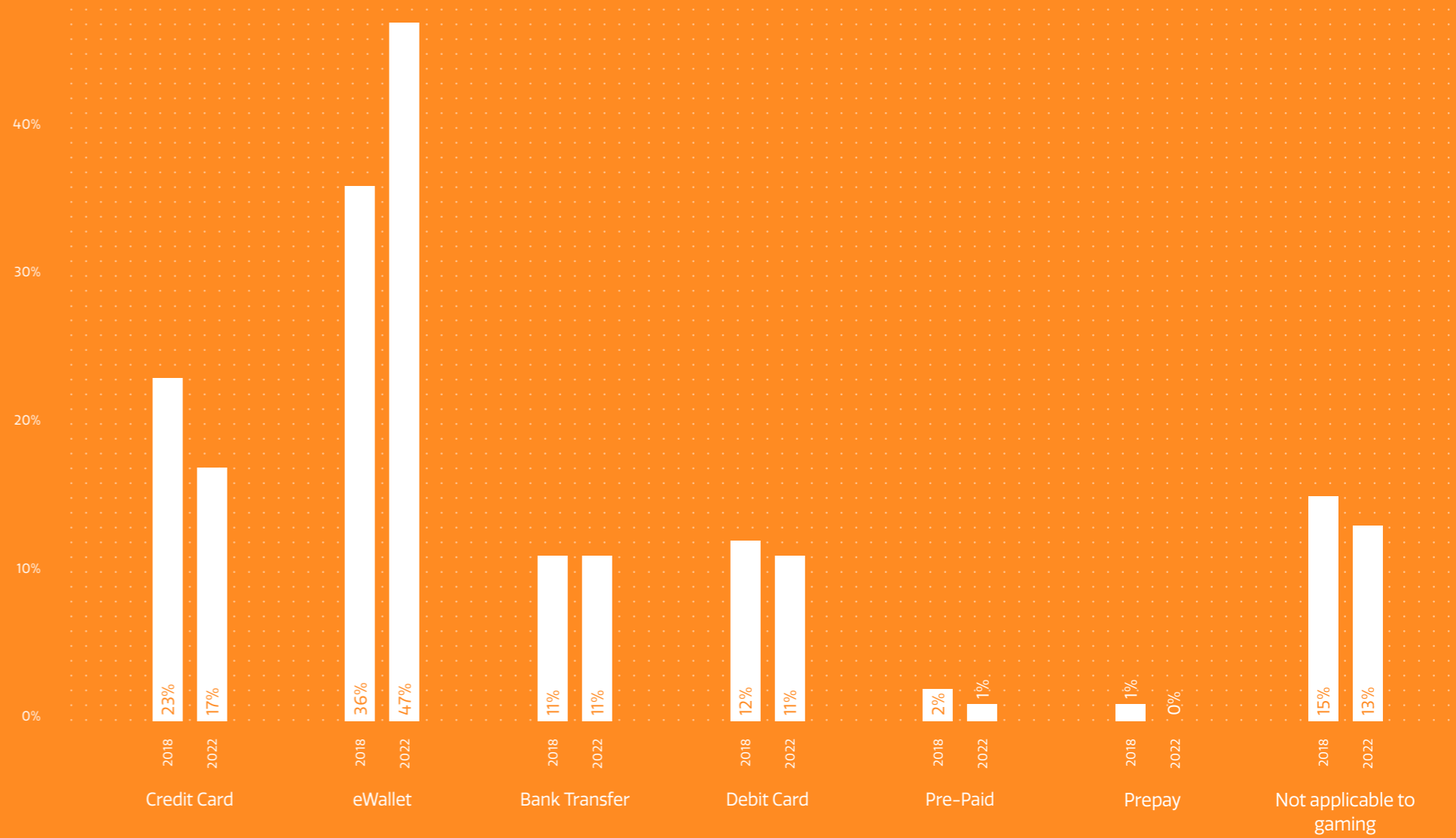


# Payment trends

Worldpay's snapshot of global payment methods reveals a complex landscape brimming with diversity. Our survey of 16 countries shows that the industry is hyper-focused on offering seamless convenience.

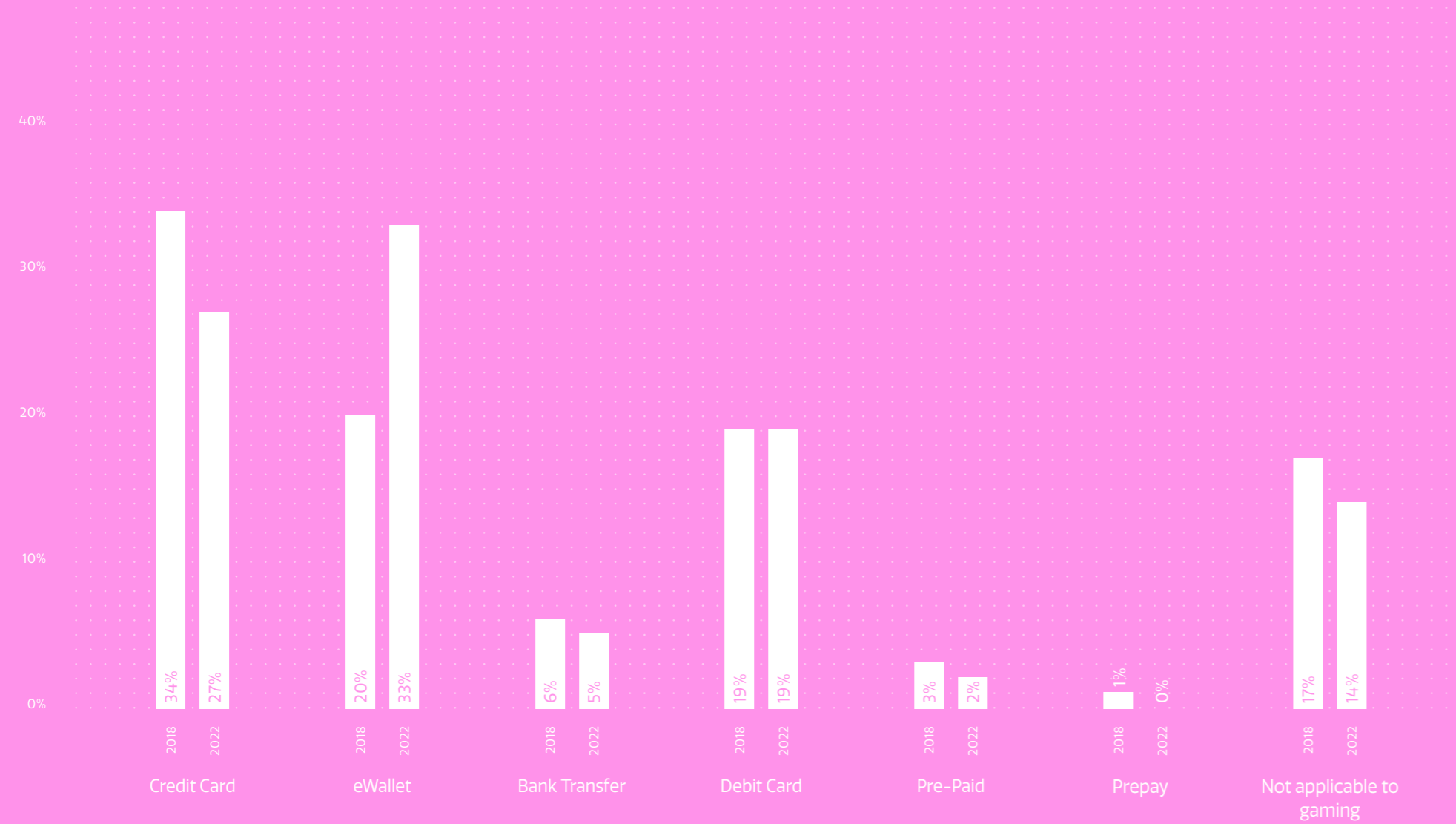
Mobile applications integrate the act of payment into daily lifestyles and routines, while preloaded credentials speeds online betting. eWallets do all of this safely with encryption, tokenisation, and device authentication, providing extra layers of security. Players and operators around the world are embracing new and alternative payment methods. The following pages chart a global, regional and local overview of payment trends.

# Global payment methods breakdown



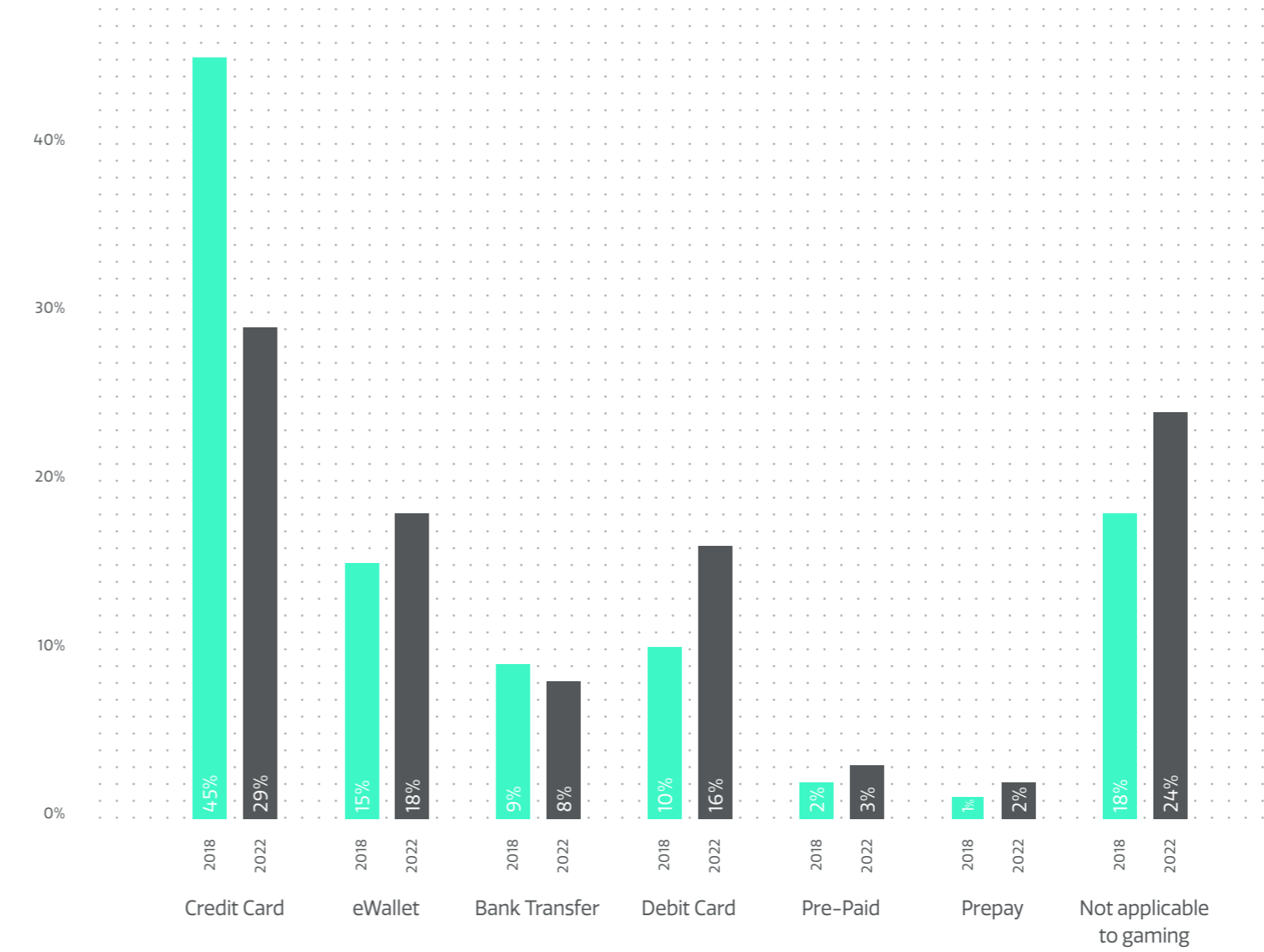
These charts show eCommerce data, and do not include POS data

# North America payment trends



These charts show eCommerce data, and do not include POS data

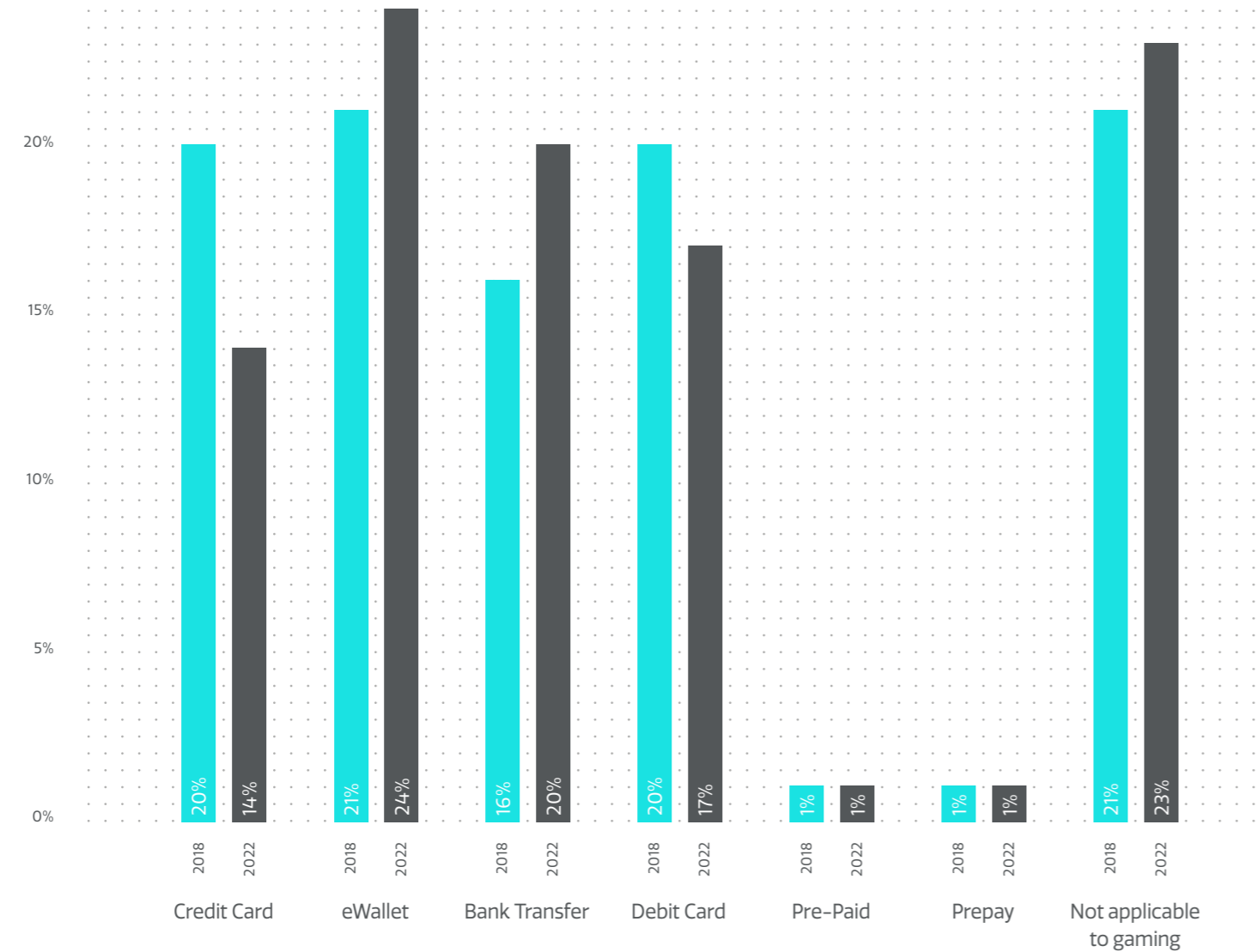
# Latin America payment trends



These charts show eCommerce data, and do not include POS data

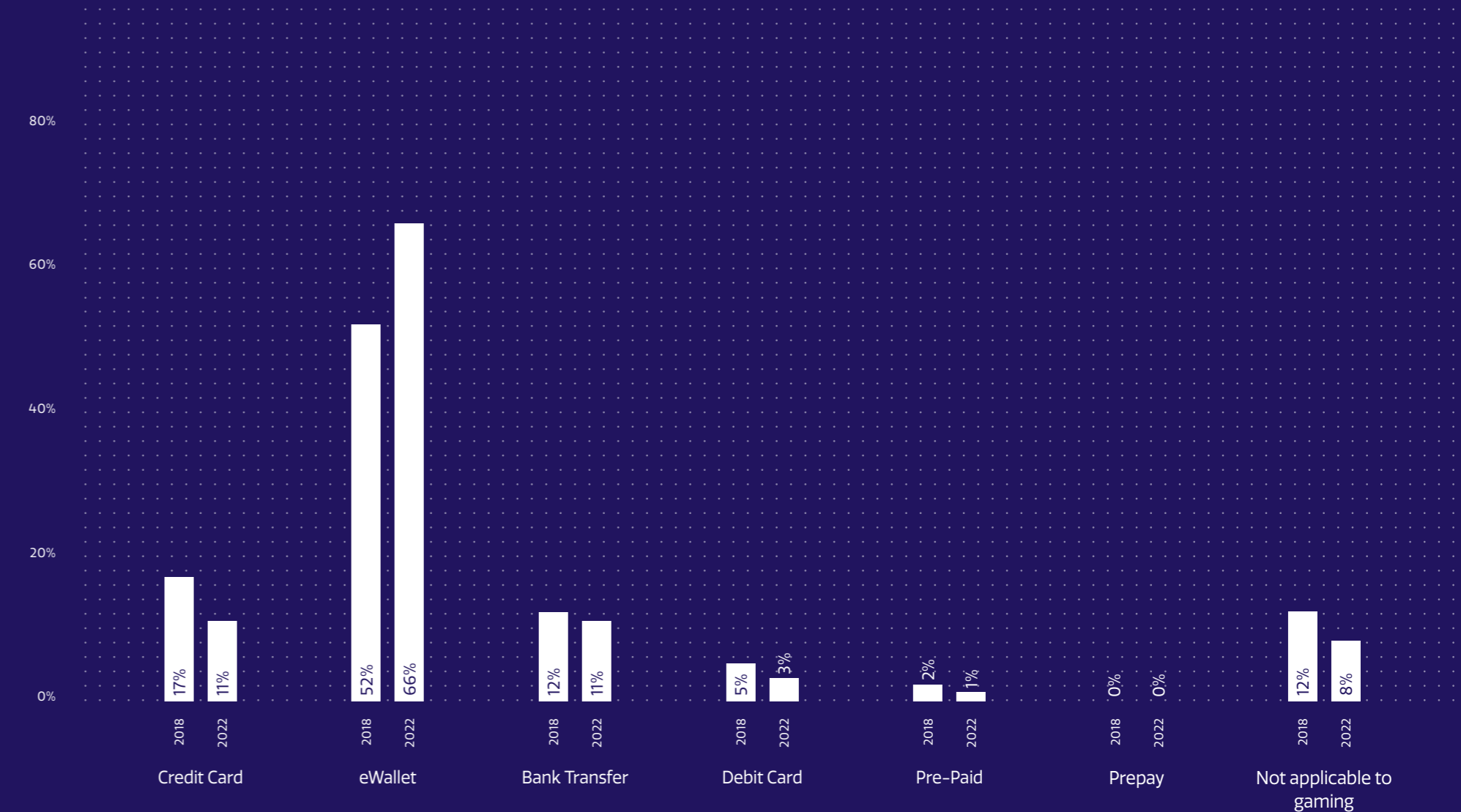


## EMEA payment trends



These charts show eCommerce data, and do not include POS data

## Asia Pacific payment trends



These charts show eCommerce data, and do not include POS data

People expect to be gratified instantly and providing a service with a sense of immediacy is no longer a preference — it's essential



## The invisible touch

Throughout history, payment methods have continuously evolved. We've progressed from gold coins to cash and checks, and from plastic credit cards to digital wallets, and we're showing no signs of slowing down.

It's not only the methods of payment that have changed but also the expectations that customers have for their payment experiences. Whatever we spend money on, whenever and wherever we are, we are now all global consumers and part of the Now Economy. People expect to be gratified instantly and providing a service with a sense of immediacy is no longer a preference — it's essential. And it's no different in the gaming industry.

That's the essence of invisible payments: convenience so seamless that the very act of payment is effortless. Given increasing expectations that payments 'just happen', operators will want to create seamless payment flows to reduce 'bad' friction. But some friction — like authentication — is not only good, it's essential. A 2018 comScore survey showed that concerns over data security and providing payment information are leading points of friction<sup>1</sup>. Player expectations for safe payments demand

that operators make secure user authentication as seamless as the act of payment.

Still, as invisible payments take complete hold, it's imperative for operators to ensure they are not only secure but that they also approve or decline the right payments at the right times. This includes more use of payments authenticated by biometrics, facial recognition, voice recognition, fingerprints and irises, and proximity based technologies like beacons<sup>2</sup>. It also includes richer use of processing technologies and tools rooted in machine-learning that scour the universe of fraud to determine which payments do and do not get approved, in real time.

To make the process even easier for players, not only can operators make the payment process 'disappear' but they can also provide payment methods that players are familiar with in other aspects of life, making it faster for them to set up accounts, provide their details and get through the process to place a bet. An effective strategy might include offering a variety of alternative payment types based on the country the player is in. Another option is to offer in-bet deposits in apps which will speed up the process even further. In a recent survey, we found that

57%<sup>3</sup> of people would like to make a deposit within the bet slip rather than abandoning their odds, funding their wallet and then going back to place their bet.

In gaming, while a lot of attention has always been on how quickly a player can place a bet, it's now also vital to think about how quickly they can access their winnings. With FastAccess Funding — enabled by Visa Direct, for example, payouts can be made in real-time (under 30 minutes)<sup>4</sup>. Compared to standard OCT timelines of 2-5 days, this is a tremendous step forward for this industry and something that players are demanding. 59 percent of our Mobile Payment Journey participants said that they would be willing to use a different payment method if they received their winnings more quickly<sup>5</sup>. Based on this, we expect high and rapid player adoption of FastAccess Funding — enabled by Visa Direct, and that this level of service could become the norm over the next year.





With the prevalence of smart phones, and so many apps available, everyone also now has access to what they need to place a bet in the palm of their hand

## Betting on the new demographics

We're living amongst the largest youth population in global history. In 2017, more than half of the world's 7.6 billion people were under 30 years old<sup>1</sup>. At the center of this youth boom are the Millennials; those born between 1980 and 2000.

Born and raised in the digital era, this generation is far from uniform, however - one thing they all have in common is that access to global online media has forever changed their relationship with the world. They experience previously unimagined levels of immediate connection and what's new for most is native for Millennials.

The nature of the gaming player demographic is changing too and this is both a challenge and an opportunity. In some countries, gaming has taken a step out of casinos, allowing younger and older players to participate using their devices. In the U.S., there are tribal casinos in many states allowing greater access to those who want to visit a land-based casino. With the prevalence of smart phones, and so many apps available, everyone also now has access to what they need to place a bet in the palm of their hand. This presents operators with more opportunities to cater

to these audiences and create new revenue streams and payment models.

Players want personalisation, payment choices that match the convenience they have in other aspects of their lives, and the ability to connect whenever they want. Millennials also have more information than ever before about brands, odds, games, history and reviews and they have done their research. If they think the odds aren't in their favour with slots, they move to more skill-based games, and if the brand doesn't match their expectations, they can select a new app in a matter of moments.

Millennials are loyal to big businesses and big brands but typically expect more personalisation. Their native digital reality means Millennials don't follow in the footsteps of their parents in many ways, including the way they like to pay. It used to be easier to create a typical player persona and have just a couple of payment methods that would cover a large audience. However these new players want payment options that suit them as individuals and this even affects their loyalty to a brand.

Worldpay's recent Mobile Payment Journey report unveiled that in Australia there's a fairly even split of preferred mobile payment methods - 32% credit card, 31% PayPal and 26% debit card<sup>2</sup> - however, these players are ready

and willing to try alternative methods if it makes the whole betting process even faster and easier for them - 57%<sup>3</sup> of players in Australia are prepared to try a new mobile wallet.

This showcases that knowing your player's preferences has become even more critical to ensuring you remain the operator of choice. Hyper-relevance is the millennial baseline requirement and price for their loyalty. Loyalty that can be lost in a split second if you fail to meet the standards required.



SCA will have a significant effect on payments across the Gaming industry, and could affect the way that deposits work across the EEA

## PSD2 in the gaming industry

In September 2019, the PSD2 requirement for every electronic transaction in the EEA to have Strong Customer Authentication (SCA) comes into force. If you take payments in Europe, this could affect your payment flow and customer journey.

Cardholders may see requests for more forms of authentication when they make payments online, usually presented to them in the form of 3DS/3DS2<sup>1</sup>. This could result in increased friction, and potentially higher basket abandonment. However, there are ways to potentially avoid this for lots of transactions – primarily by using SCA Exemptions.

### What PSD2 means for Gaming

SCA will have a significant effect on payments across the Gaming industry, and could affect the way that deposits work across the EEA.

These days, most gaming deposits are made via a mobile phone, where players make a payment using their card on file. SCA must be applied for Card on File transactions, in just the same way as with one-off payments.

In Gaming, SCA will be required when a player is funding their gaming wallet from a card or any other payment method. However, SCA does not apply when using funds held in a wallet provided by a gaming operator for a bet within that operator's website, as this type of use does not fall within the scope of the legislation. SCA also applies to alternative payment methods. Some of these methods are already compliant with SCA, as they already have two-factor authentication incorporated within them – meaning the payment flow will not change. However, other payment methods do not have two-factor authentication as standard today, and will need to change their payment flow over the coming months in order to become compliant.

### What Gaming merchants should expect

We have seen significant growth in mobile wallets like Apple Pay, Google Pay and Samsung Pay in the gaming world. In a post-PSD2 Europe we expect this to continue to accelerate, as these payment methods are fully compliant with SCA (they contain two-factor authentication as standard), and have a more seamless, optimised checkout flow.

As extra friction begins to occur in card payments in Europe, merchants could see volume shift towards easy-to-use, already compliant Alternative Payment Methods, such as bank transfers. Operators need to bear this in mind when future scoping the payment mix they accept beyond September 2019.

To maximise your use of SCA exemptions, your acquirer should be asking you to pay much closer attention to your fraud rate. As gaming is a high-risk industry, taking steps to lower your fraud rate as much as possible in advance of this September should enable you to take advantage of as many exemptions as possible.

### What Gaming operators should do to prepare for SCA

1. Talk to your Worldpay Relationship Manager about SCA exemptions, and how you can maximise these from September 2019, to keep your payments as frictionless as possible. The exemptions we see as most relevant in the gaming space are:
  - Low risk exemption: For use across low-risk, Card on File traffic
  - Low value exemption: Any deposits less than 30 euros
  - Whitelist exemption: For repeat players who know and trust your brand
2. When you can't find an exemption, SCA must be performed. For card payments this will typically be via 3DS, or preferably 3DS2, which features an enhanced user experience. Make sure you have 3DS2 on your roadmap for 2019.
3. Examine your current European fraud rates, and if they are high, speak to Worldpay about options which could lower these. This will allow you to use the maximum number of exemptions possible.



# USA: technology, education & advocacy

Worldpay's tagline of 'Advancing the ways the world pays' is especially applicable to the United States (U.S.) Gaming market where the potential for growth is vast. We are on a mission to advance the ways in which players in the U.S. pay and get paid, both online and at retail locations.

Year after year emerging technologies define the products that we as consumers interact with – and it's no different for gaming. The technology which supports the industry has been available for quite some time, but only recently have operators been able to extend their brand across multiple channels to generate revenue. Whether it is identity or location verification, cashless gaming products, mobile applications or omnichannel payments solutions, the technology is live today, ready to support several emerging markets in the U.S. and globally.

So the question becomes how soon will we, as U.S. players, realize the potential of this new technology and have the ability to place legal wagers locally or play real-money games from the comfort of our own homes? Typical answers focus on the state in which you live, and the views of the local legislators in or about to take office, as well as those of their supporters.

We at Worldpay believe the potential for the overall gaming market will be defined by education and advocacy. It's our responsibility as payments advocates to help educate the financial institutions who issue consumers' cards, as well as the card networks like Visa and Mastercard on the permissibility of gaming activity. Equally important is helping to educate the legislators who craft gaming-related laws, the gaming regulators who enforce these laws, which cascades to the operators who offer the

games, and ultimately the players who enjoy them. It makes sense that a learning curve exists, given that several markets – namely sports betting – and any form of real-money online gaming, haven't historically been available in a regulated manner.

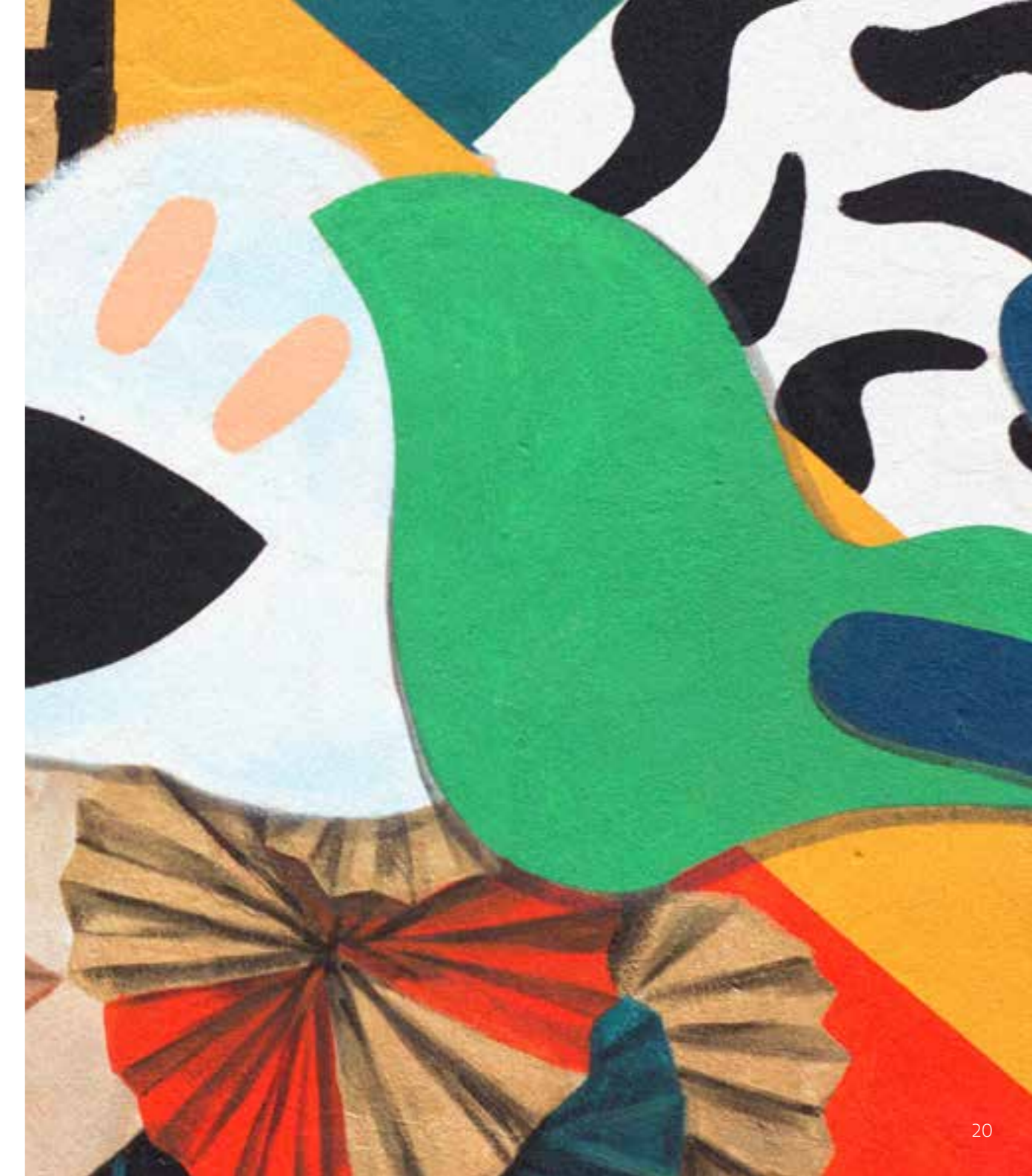
Our dedicated team of gaming professionals has the experience and unique perspective, having served the global gaming markets for decades, to advocate for the adoption of new technologies into the gaming industry. We realize the gaming industry is only as successful as the players' ability to seamlessly pay and get paid – and it's our mission to ensure everyone within the ecosystem is educated.

Education primarily centers on the aforementioned technologies which currently can and should be leveraged for each gaming market to reach its full potential. If we look at the nascent U.S. sports betting market for example, 33 states are likely to consider sports betting bills in 2019, with 6 to 13 states expected to approve legislation<sup>1</sup>. 18 or more states could be offering sports wagering by the end of 2019 which is double the number at the start of the year<sup>1</sup>.

This progress is borderline unfathomable given Nevada was the only state with legal sports betting prior to the U.S. Supreme Court's decision to overturn the federal

wagering ban on May 13, 2018. While the market movement can only be viewed as extremely favorable, we would be doing the industry a disservice if we didn't continue to present new technologies, products and solutions in order to unlock the market's full omnichannel potential. To do so, we have to look beyond payments and work alongside our integrated partners to create a harmonious consumer experience.

In conclusion, it's our assessment that adoption of new technologies will dictate whether the gaming market reaches its full potential. Through education and advocacy for the industry, we intend to advance the ways U.S. players pay to enjoy their favorite gaming activity, regardless of how they want to move money in and out. Responsible gaming measures will evolve via the velocity controls that are in place with electronic payments acceptance. Protecting the integrity of every single transaction across all payment types and alternative payment methods is the key to maintaining the highest levels of consumer protection while offering the ways in which players prefer to pay to play and get paid. Consumers are accustomed to being instantly gratified throughout the majority of their everyday activities... Why should gaming be any different?





2019 could offer further opportunities for operators in Latin America as they could be poised to make major changes to their gaming regulation, including one of the largest potential markets, Brazil



## Constant review – Will 2019 be the year of Latin America?

Gaming regulation around the world is in constant review. 2019 could offer further opportunities for operators in Latin America as they could be poised to make major changes to their gaming regulation, including one of the largest potential markets, Brazil.

Brazil has a complex history with gaming regulation. In 1962 the lottery became a state-owned monopoly and has remained as such until today. Other forms of gaming such as instant games (e.g. scratch cards) were stopped in 2015 as part of a plan to privatise that segment of the market. At the time, this segment represented only around USD 65 million in annual revenues while in the same year the lottery had a revenue of USD 4.4 billion.

This privatisation effort as well as the introduction of new regulation to cover casinos, bingo halls, sports betting and online gaming stalled in the aftermath of the political crisis the country went through in early 2016. Only in recent months has progress been made again, with a significant milestone being reached in December 2018. At the end of

last year, Brazilian Congress repealed the blanket ban on casinos, bingo halls, sports betting and online gaming – clearing the path for the creation and introduction of new regulation to cover this market.

It is possible that the government will establish a single comprehensive regulation that will cover the full scope of the market and all national territories. The Brazilian Congress has demonstrated with the introduction of the payments regulation in 2013, and its further refinement in the following years, that they are keen not only to replicate existing regulations around the world by looking at those in such places as the U.S., EU and Australia for best practice, but also to take into account the upcoming needs of the local market and adapting them as required. If they apply the same forward-looking mind-set to their gaming regulations, then we expect to see this market – which is touted to be worth at least USD 2.1 billion<sup>1</sup> in size – open up to foreign gaming companies with the view of promoting competition.

Another market making noise in Latin America is Argentina, where existing province-level legislator frameworks could lead to a more complex patchwork of regulation across the country. Gaming is currently illegal, except in both the

Province of Buenos Aires and the Autonomous City of Buenos Aires, which enacted legislation regulating online gaming in December of 2018 and January 2019 respectively. It is possible that this year may see progress made in Argentina with pockets of the country enacting legislation that will regulate gaming – including online gaming. How much progress will be made in 2019 is still being debated, but there is no doubt that it is a country everyone will be watching closely.





The popularity of gaming in Australia has led to tighter government regulation, so operators need confidence in their payment provider staying up-to-date with a shifting security landscape

## Australia

Gaming continues to be extremely popular in Australia: on average, Australians spend about A\$1,300 per capita a year<sup>1</sup> on gaming. But this success led to increased regulation during 2018, with the Commonwealth announcing the joint National Framework, which aims to "provide stronger consumer protections for Australians gaming online"<sup>2</sup>. It's important to note that Australia is regulated on a state-by-state basis.

The legislation contains ten measures that gaming companies must follow to remain compliant, including prohibition on lines of credit, payday lenders, and customer verification<sup>2</sup>. The National Framework follows bans on remote operators offering online poker and in-play sports betting<sup>3</sup>, as well as a ban on gaming advertisements during live sports events<sup>4</sup>.

### Top tip

Card schemes are pushing 3DS2 particularly hard in Australia, particularly for high-risk merchants and high-risk MCCs. Consider making this advanced security feature a part of your user journey.

#### Fast facts

Expected online gaming CAGR 2018-22

**8%**

2018e Internet penetration\*\*

**92%**

2017 % total eCom spend using mobile wallet

**18%**

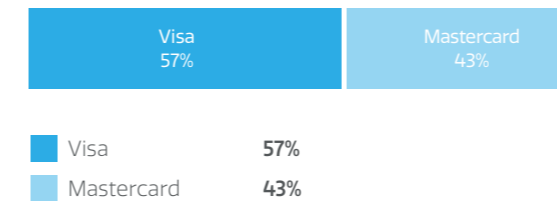
2017 Adult population (20+ years)\*

**18.4 million**

2018 unique mobile user penetration\*\*\*

**78%**

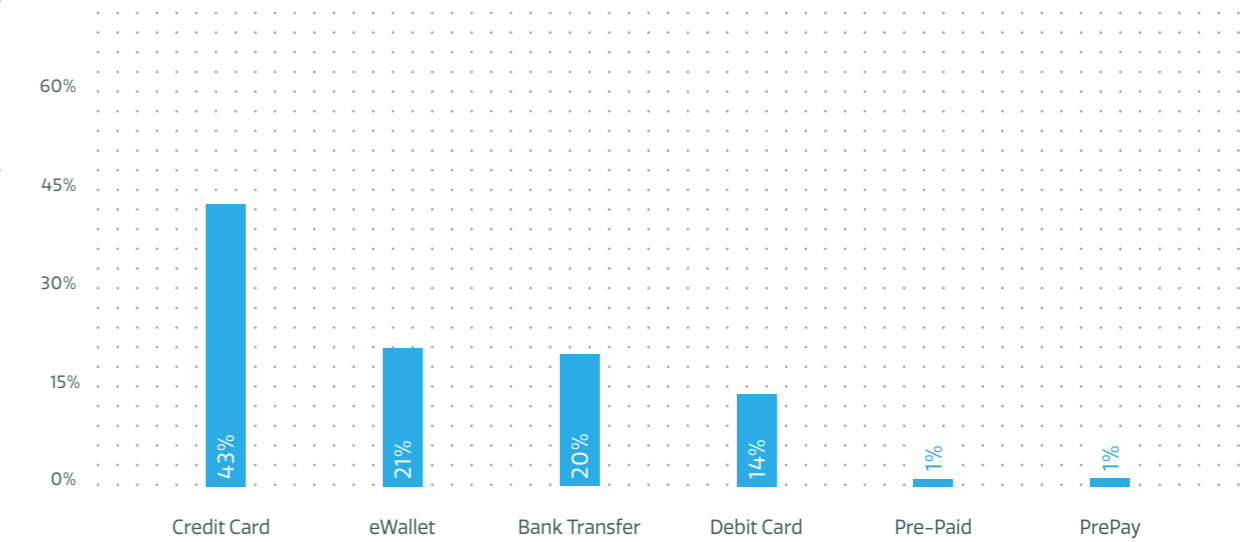
#### All card scheme breakdowns



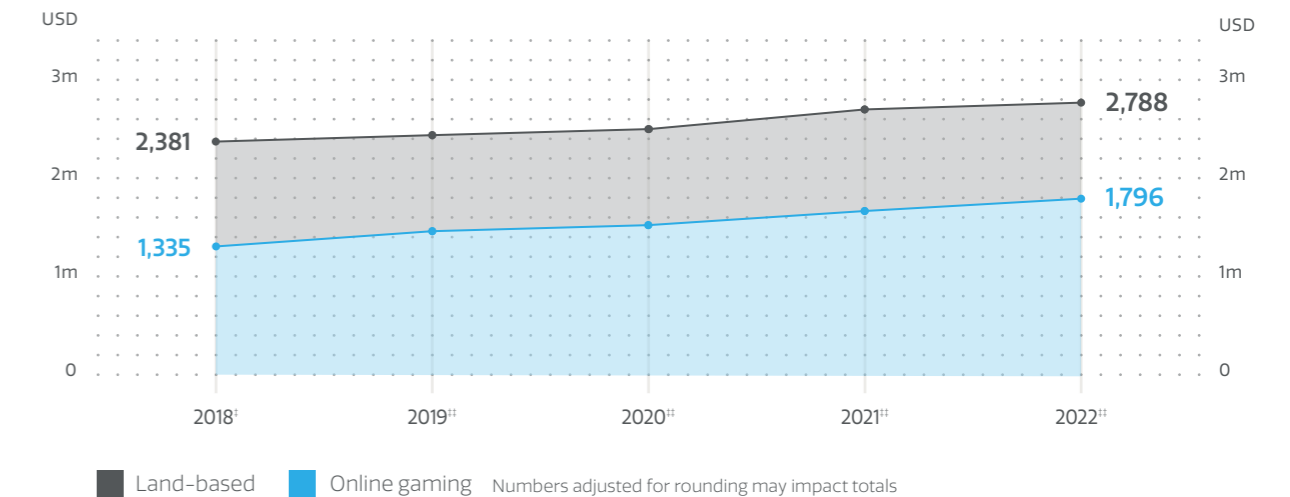
#### Top alternative payment methods in gaming



#### eCommerce mix by payment methods<sup>1</sup>



#### Projected gaming growth



The Belgian gaming market will undergo a series of major changes over the next few years as operators adjust to new legislation restricting advertising and visibility of online outlets



# Belgium

2018 saw a raft of legislation introduced to the Belgian gaming market, including a near-total ban on advertising for online casino operators<sup>1</sup>. Online sports-betting providers may now only advertise after 8pm, while online casino operators and their affiliates may now only promote themselves through their own websites, or through personalized advertisements<sup>1</sup>.

How these changes will affect the market remains to be seen, but if you already have a foothold in Belgium, data-led personalized ads could help you retain your existing users. If you're a foreign online operator who's yet to break into this market, you can apply for a license from the Belgian Gaming Commission – as long as you have a land-based presence or partner with a retail operator<sup>2</sup>.

## Top tip

Bancontact (previously branded as Mistercash) is essential for the Belgian gaming market, with over 95% of gaming transactions flowing through this payment method<sup>3</sup>. If you don't already offer it as a payment option, consider implementing it as soon as possible.

### Fast facts

Expected online gaming CAGR 2018-22

**8%**

2018e Internet penetration\*\*

**89%**

2017 % total eCom spend using mobile wallet

**13%**

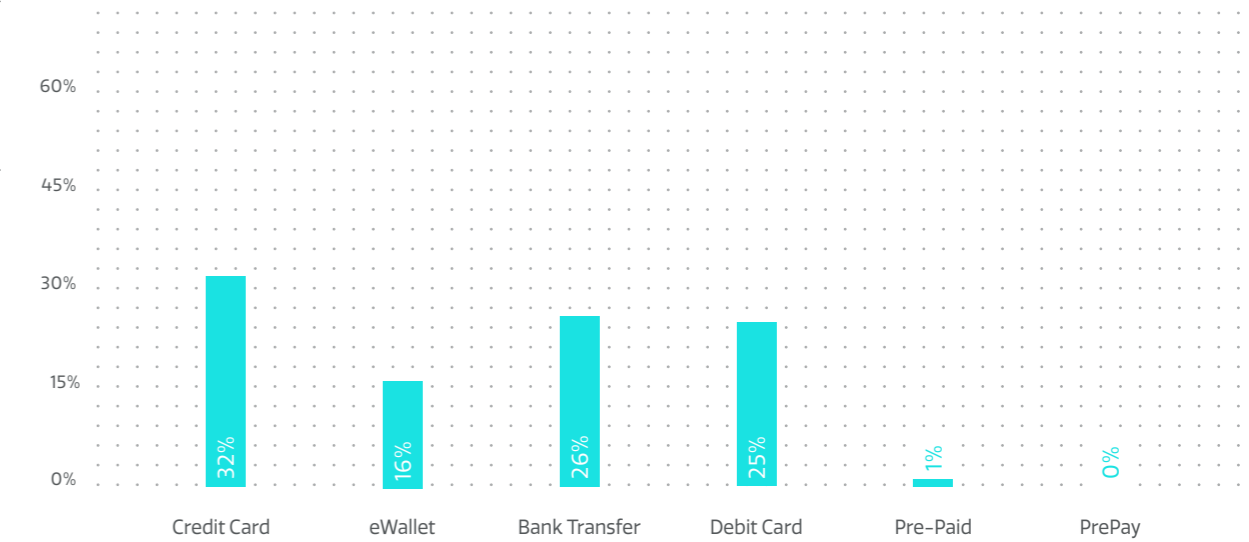
2017 Adult population (20+ years)\*

**8.7 million**

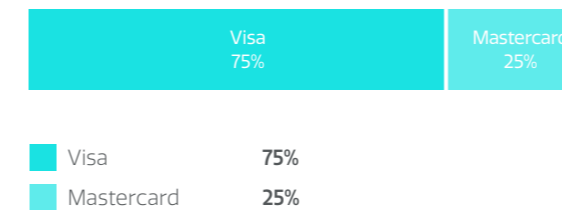
2018 unique mobile user penetration\*\*\*

**77%**

### eCommerce mix by payment methods<sup>1</sup>



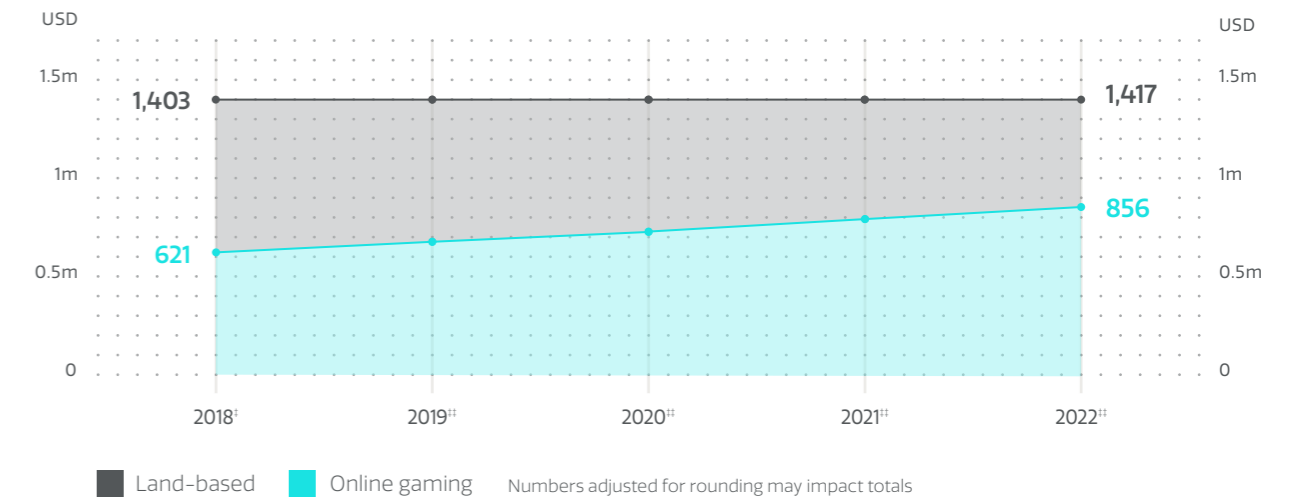
### All card scheme breakdowns



### Top alternative payment methods in gaming



### Projected gaming growth



Gaming remains the largest segment of Canada's entertainment industry and the market is set to remain healthy for the foreseeable future due to low regulation and a growing economy



## Canada

Gaming remains the largest segment of Canada's entertainment industry. With revenues of more than \$15 billion, gaming directly supports more than 135,000 full time jobs and generates almost \$9 billion annually to fund government and community programs and services<sup>1</sup>.

Perhaps due to this productive relationship with the industry, the central government has taken a decentralised approach to online gaming, allowing individual provinces to determine what is legal and what is not<sup>2</sup>.

The Kahnawake Gaming Commission has the right to issue licenses and regulate gaming providers, including foreign-owned operators, with gaming servers based in the Mohawk Territory of Kahnawake in Quebec<sup>3</sup>. Quebec itself has its own state lottery, while the activity remains illegal elsewhere.

### Top tip

Although credit cards are the most popular payment method for Canadian players, there are several other local payment options that retain a significant proportion of the market. Work with an expert in the market to ensure you're covering all the right bases.

#### Fast facts

Expected online gaming CAGR 2018-22

5%

2018e Internet penetration\*\*

93%

2017 % total eCom spend using mobile wallet

16%

2017 Adult population (20+ years)\*

28.7 million

2018 unique mobile user penetration\*\*\*

72%

#### All card scheme breakdowns

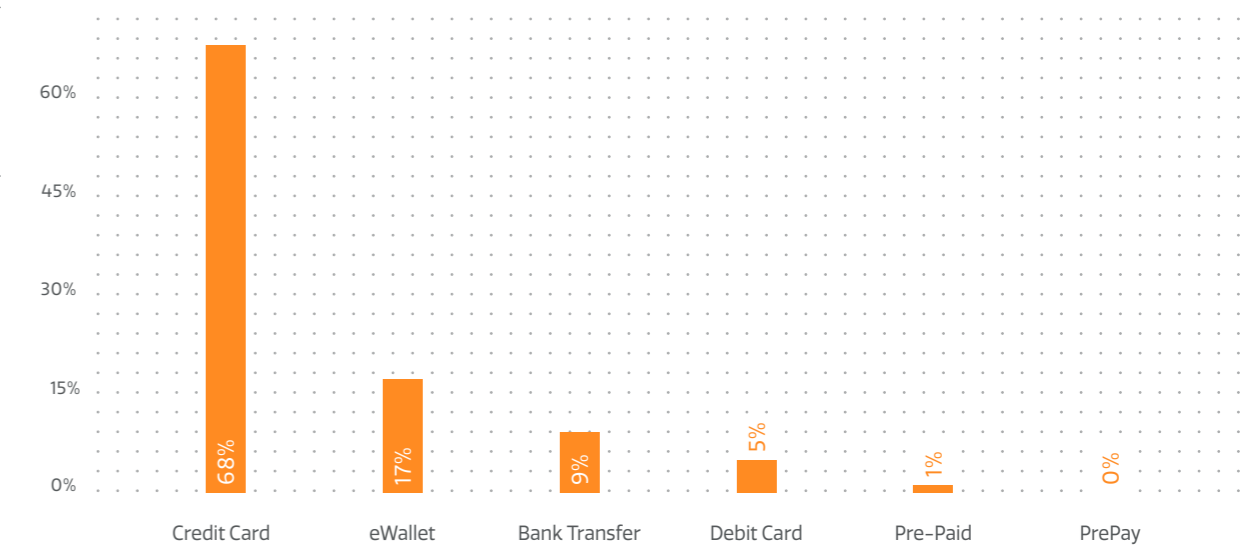


Visa	62%
Mastercard	38%

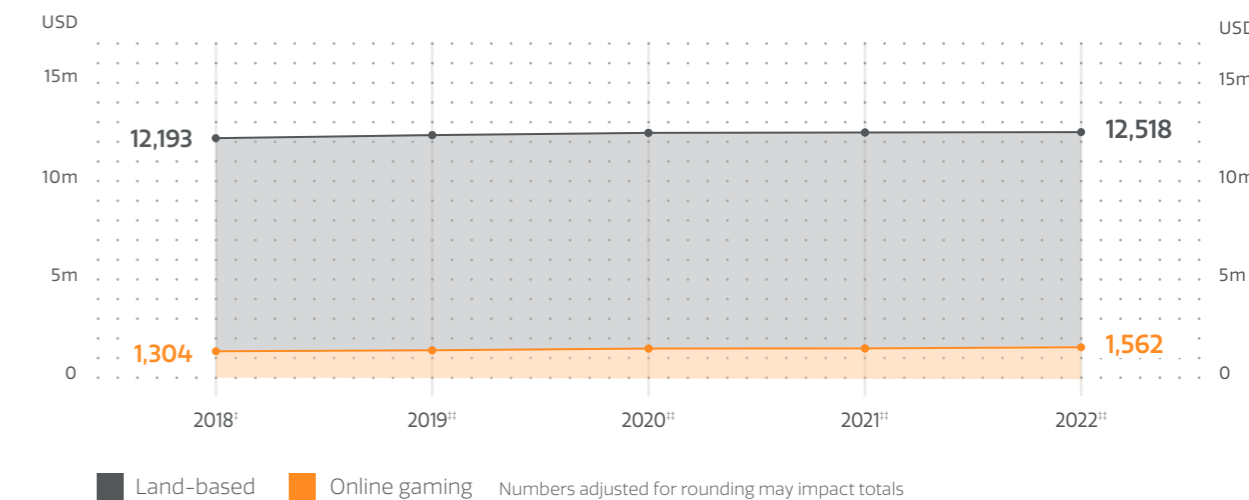
#### Top alternative payment methods in gaming



#### eCommerce mix by payment methods<sup>1</sup>



#### Projected gaming growth





Market share of mobile fixed-odds betting in Denmark is one of the highest in the world, bolstered by a technologically advanced customer base

# Denmark

Denmark's gaming market continues to grow, with an 11.5% increase in gross gaming revenue for the second quarter of 2018<sup>1</sup>. This was due in part to the FIFA® World Cup but also the opening-up of betting on horse racing to all licensed operators – a seismic shift in the Danish market that ended Danske Spil's monopoly<sup>1</sup>.

A huge 48.7% of the total revenue from fixed-odds betting came through mobile platforms, with 17.6% coming from desktop sites<sup>1</sup>. Online casinos, meanwhile, saw GGR increase 17.4% year-on-year during 2018, with a fall in revenue from commission games – multiplayer casino titles such as poker and bingo – offset by growth in other products<sup>1</sup>.

## Top tip

Regulated markets are fertile ground for new payment technology – and Denmark has the highest smartphone penetration in Western Europe<sup>2</sup> – so be sure to offer eWallets as a payment option. Alternative payment methods such as Trustly, are also gaining ground, while the most popular credit card brand is Dankort<sup>3</sup>.

### Fast facts

Expected online gaming CAGR 2018–22

**3%**

2018e Internet penetration\*\*

**100%**

2017 % total eCom spend using mobile wallet

**26%**

2017 Adult population (20+ years)<sup>1</sup>

**4.4 million**

2018 unique mobile user penetration\*\*\*

**79%**

### All card scheme breakdowns

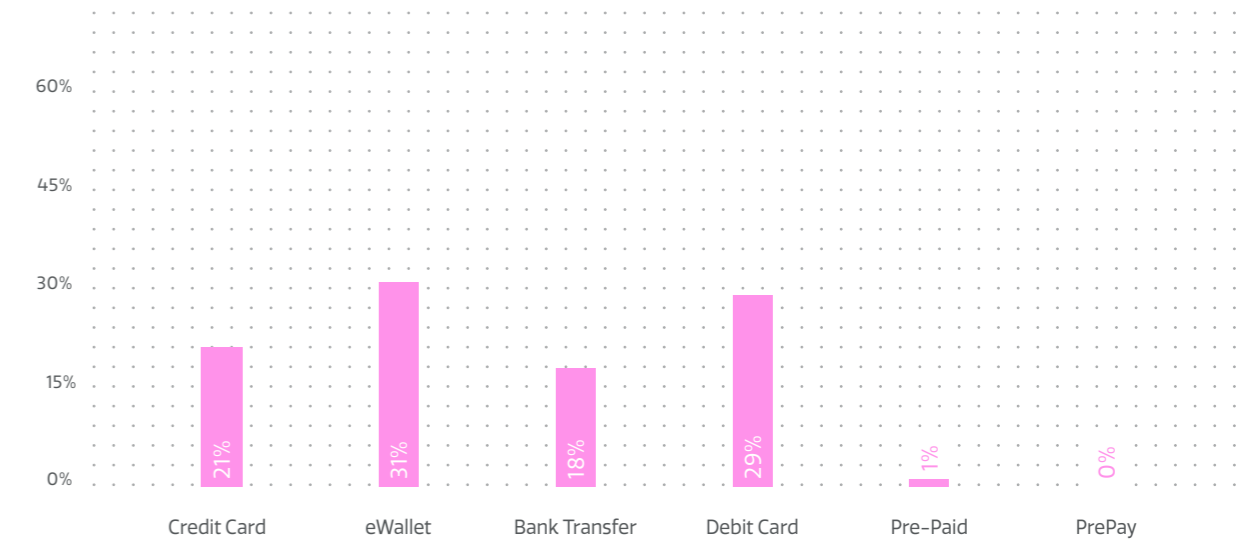


Dankort	72%
Mastercard	15%
Visa	13%

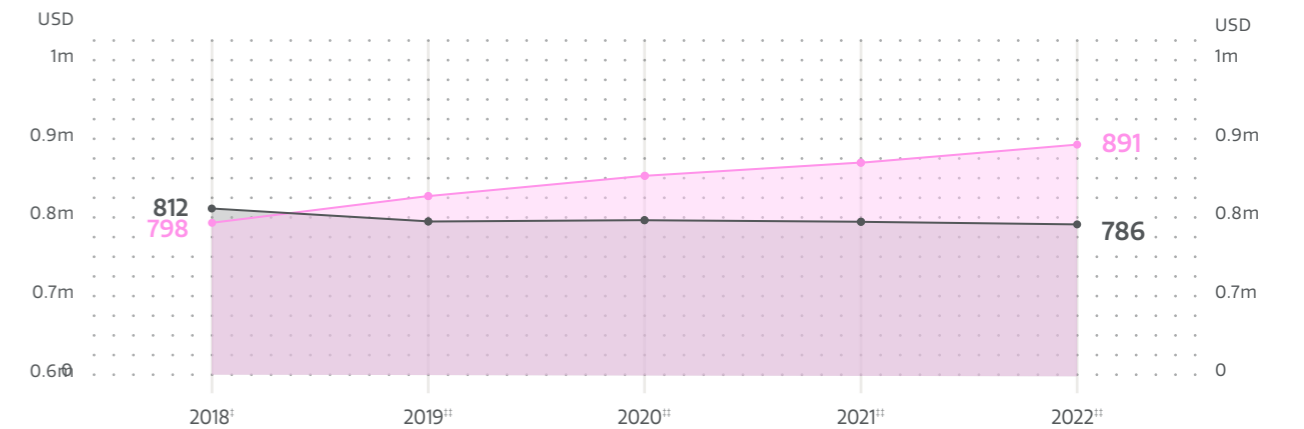
### Top alternative payment methods in gaming



### eCommerce mix by payment methods<sup>1</sup>



### Projected gaming growth



Legend: Land-based (black square), Online gaming (pink square). Numbers adjusted for rounding may impact totals.



2018 was a strong year for the French gaming industry due to FIFA® World Cup success and a huge growth in online poker despite a cut in operator spending



## France

The French gaming market saw massive growth during 2018. Online betting revenue rose 55% year-on-year, while the average number of weekly active bettors surged 36% to 462.5k<sup>1</sup>.

Overall football wagers were also up 34% to €465m. This can partly be attributed to the presence of French football clubs in the late stages of the Champions League and Europa League, which pushed wagering in these competitions up 47% and 73% respectively<sup>1</sup>.

Meanwhile, France's once-struggling online poker market reported cash game spending jumping 18% to just over €1.1 billion<sup>1</sup>. The market's overall gains were achieved despite French-licensed operators continuing to reduce their marketing expenditure. Operators collectively spent €42m on advertising in Q1, down from €50m in the same period last year<sup>1</sup>.

### Top tip

France's regulations dictate that winnings can't go directly back onto a card – they must be sent via bank transfer. Consult with experts to ensure fast, efficient payout options that give you an advantage over the competition.

#### Fast facts

Expected online gaming CAGR 2018-22

**10%**

2018e Internet penetration\*\*

**89%**

2017 % total eCom spend using mobile wallet

**21%**

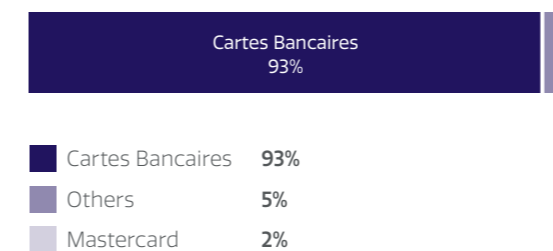
2017 Adult population (20+ years)<sup>1</sup>

**49.2 million**

2018 unique mobile user penetration\*\*\*

**75%**

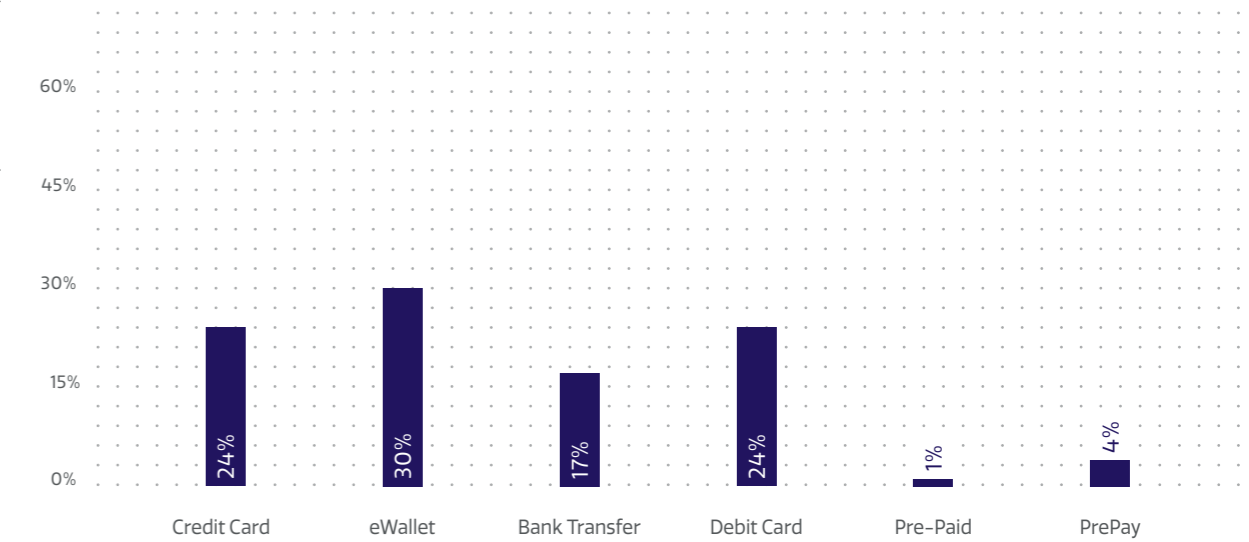
#### All card scheme breakdowns



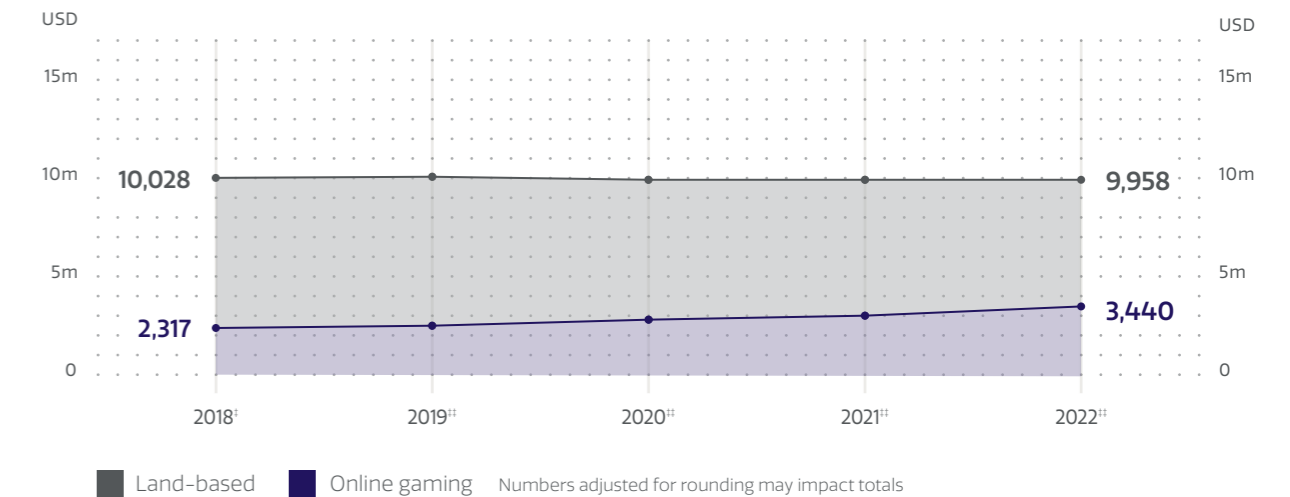
#### Top alternative payment methods in gaming



#### eCommerce mix by payment methods<sup>1</sup>



#### Projected gaming growth



# Germany

The German gaming market remains one of the largest in Europe<sup>1</sup> – but legal developments during 2018 have resulted in it being considered a ‘grey’ market for some operators<sup>2</sup>. In September, a credit card holder claimed he was not obligated to pay his debts because they had been incurred while playing on an online gaming site that was not legally licensed in Germany<sup>2</sup>.

However, many online gaming operators based within the EU believe Germany’s internal gaming laws violate European laws on free cross-border trade between EU member states<sup>2</sup>. As recently as 2016, the Court of Justice for the European Union ruled that Germany could not impose penalties on online gaming companies operating without a German license because it was not possible for a company licensed in other EU member states to obtain a license<sup>2</sup>.

In the face of this uncertainty, it’s vital to work with an expert in the market to stay compliant.

## Top tip

German players have fully embraced alternative payment methods: the most popular option is Sofort, while Giropay and Paysafecard continue to pick up new users.



The German gaming market is a minefield for new operators despite being one of the most lucrative in Europe, requiring close work with a payment expert in order to conform to regulations

### Fast facts

Expected online gaming CAGR 2018-22

5%

2018e Internet penetration\*\*

93%

2017 % total eCom spend using mobile wallet

20%

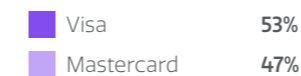
2017 Adult population (20+ years)<sup>1</sup>

67.3 million

2018 unique mobile user penetration\*\*\*

79%

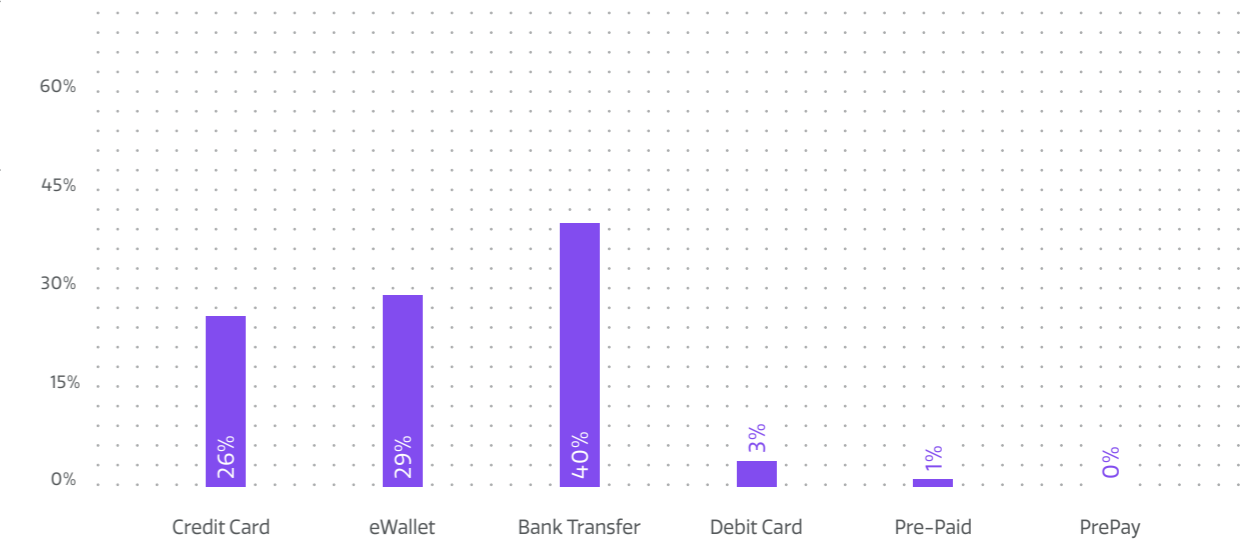
### All card scheme breakdowns



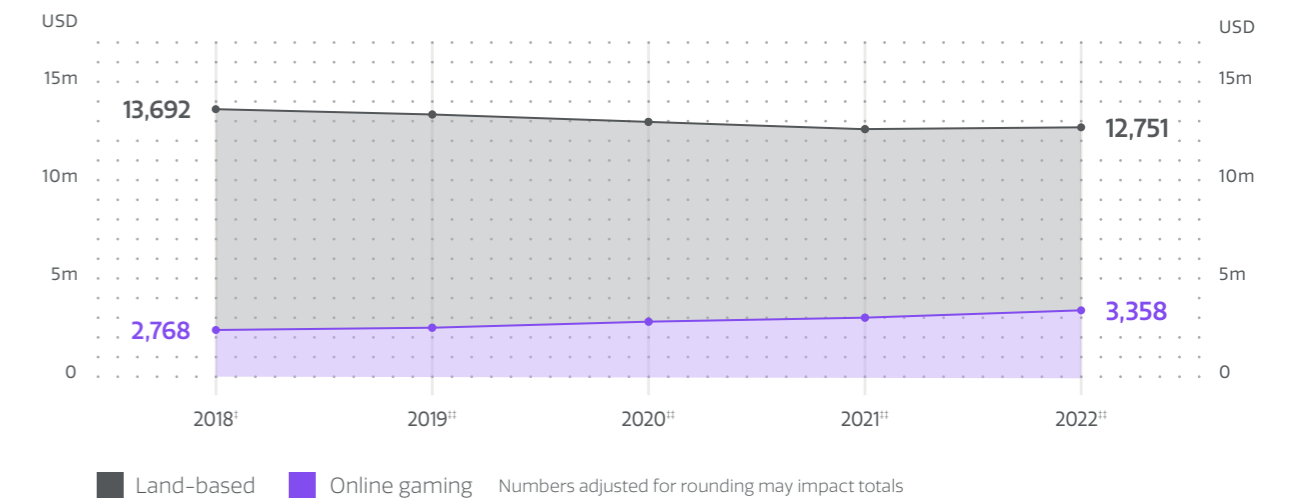
### Top alternative payment methods in gaming



### eCommerce mix by payment methods<sup>1</sup>



### Projected gaming growth



The last few years have seen excellent growth in the Italian market and, despite recent public pushback, it remains promising territory for new operators



# Italy

In 2017, Italian-licensed operators' full year sports betting revenue surged by 44.5% year-on-year<sup>1</sup>. But this growth led to a debate in the country about the popularity of gaming, and the government introduced a complete ban on gaming advertising in any form in 2018<sup>2</sup>.

That means such rapid growth is unlikely to be sustained – although a lower figure would still represent excellent growth in the market. As recently as 2017, regulators invited applications from operators for 120 new betting licenses in the country, firstly covering sports betting, before opening up the door to casino, poker, DFS, bingo and betting exchanges – so don't be surprised if the Italian market offers fresh encouragement for new investors in the future<sup>3</sup>.

## Top tip

As overall mCommerce grows across the country<sup>4</sup>, mobile-friendly alternative payment methods, especially eWallets, will become key in this market.

### Fast facts

Expected online gaming CAGR 2018-22

9%

2018e Internet penetration\*\*

64%

2017 % total eCom spend using mobile wallet

31%

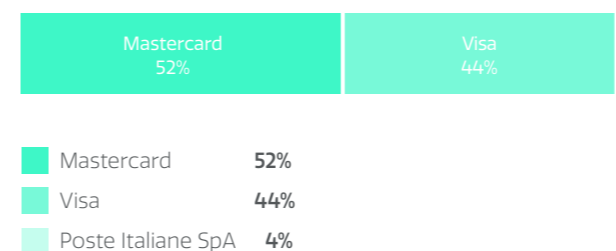
2017 Adult population (20+ years)\*

49.5 million

2018 unique mobile user penetration\*\*\*

83%

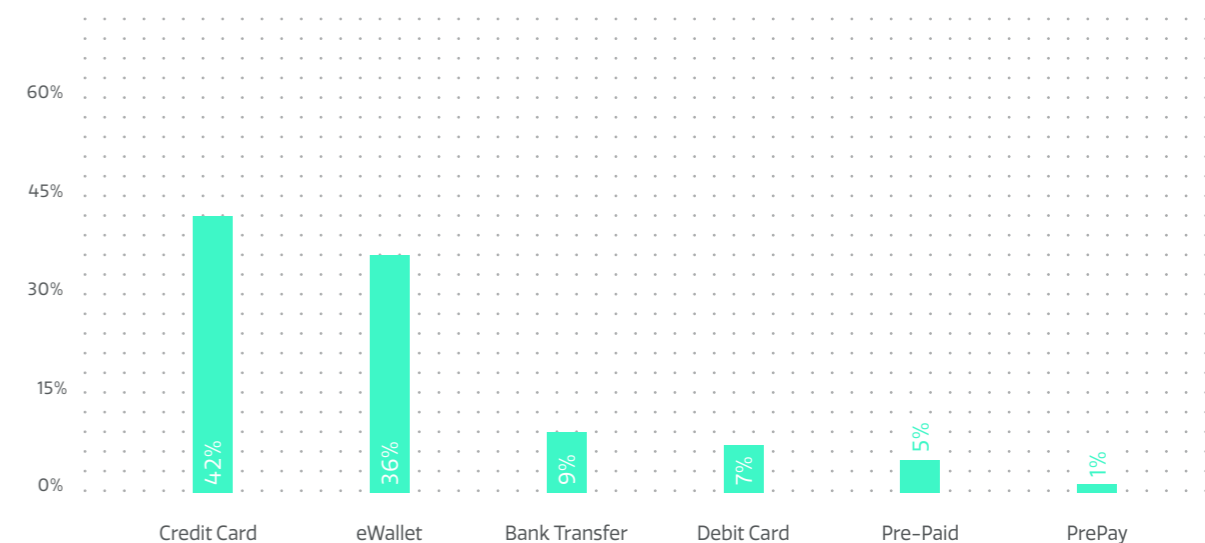
### All card scheme breakdowns



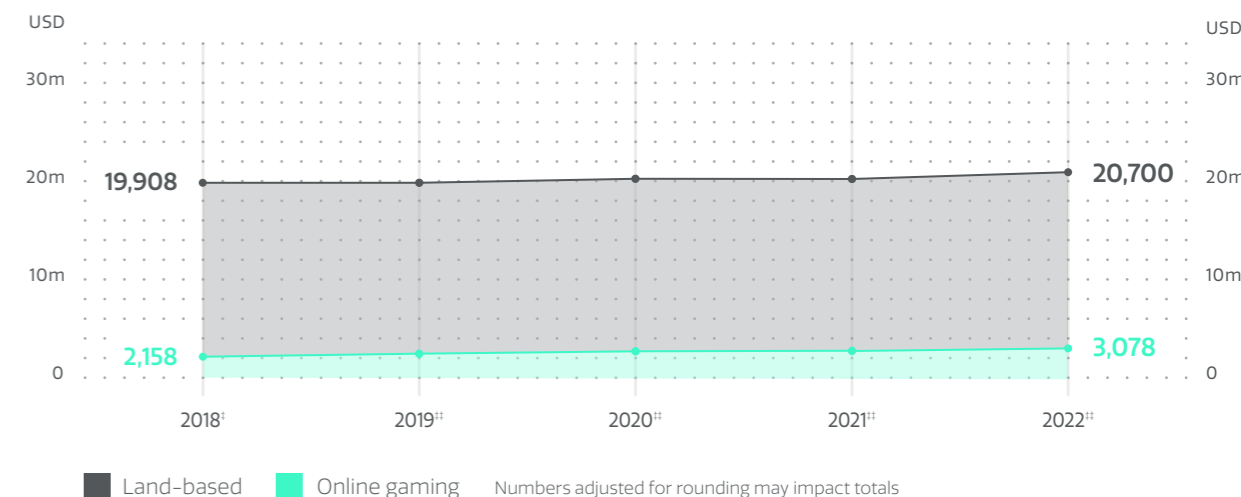
### Top alternative payment methods in gaming



### eCommerce mix by payment methods<sup>1</sup>



### Projected gaming growth





# Mexico

Mexico has one of the fastest-growing gaming industries on the planet, with plenty of new opportunities for gaming operators looking for an emerging market<sup>1</sup>. Mexican online gaming licenses are only available to operators incorporated and based in Mexico and which also hold a land-based license.

As one of the more robust developing economies, the higher disposable income of middle and lower classes has created a market opportunity for the type of gaming that is prevalent in developed nations<sup>2</sup>.

In keeping with this landscape, the government has recently laid out laws for online and offline gaming<sup>2</sup>. Mexico's gaming industry is now the second largest in Latin America (after Argentina), with annual revenues now surpassing the \$10 billion mark<sup>2</sup>.

The higher disposable income of middle and lower classes in Mexico has created a market opportunity for the type of gaming that is prevalent in developed nations

## Top tip

Cards remain dominant in the Mexican gaming market, but are declining in share. Meanwhile, alternative payment methods are increasing in importance<sup>3</sup> – be sure to offer options like Todito, a popular prepaid card service.

### Fast facts

Expected online gaming CAGR 2018-22

**7%**

2018e Internet penetration\*\*

**72%**

2017 % total eCom spend using mobile wallet

**14%**

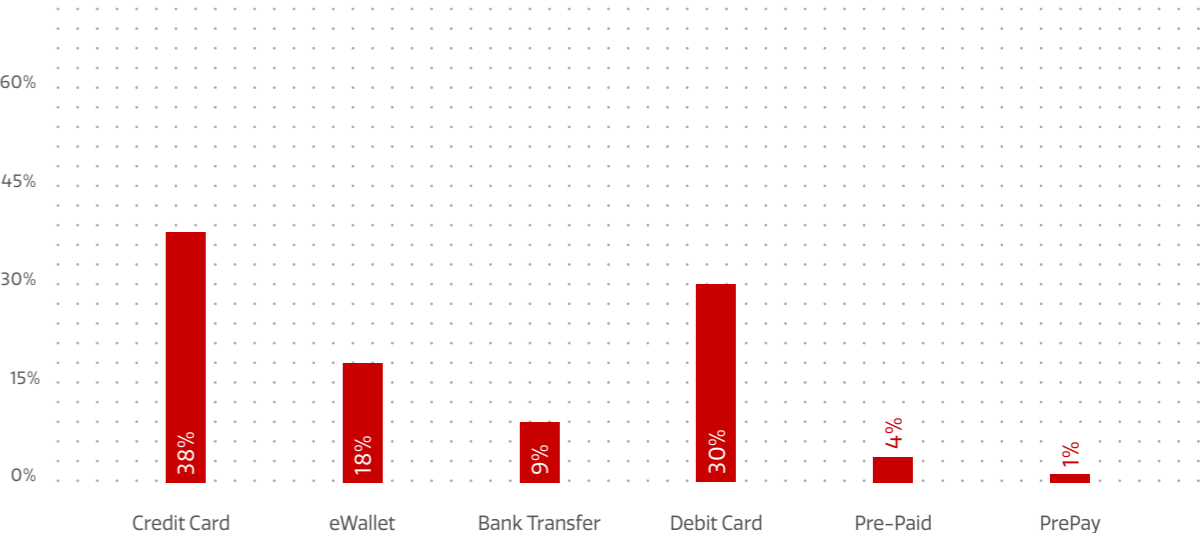
2017 Adult population (20+ years)<sup>1</sup>

**79.1 million**

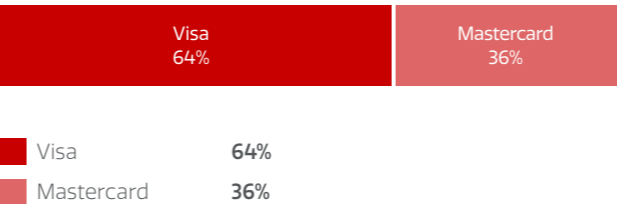
2018 unique mobile user penetration\*\*\*

**62%**

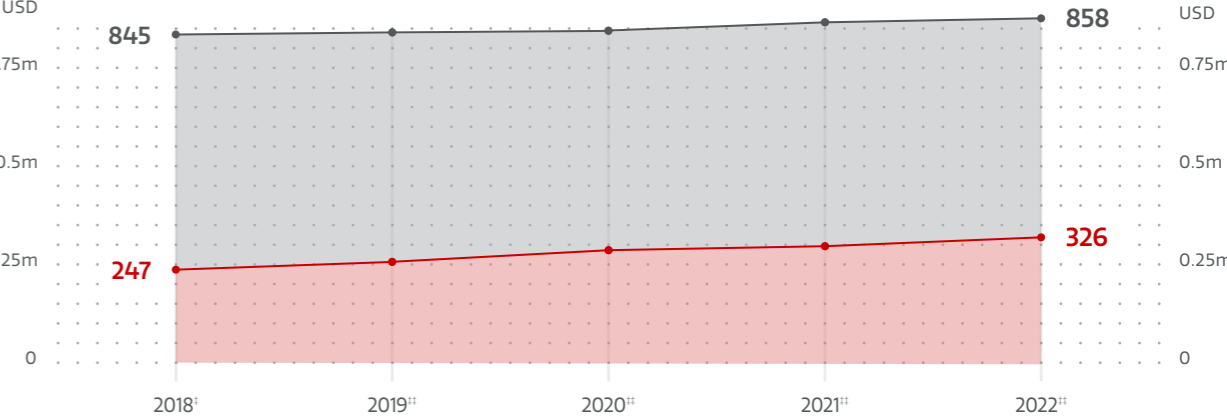
### eCommerce mix by payment methods<sup>1</sup>



### All card scheme breakdowns



### Projected gaming growth



### Top alternative payment methods in gaming



■ Land-based ■ Online gaming Numbers adjusted for rounding may impact totals

No framework currently exists to award online gaming licenses in the Netherlands and the market remains modest in comparison to neighbouring markets in Europe



## Netherlands

The Netherlands is currently the 17th largest online gaming market in the EU, with 700,000 online players<sup>1</sup>. This modest figure reflects the Netherlands' surprisingly strict outlook on online gaming – no framework currently exists to award online gaming licenses.

A number of international operators do accept Dutch customers, however advertising to potential Dutch players is prohibited, and 2018 saw The Dutch gaming authority crack down on those who operate in these grey areas<sup>2</sup>.

### Top tip

A Remote Gambling Bill has been mooted, but there is no clear timeline for these regulations. Operators are paying close attention to legal developments before they enter the market.

#### Fast facts

Expected online gaming CAGR 2018-22

**23%**

2018e Internet penetration\*\*

**90%**

2017 % total eCom spend using mobile wallet

**10%**

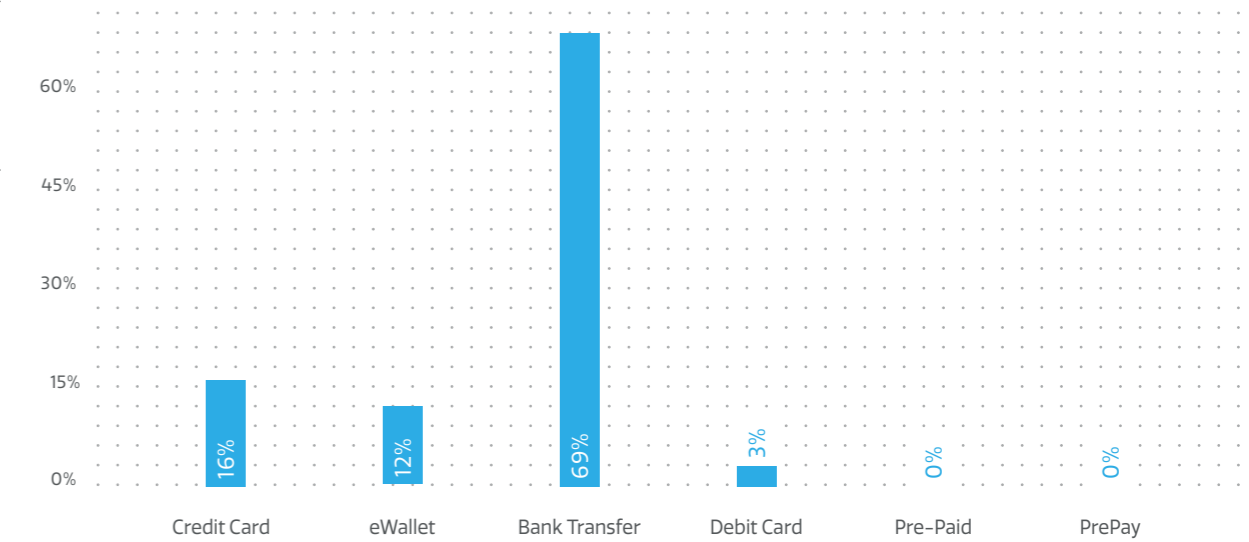
2017 Adult population (20+ years)\*

**13.2 million**

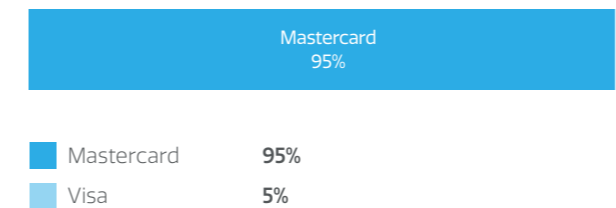
2018 unique mobile user penetration\*\*\*

**80%**

#### eCommerce mix by payment methods<sup>1</sup>



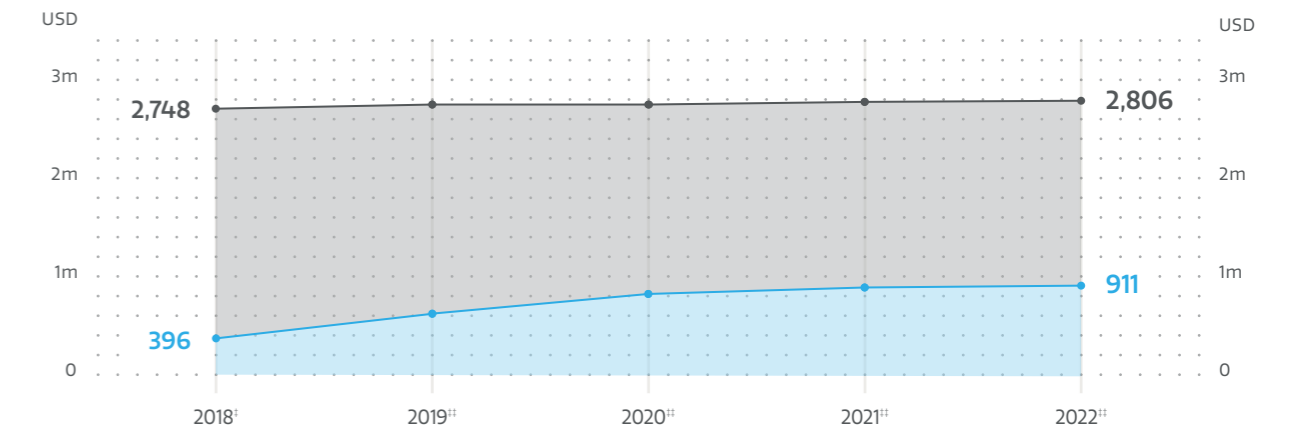
#### All card scheme breakdowns



#### Top alternative payment methods in gaming



#### Projected gaming growth



■ Land-based ■ Online gaming Numbers adjusted for rounding may impact totals

The New Zealand market remains fertile territory for foreign operators, although entrants should partner with a local gaming company to access an existing customer base



# New Zealand

Despite its small population, New Zealand's gaming market is healthy: New Zealanders wager over NZ\$2 billion a year<sup>1</sup>. Gaming is particularly popular, with gaming machines and casinos representing two thirds of the market, and lottery and betting representing the other third<sup>2</sup>.

Online gaming is prohibited if the operator is based within New Zealand, but this restriction doesn't apply to foreign operators. Advertising online gaming is completely banned however, so entrants to this market should consider partnering with a local gaming company that has an established customer base.

## Top tip

User expectations in New Zealand are highly developed, so it's important to provide a frictionless mobile player experience along with seamless payment options like eWallets.

### Fast facts

Expected online gaming CAGR 2018-22

**6%**

2018e Internet penetration\*\*

**92%**

2017 % total eCom spend using mobile wallet

**19%**

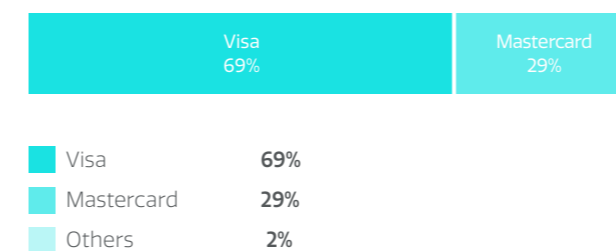
2017 Adult population (20+ years)\*

**3.6 million**

2018 unique mobile user penetration\*\*\*

**73%**

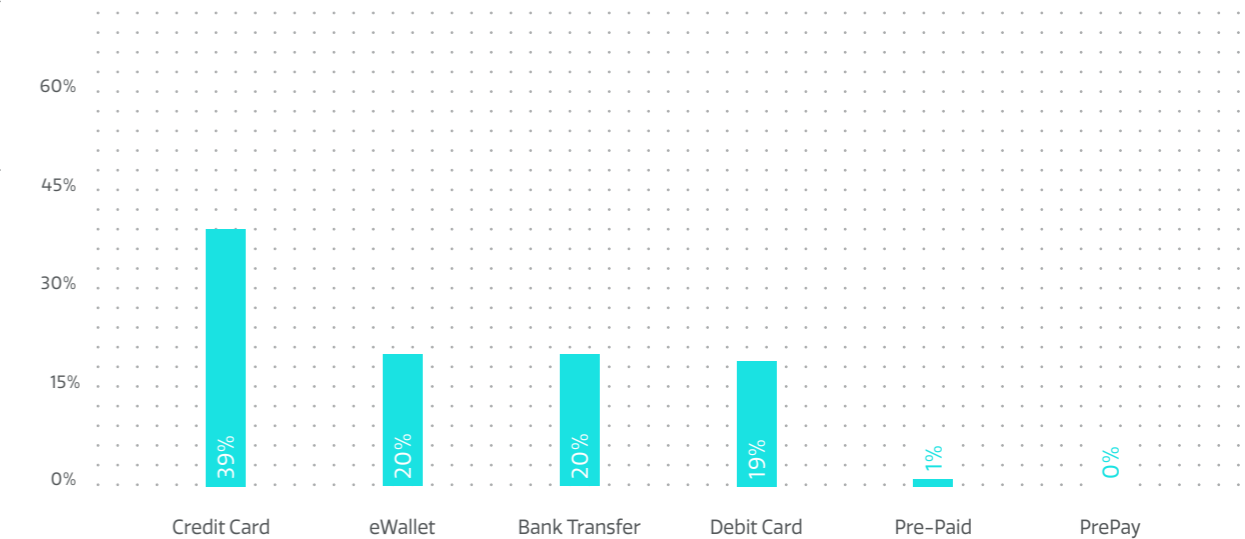
### All card scheme breakdowns



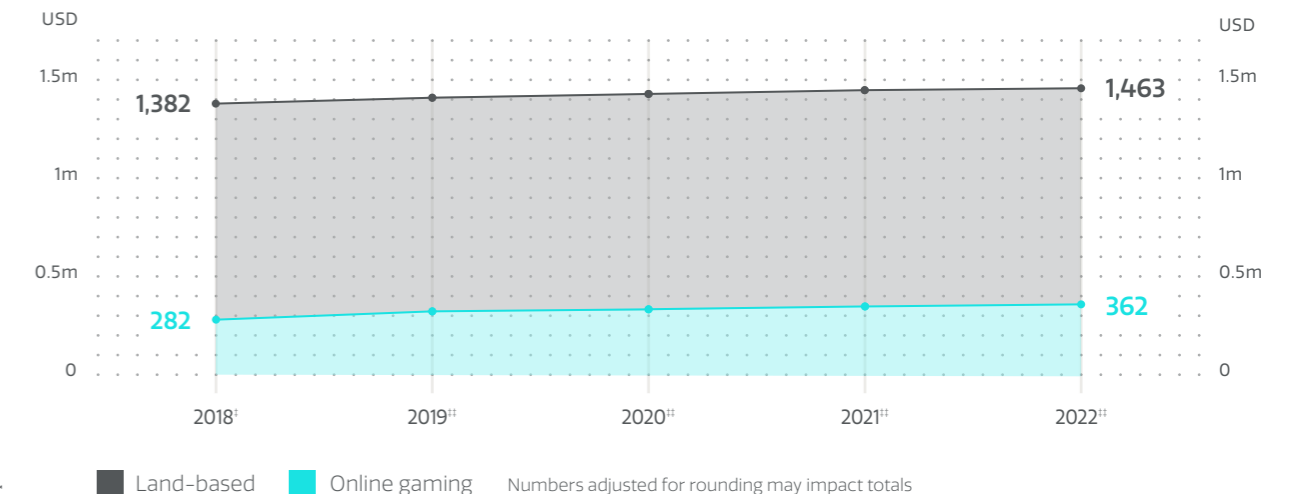
### Top alternative payment methods in gaming



### eCommerce mix by payment methods<sup>1</sup>



### Projected gaming growth





Polish regulations on gaming are considered to be among the most restrictive in Europe – but there is some speculation that these will be relaxed in the near future

## Poland

Polish regulations on gaming are considered to be among the most restrictive in Europe – but there is some speculation that these will be relaxed in the near future. During 2009, the government introduced new regulations for the market, but very few foreign operators successfully got a license. The legislation was amended in 2017 to relax the requirements<sup>1</sup>.

Licenses are now being issued, but the requirements are tough. More operators are entering the market, but they will require expert advice to become licensed and compliant.

### Top tip

Bank Transfer is a prominent payment method player in Poland, with Fast Transfer Services like PayU and Przelewy24 being particularly popular<sup>2</sup>.

### Fast facts

Expected online gaming CAGR 2018-22

**8%**

2018e Internet penetration\*\*

**78%**

2017 % total eCom spend using mobile wallet

**17%**

2017 Adult population (20+ years)<sup>1</sup>

**30.3 million**

2018 unique mobile user penetration\*\*\*

**81%**

### All card scheme breakdowns

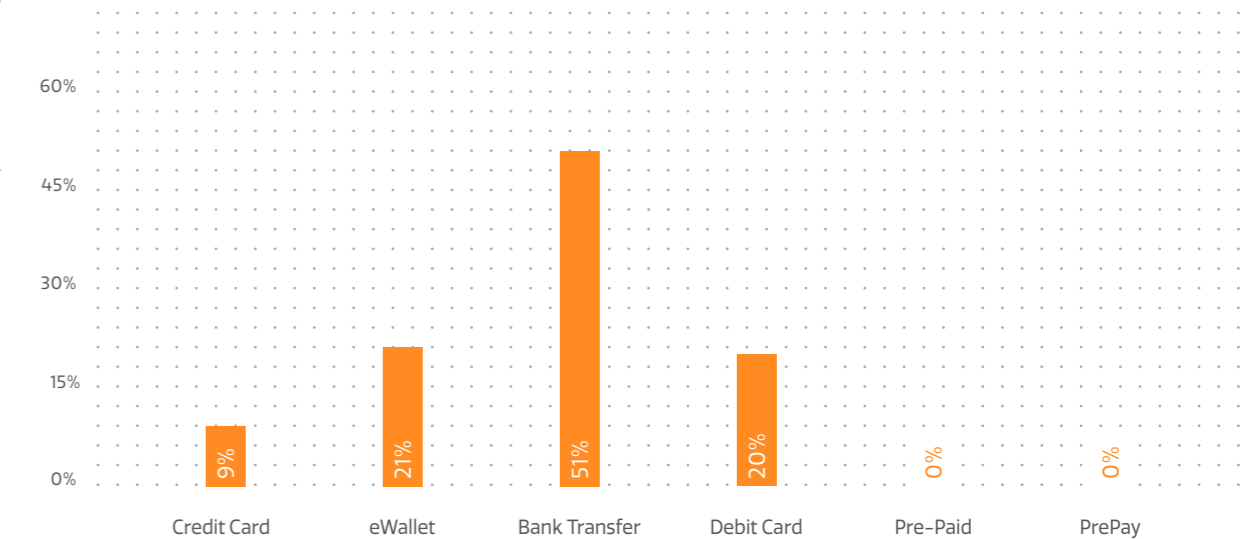


Visa 56%  
Mastercard 44%

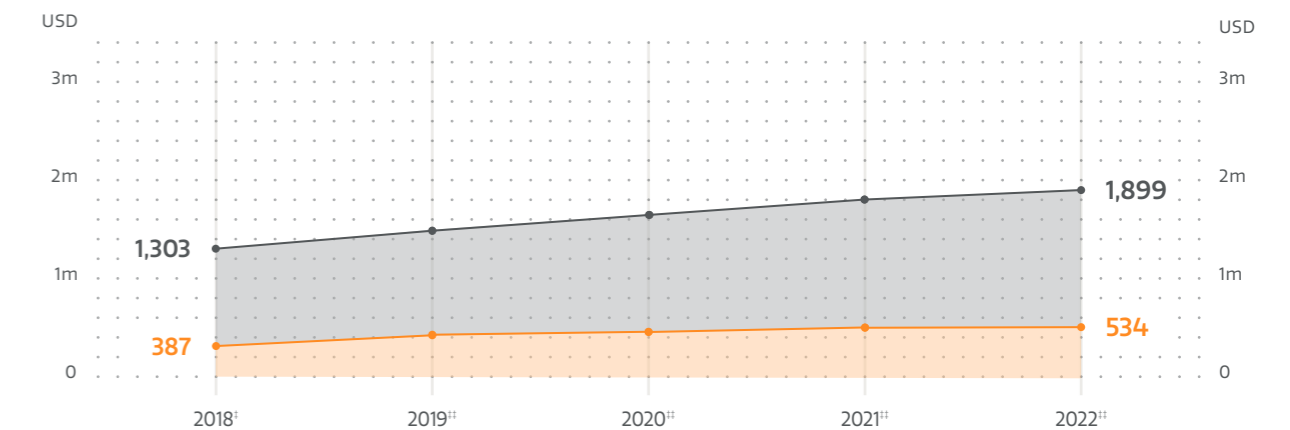
### Top alternative payment methods in gaming



### eCommerce mix by payment methods<sup>1</sup>



### Projected gaming growth



■ Land-based ■ Online gaming Numbers adjusted for rounding may impact totals



# Russia

The Russian market has become a challenging environment for operators over the last year. A new bill from the government forced several major Russian banks to block payments – including those with cards issued by Visa and Mastercard!

The largest Russian issuing bank by a considerable distance is now blocking all gaming transactions, and there's an anticipation that the remaining banks will follow suit during 2019!

All gaming transactions now have to pass through .ru domains and the Russian state payment card, Mir, while gamblers have to visit a Russian betting shop in person to register to gamble online!

The Russian market has become a challenging environment for operators over the last year, with the largest issuing bank blocking all gaming transactions

## Top tip

Advanced alternative payment options will only grow in popularity in this market: the block on payments from major banks is expected to accelerate the natural process of players migrating away from using cards.

### Fast facts

Expected online gaming CAGR 2018-22

6%

2018e Internet penetration\*\*

86%

2017 % total eCom spend using mobile wallet

24%

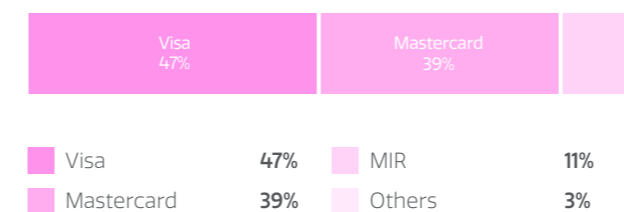
2017 Adult population (20+ years)\*

113.2 million

2018 unique mobile user penetration\*\*\*

79%

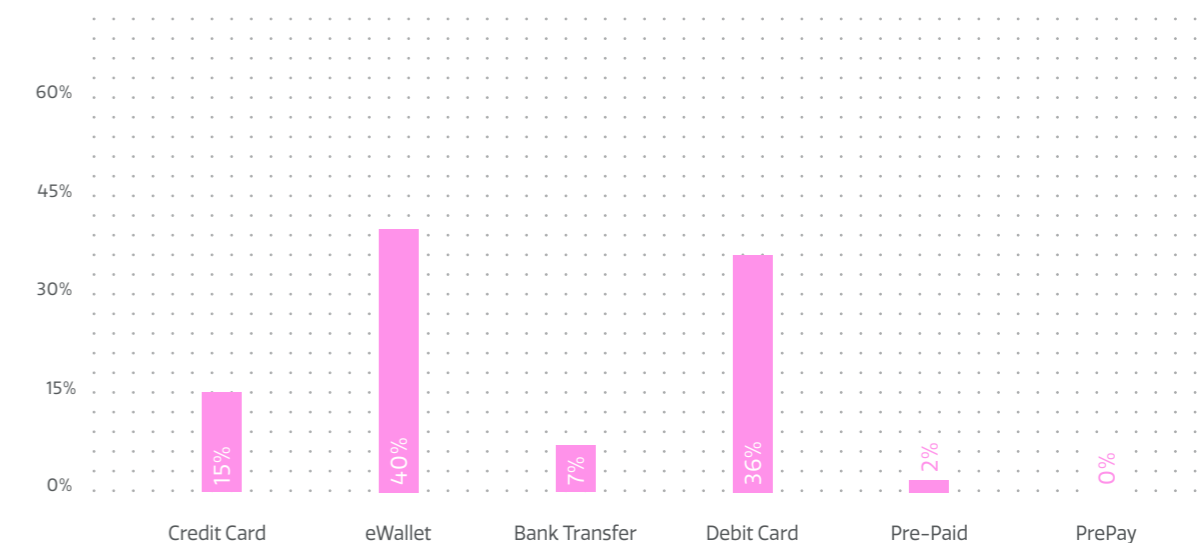
### All card scheme breakdowns



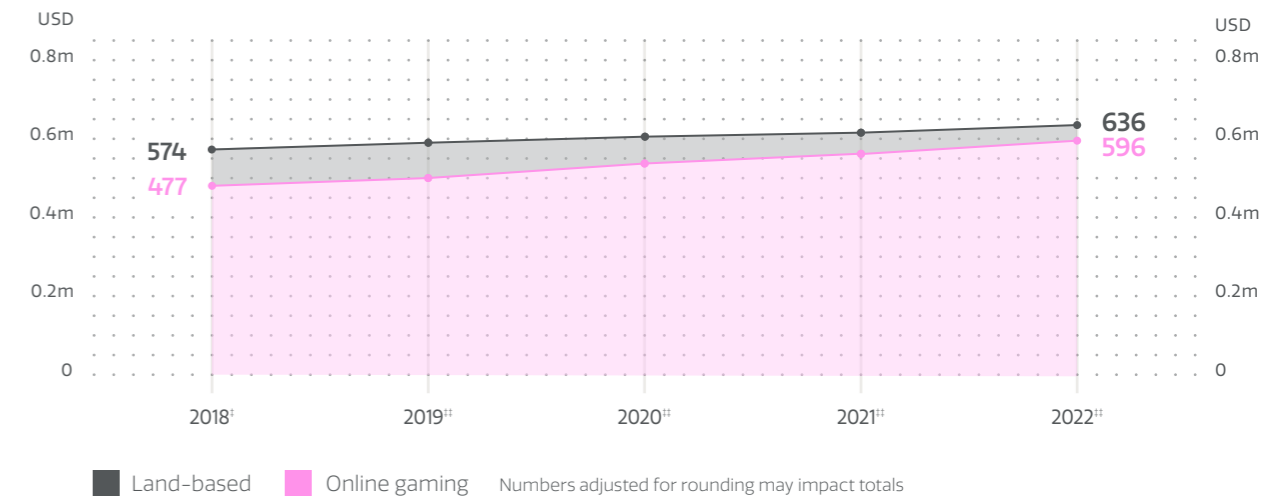
### Top alternative payment methods in gaming



### eCommerce mix by payment methods<sup>1</sup>



### Projected gaming growth







The remarkable growth of the Spanish market, coupled with the encouragement of the government and tax breaks for vendors, makes it one of the most attractive territories for new and existing operators

## Spain

Spain's online gaming market continues to grow at a staggering rate. Between January and March 2018, it grew by 27%, recording €163.3 million revenue in just three months<sup>1</sup>.

Sports betting accounted for over half of all revenues, generating a total of €81.9 million and marking a 16% growth in GGR compared to 2017 figures. Data shows that 62% (€51.1 million) of this total came from live betting, while pre-match betting accounted for €28.6 million<sup>1</sup>.

This growth is partly because of the Spanish regulator, who offer licenses by way of periodic tender process and they launched the third such tender process in December 2017 which remained open for a year (December 2018). They also announced a GGR tax cut of 5% for gaming companies<sup>1</sup>. The government say this measure is designed to attract 'licensed and renowned' operators to the flourishing online betting market<sup>2</sup>.

### Top tip

Visa has begun enabling issuers to offer their FastAccess Funding - enabled by Visa Direct service in this market. As a result, the service is expected to become more prevalent in Spain over the next year, with users set to embrace secure, real-time payments and quick rewards for their efforts<sup>3</sup>.

#### Fast facts

Expected online gaming CAGR 2018-22

**6%**

2018e Internet penetration\*\*

**87%**

2017 % total eCom spend using mobile wallet

**19%**

2017 Adult population (20+ years)<sup>1</sup>

**37.3 million**

2018 unique mobile user penetration\*\*\*

**80%**

#### All card scheme breakdowns

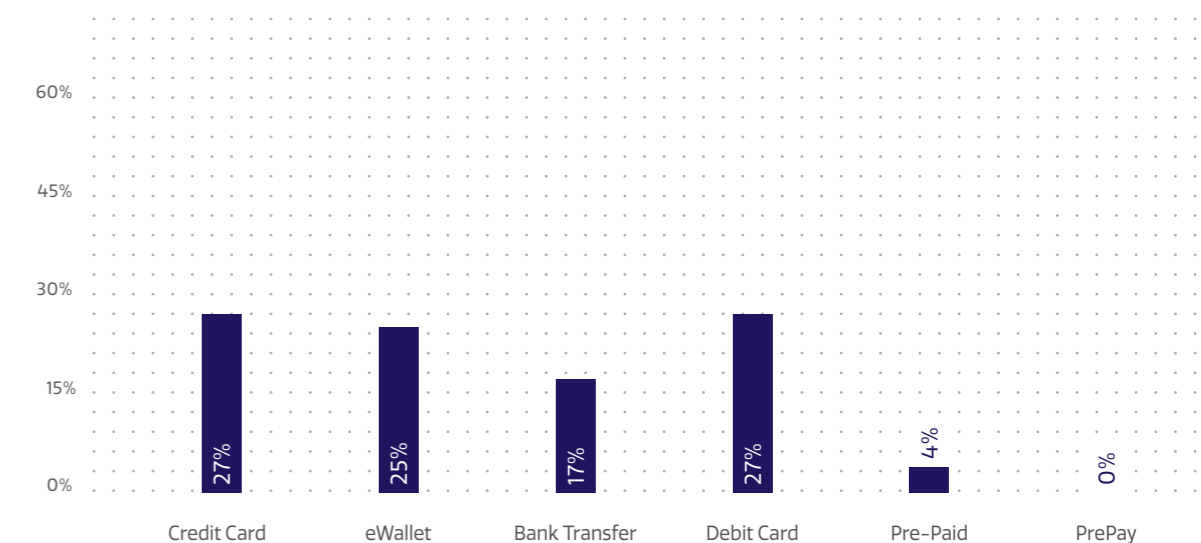


■ Visa 70%  
■ Mastercard 30%

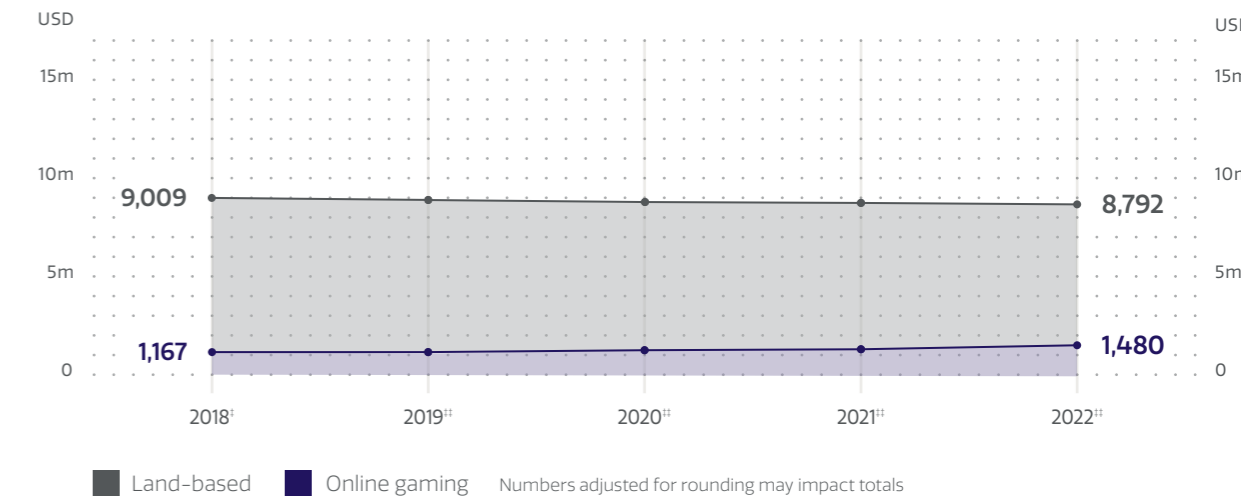
#### Top alternative payment methods in gaming

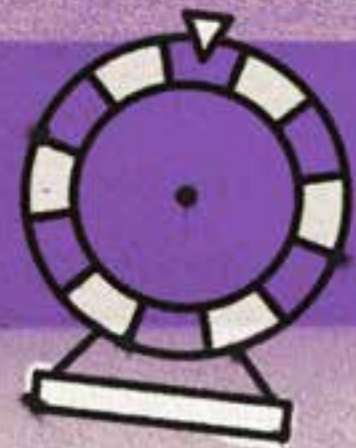


#### eCommerce mix by payment methods<sup>1</sup>



#### Projected gaming growth





# Sweden

2018 saw drastic changes in the way Sweden's betting market is regulated. The government's new gaming act means that anyone operating in the Swedish market must have an authorised licence, and strict requirements for moderation in marketing gaming now apply<sup>1</sup>.

The first licenses under the new regulations were issued from January 2019, and experts are watching the market closely to see how the changes will affect the market in practical terms.

Sweden's current market is dominated by Svenska Spel (sports betting, lotteries, internet bingo, poker, casinos and gaming machines) and AGT (on-track, off-track and online horse race betting)<sup>2</sup>.

Experts are closely monitoring the Swedish market and how strict requirements will affect the market into 2019

## Top tip

Swedish banks have recently introduced a service that allows operators to access users' data when they enter their bank account number into an operators' site. This will make complying with regulations easier, and help operators to increase conversions.

### Fast facts

Expected online gaming CAGR 2018-22

**6%**

2018e Internet penetration\*\*

**88%**

2017 % total eCom spend using mobile wallet

**7%**

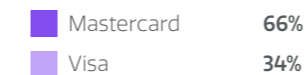
2017 Adult population (20+ years)\*

**7.7 million**

2018 unique mobile user penetration\*\*\*

**79%**

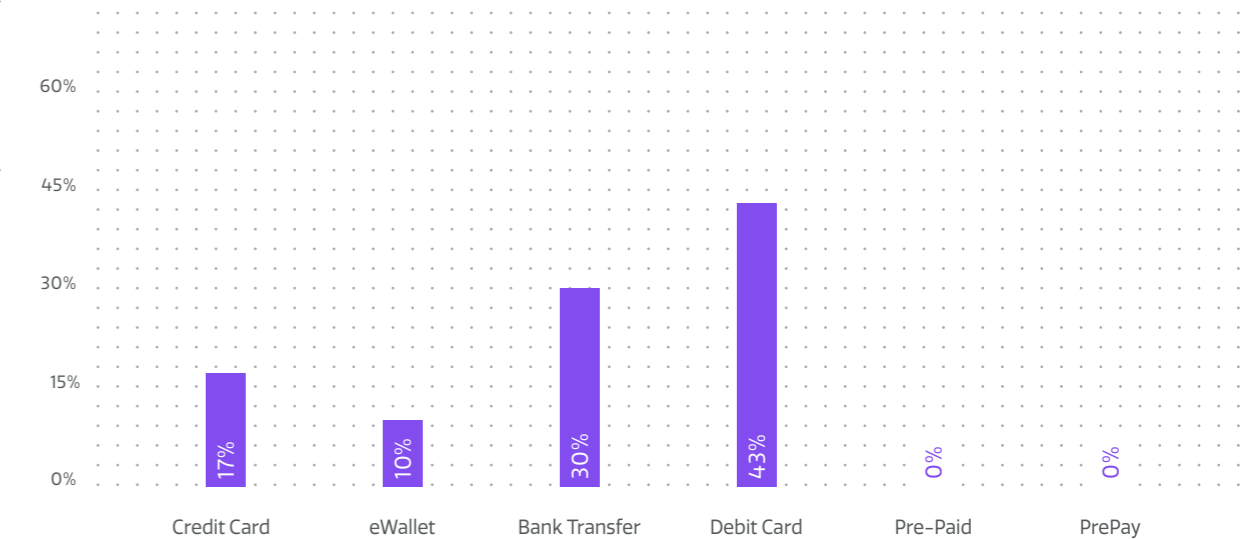
### All card scheme breakdowns



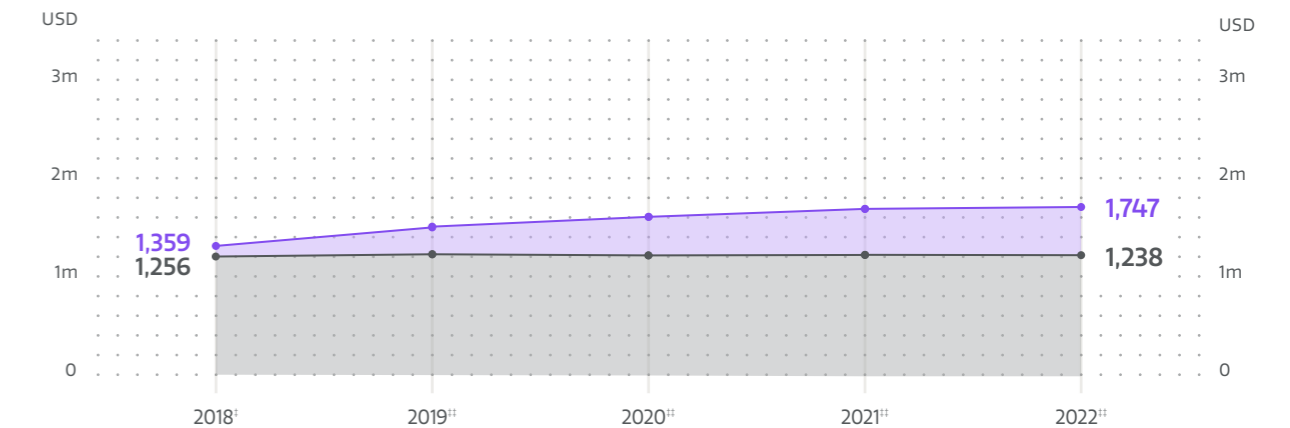
### Top alternative payment methods in gaming



### eCommerce mix by payment methods<sup>1</sup>



### Projected gaming growth



■ Land-based ■ Online gaming Numbers adjusted for rounding may impact totals



The UK remains Europe's biggest and most mature online gaming market, but political pressure is growing due to the public debate over the suitability of gaming advertising on TV and sport

## UK

The UK remains Europe's biggest and most mature online gaming market, but political pressure on the market is growing<sup>1</sup>. Following discussions about the amount of betting advertising on TV, Britain's biggest sports book operators agreed a "whistle-to-whistle" advertising ban in December 2018. This means betting ads will now cease to be shown during live sport coverage before 21:00 in the UK<sup>2</sup>.

Horse racing and greyhound racing are exempt from the restrictions because of the commercial importance of gaming on their viability<sup>2</sup>. As part of a wider crackdown, several online casino companies were fined for not having "effective safeguards" to prevent money laundering and harm to customers from gaming<sup>3</sup>.

The UK is already seeing the success of FastAccess Funding – enabled by Visa Direct in the UK, as users embrace real-time payments and winnings. Mastercard's equivalent service, Mastercard Send, is also set for launch, and is expected to be similarly popular<sup>4</sup>. Meanwhile increasing numbers of banks are switching from Visa to Mastercard, so Mastercard's debit share is expected to increase next year<sup>4</sup>.

### Top tip

When it comes to preferred payment options, eWallets remain prevalent among gamblers in the UK. Apple Pay leads the market, while Samsung Pay and Google Pay are also gaining traction<sup>4</sup>.

#### Fast facts

Expected online gaming CAGR 2018-22

4%

2018e Internet penetration\*\*

99%

2017 % total eCom spend using mobile wallet

23%

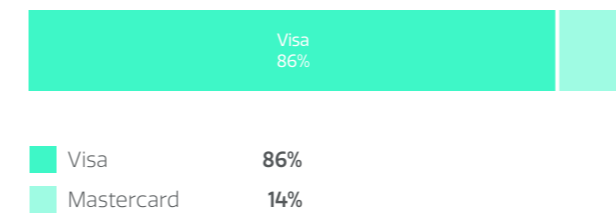
2017 Adult population (20+ years)<sup>1</sup>

50.3 million

2018 unique mobile user penetration\*\*\*

75%

#### All card scheme breakdowns



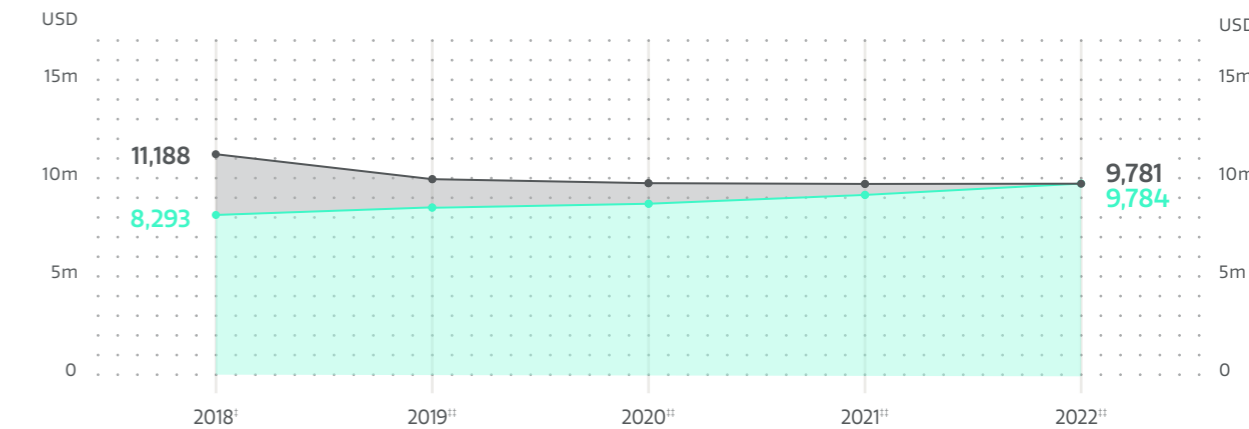
#### Top alternative payment methods in gaming



#### eCommerce mix by payment methods<sup>1</sup>



#### Projected gaming growth



■ Land-based ■ Online gaming Numbers adjusted for rounding may impact totals

The emergence of eSports and sports-betting is transforming the landscape of U.S. gaming and the growth of omni-channel looks set to continue for the next few years



## U.S.

There are several gaming markets in the U.S. which will show significant growth in 2019 – mainly due to the adoption of new technology in both the retail setting and online. These include pillars of the gaming industry in state lottery and casino & resorts, where the latter is benefiting from the emergence of competitive gaming (eSports), sports betting, and online gaming; yet another example of creating more transactional velocity and brand affinity through an omnichannel offering.

Recent data from the state of New Jersey, where regulations allow for an omnichannel offering, show that over two-thirds of all sports betting revenue is derived online. The delta is expected to grow further too – eventually settling in at near an 80/20 split between the online and retail channels!

### Top tip

To unlock the full potential of an operator's brand and game offering, legislators, regulators and operators must remain focused on an omnichannel solution with games available online and through mobile apps in addition to retail.

#### Fast facts

Expected online gaming CAGR 2018-22

**13%**

2018e Internet penetration\*\*

**79%**

2017 % total eCom spend using mobile wallet

**20%**

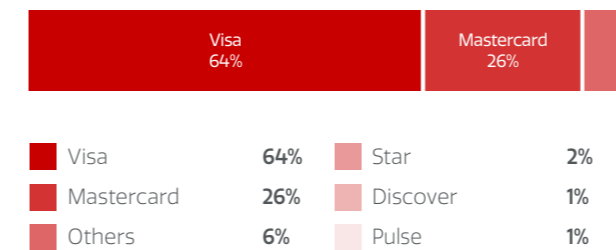
2017 Adult population (20+ years)\*

**243.5 million**

2018 unique mobile user penetration\*\*\*

**72%**

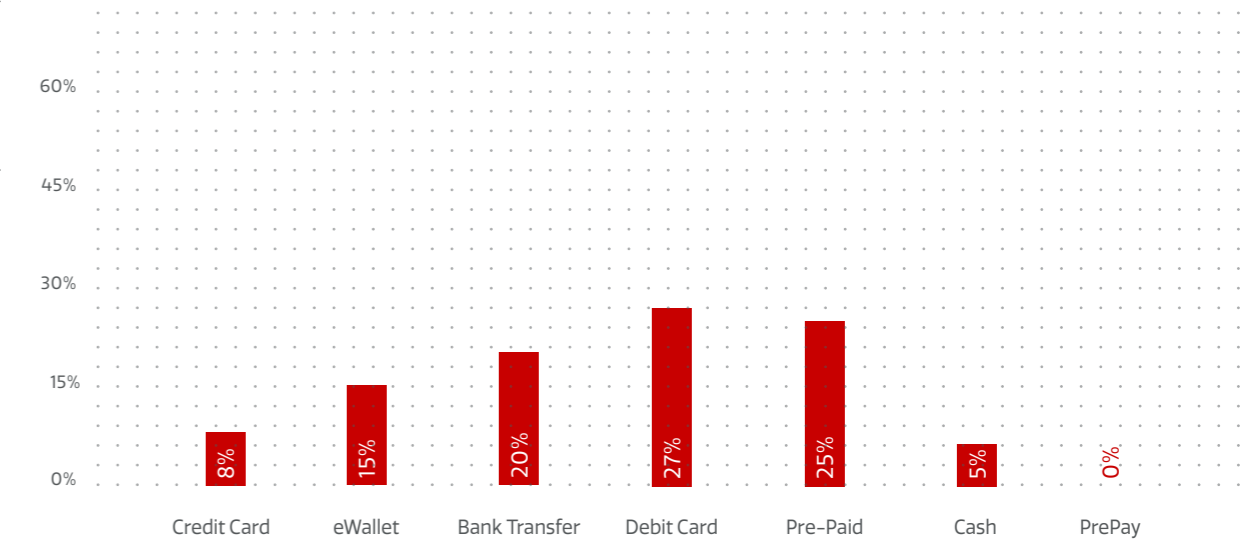
#### All card scheme breakdowns



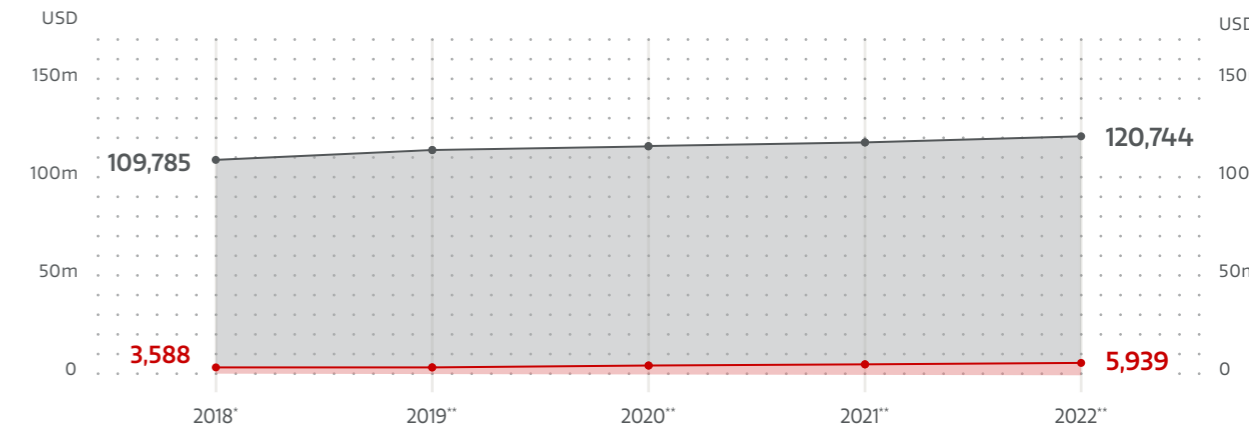
#### Top alternative payment methods in gaming



#### eCommerce mix by payment methods† ††



#### Projected gaming growth



■ Land-based ■ Online gaming Numbers adjusted for rounding may impact totals

# Payment method definitions

In this section you will find an explanation of each payment method outlined in this report.

## Alternative payments methods

These are methods of payment that are not linked to the global card brand networks such as Visa or Mastercard.

## Bank Transfers

Consumers pay for goods using their online banking facility. They are either redirected to their bank or select their bank from a provider's page.

Examples: iDEAL, SOFORT banking, eNETS, Przelewy24, SafetyPay

## eWallets

An electronic card used for transactions made online through a computer or a smartphone, like a credit card or debit card. When used with a smartphone, consumers store the credentials of their preferred card for payments and use biometrics to authorize the transaction.

Examples: Alipay, Tenpay, PayPal, Qiwi, Yandex.Money

## PrePay

Allows consumers to fund a card and make purchases without a credit card or bank account.

Examples: paysafecard, Neosurf

## PostPay

When a consumer selects a product online, they pay for it later at an affiliated outlet or store.

Examples: Konbini, Boleto Bancario

## Pre-Paid Cards

These are cards that run on scheme networks such as Visa and Mastercard. These cards can be used to make purchases or withdraw cash in the same way as a debit or credit card.

Examples: Virgin Money

## Debit Cards

Debit cards are backed by major card brands and draw funds directly from a consumer's bank account.

## Credit Cards

Credit cards are backed by major card brands and allow consumers to make purchases on credit.



# Key insights & sources

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2. Alizila, "Take a Tour of Hema Supermarket and Experience 'New Retail!'" → bit.ly/2VHEp1m
3. Worldpay, "The Mobile Payment Journey, How to optimise your payment experience for mobile gaming", February 2018
4. Visa, → bit.ly/2M5zWRD
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## BETTING ON THE NEW DEMOGRAPHICS

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## PSD2 IN THE GAMING INDUSTRY

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## FUTURE MARKETS – WILL 2019 BE THE YEAR OF LATIN AMERICA?

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## FAST FACTS

- \* sourced from 2017 Demographic Yearbook, based on national statistics from each country. US data is sourced from US Census Bureau and data for Russia from CIA World Fact Book 2018
- \*\* Internet users are individuals who have used the internet (from any location) in the last three months. The internet can be used via a computer, mobile phone, personal digital assistant, games machine, digital TV, etc.
- \*\*\* Penetration figures are for total population, regardless of age and are of Jan 2018

## 2018 ECOMMERCE MIX BY PAYMENT METHODS

- † 2017 eCommerce mix by payment methods

## PROJECTED GAMBLING GROWTH

- ‡ Estimated
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## About Worldpay

Worldpay, Inc. (NYSE: WP; LSE: WPY) is a leading payments technology company with unique capability to power global integrated omni-commerce. With industry-leading scale and an unmatched integrated technology platform, Worldpay offers clients a comprehensive suite of products and services globally, delivered through a single provider.

Worldpay processes over 40 billion transactions annually through more than 300 payment types across 146 countries and 126 currencies. The company's growth strategy includes expanding into high-growth markets, verticals and customer segments, including global eCommerce, Integrated Payments and B2B.

Worldpay, Inc. was formed in 2018 through the combination of the No. 1 merchant acquirers in the U.S. and the U.K. Worldpay, Inc. trades on the New York Stock Exchange as "WP" and the London Stock Exchange as "WPY".

## worldpay.com

For further inquiries, please contact

**MarketIntel@worldpay.com**

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