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Protecting Stakeholders from the Risks Related to the "Gamblification" of Sport

By Pim Verschuuren, Senior Lecturer, University of Rennes; Member, IFHA Council on Anti-Illegal Betting and Related Crime

The continuous development of the sports betting economy, through legal or illegal forms, is currently transforming global sports at a rapid pace. Those changes are taking place with very little oversight and scrutiny, and are impacting every stakeholder of the game. Athletes in particular, have seen their personal condition disrupted by the continued evolution and growing importance of sports betting. Two years after a first Bulletin article on athletes' betting behaviour (accessible here), this article explores the latest developments on the field, reviews the scientific literature that has recently emerged on the impact of betting on athletes' integrity and makes a number of recommendations for authorities to protect sport integrity.

Betting operators have become a major partner for sport organisations through the signing of data exchange or marketing contracts. They also sponsor numerous sport leagues, championships and clubs. According to a study published in 2025, 66% of clubs competing in the 31 first division football leagues of the European Union and the United Kingdom (296 out of 442 clubs) signed at least one sponsorship agreement with a betting company during the 2024/2025 season.[1] Worryingly, illegal betting operators also succeed in entering this flourishing market, thereby whitewashing their reputation and masquerading as licensed operators. The partnership between the French football club Paris Saint Germain and 1xbet is a landmark example.[2]

Meanwhile, the rise of legal betting activity contributes funding to sports through taxes. In Portugal for example, 37.5% of the fiscal revenues from betting activities go to the sport sector.[3] In France, EUR 180 million is now collected each year from the online sports betting market to finance the national sport agency (ANS).[4] The concept of sport "gamblification", developed by researchers in Finland, Australia or Portugal, [5] underlines the transformation of sport in reaction to the rising importance of the betting industry and the funds which it provides to sports.

Another correlation that has lately been scientifically confirmed is the impact of betting behaviour on sports consumption among fans.[6] According to a statistical survey among American sport fans, sports betting involvement positively affects fans' experience and satisfaction, which in turn increases their behavioural intentions regarding game attendance and media consumption. Similar scientific experiments elsewhere led to similar results,[7] as sports betting offers additional opportunities for sport fans to interact with their championships, teams and athletes, enabling exciting and thrilling experiences. The emotional connections between sports and betting are symbolised by the advertisement strategies from betting operators who promote traditional sport values: risk-taking, what is termed as 'mateship', friendly rivalry, masculinity and sporting knowledge.[8]

This development creates huge risks, as well as signs of a regulatory backlash. In a nationwide survey conducted in 2025-2026, the National Collegiate Athletic Association (NCAA), the American college sport regulatory organisation, identified the level of exposure of student-athletes to online and physical abuse,[9] finding that roughly one-third of targeted athletes faced direct blame for betting losses, with nearly 20% reporting a subsequent 'loss of love' for their sport.

Another concerning trend is the exposure of athletes to betting, which could lead to addiction. News reports reveal that the whole athlete population is concerned, not just those in major sport disciplines, with a para-table tennis player[10] and high-level runners[11] having recently been sanctioned by their respective international federations for betting behaviour. Despite the fact that sports betting remains a male-dominated industry and culture, betting also develops among female sport consumers and athletes,[12] with a leading international-level Dutch women's football player recently sharing her story of serious betting addiction.[13]

Despite a few exceptions,[14] the scientific literature has demonstrated that athletes are more vulnerable to gambling-related harm than other populations.[15] The multiple touchpoints of betting culture and elite sport, whether it be through sponsorships, gambling promotion, match-fixing or betting fraud, are likely to heighten athletes' exposure to betting in the future.[16]

Also, in many jurisdictions, the combination of light public regulation, coupled with a high prevalence of illegal betting operators means that aggressive betting commercial strategies and less-scrupulous due diligence and compliance policies reach the wider public, with young athletes, who may benefit from short term but lucrative sporting contracts, also being directly targeted. In any case, sports betting creates a major mental health issue for athletes, as described in a book published earlier this year in an American context.[17]

This situation is worsening in jurisdictions that are currently opening up betting markets without proper regulation, or who fail to shield their consumers from illegal betting. In a number of countries, sport consumers and fans share increasing concerns as to the ubiquity of sports betting and the threats it represents towards sports integrity and social protection.[18] As a result, a number of measures are being enforced to limit the normalisation of betting and the gamblification of sports, such as a ban on betting front-of-shirt sponsors in the Premier League.[19] However, the difficulty for English clubs to enforce this ban embodies the level of influence that betting has over the sports economy.

Other countries like France, Belgium and the Netherlands are tightening consumer protection, limiting betting ads and enforcing stricter measures against illegal betting operators. It remains to be seen how effective such measures are in fighting the harms of sports betting, especially illegal betting. The blocking of financial transactions, by ensuring cooperation from financial institutions, is a complex but critical step. Another

important measure that is currently being enforced by many countries is the cross-checking of betting and sports data, to ensure that players, staff, coaches and referees, are not placing bets on their sports. In order to achieve this, betting regulators must have direct and secure access to all legal market betting data. For example, in France, Belgium, Denmark, Greece, Spain and Italy, the national betting regulator has access to all data, without any dependence on legal betting operators. Sports federations or national Olympic committees also need to provide the list of sport stakeholders who are prohibited from betting, so that the regulators can cross-check names that hold a betting account. Each year, numerous stakeholders from the main disciplines (football, basketball, tennis or handball) are sanctioned for betting activity. This cross-checking was also implemented for the first time at the Olympic Games, in Paris 2024. 130,000 accredited persons were cross-checked, with 3% of those checks returning positive results (on French legal operators). The International Olympic Committee (IOC) asked the Italian national regulator to reproduce the work for the Milano-Cortina 2026 Winter Games, during which seven stakeholders were identified.

Recommendations

Such measures, while well-meaning, will not suffice. Awareness-raising policies are being implemented although they lack dissemination.[20] Scientific research suggests that onboarding programs should combine betting education with financial risk-management tools to reduce gambling harm among athletes.[21] Increased screening and assessment are also important.[22] It has also been shown that the use of celebrity endorsers in advertising can enhance responsible gambling intentions.[23]

At a macro-level, it remains important to continue promoting the fight against illegal betting, in particular through the definition of illegal betting that has been settled in the Council of Europe Convention against the manipulation of sports competitions, and which has once again been confirmed by the Court of Justice of the European Union (CJEU) jurisprudence in January 2026.[24] The Council of Europe Convention, which should soon be ratified by a non-European state (Australia), as well as the UK, Estonia, Cyprus, Finland and Poland, not only provides the legal framework to fight against illegal betting, money laundering or sports manipulation, but also requires parties to create national platforms that include relevant public and private stakeholders that are best placed to take the appropriate measures, depending on national contexts, to limit the risks linked to sport gamblification.

More than 30 countries now have such national cooperation tools, and the number is growing (Paraguay being one of the recent examples).[25] The threats posed by the normalisation of betting, and illegal betting in particular, require a collaborative approach between public and private actors, from the standards set on the international political arena to the measures enforced at local level to protect sport stakeholders.

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Between the Boundary and the Black Market: Ensuring Cricket is not Bowled Out by Corruption

By Jacqui Partridge, Head of Integrity and Michael Angel, Integrity Partner (Analyst), Cricket Australia (CA).

CA is the national governing body for the game of cricket in Australia comprising its members, as well as the six state and two territory associations. At an international level, CA is a full member of cricket's world governing body, the International Cricket Council (ICC).

Introduction

The threat of competition manipulation is a genuine integrity risk for all sports.

Significant global betting interest spanning both legal and vast illegal markets increases the risk of participants being targeted by corruptors in their attempt to financially profit on pre-arranged outcomes.

In a recent decision[1] a cricket Tribunal commented:

> *"…the enormous popularity of the sport has brought in its wake the scourge of unscrupulous betting, and it has spread in great measure on account of the advent of technology by which betting can be done anytime and from any place whatsoever, using mobile devices which are not always possible to trace. The ability to "fix" the outcome of a match, or a part of a match or indeed even one ball of an over has become a highly profitable enterprise and the criminals who pursue this lucrative path to achieve their nefarious ends seek to corrupt the players."*

Within a cricket match there are countless opportunities for corruptors, with manipulation of 'microevents' within a match being difficult to identify where the overall result of the match may not be impacted. A single player or official can determine the outcome of such an event without relying on teammates or attracting suspicion.

While the threat of manipulation (and corruption more broadly) in cricket, and sport in general, has long been present, the threat has increased given:

- the introduction of online betting and mobile app advancements which have led to increased popularity of sports betting with large betting pools, and the growth of offshore betting particularly in the sub-continent where cricket is extremely popular. While it is difficult to ascertain the level of offshore betting on cricket, it was reported in October 2023 that in India an estimated 80-90% of sports betting was on cricket;[2]

- increased access to data and live coverage of matches, the data enabling betting operators to set odds and the live coverage enabling punters to watch and bet on their phones; and

- the growth of cricket around the world, and the prevalence of franchise cricket. It is now possible to bet on cricket almost every day of the year and corruption provides an opportunity to make significant profit where a bet is placed on a predetermined outcome.

CA has product fee and integrity agreements (PFIAs) with licensed Australian betting operators that facilitate integrity oversight and the reporting of suspicious betting patterns on or within a match. PFIAs also enable CA to control 'approved betting markets' and confine such markets to professional matches.

In contrast, CA has no such integrity oversight or means to access information from the illegal offshore market.

While CA and its fellow cricket governing bodies have implemented proactive measures to disrupt, detect and sanction corrupters, a collective effort is required from organisations including government agencies and law enforcement to provide a comprehensive response to emerging threats.

The illegal offshore betting market

Responsible Wagering Australia estimates that the sports industry in Australia is "*losing out on revenues of $30-40m per year*" due to wagering spend with illegal offshore operators[3] who do not pay taxes or product fees to sports which contribute to funding integrity measures, or invest in consumer protections or protections for problem gamblers. This delivers illegal offshore operators a competitive edge that allows them to out-compete licensed operators offering better prices, odds and bonuses.

Illegal betting operators are also not subject to the constraints of regulation under PFIAs and local laws. Accordingly, they are able to offer markets on any match (including semi-professional and amateur matches), any contingency or outcome within a match and in-play markets. This attracts bettors and results in larger betting pools with more lucrative betting opportunities and the ability to place larger bets.

Weak regulation makes it easier for corrupters to manipulate markets with corruption harder to detect. A major concern is the lack of oversight of the betting activity as illegal operators do not monitor or provide relevant betting and transaction information enabling suspicious betting to remain undetected. In addition, many transactions may be untraceable due to the ability for bettors to remain anonymous when using cryptocurrencies.

Concerningly, illegal operators increase the risk of criminal syndicates that can use the platforms to place bets that are less likely to be scrutinised. These syndicates commonly identify and prey on vulnerable participants. Former Sport Integrity Australia (SIA)

CEO, David Sharpe warned in 2024 that "*The biggest risk in this country [Australia] is the crime infiltration of sport".*[4]

What can a sport do to mitigate anti-corruption risks?

Most major Australian sports' governing bodies have invested significantly in integrity capability over the last 10-15 years, and SIA has also contributed greatly to ensure all sports have sophisticated integrity capability.

CA has numerous measures in place to mitigate anti-corruption risk including:

- education and awareness campaigns;
- implementation of codes and policies;
- anti-corruption managers, player match official areas, as well as processes during matches to limit contact between the public and participants;
- betting market transaction monitoring;
- monitoring of markets offered by offshore betting operators;
- player performance analysis;
- implementation of reporting channels; and
- intelligence gathering and sharing.

CA works closely with the ICC Anti-Corruption Unit which includes in its strategy effective partnerships as a means of combating corruption. CA has also developed successful partnerships with other cricket and sport governing bodies, law enforcement and SIA as an additional means of combating corruption.

Ultimately, cricket's best defence is to create awareness and mandate the reporting of suspicious behaviour in a bid to disrupt corruptors.

Education and awareness

Education is key. At CA we deliver face-to-face education at a minimum annually, with education tailored to each level in cricket from pathways through to elite. Education sessions are supplemented with access to online modules and resources.

Face-to-face education is an important opportunity to build trust with participants, allowing them to get to know members of the CA Integrity Unit and demystify integrity processes. It is also important that CA Integrity be approachable and ensure that integrity investigations are conducted fairly and transparently to ensure a positive experience, to ensure corrupt activity is reported.

Education is focused on the 3 'R's promoted by the ICC Anti-Corruption Unit:

1. **R**ecognise (corrupt or suspicious behaviour)
2. **R**eject
3. **R**eport (immediately)

Rather than reciting Codes and Policies, education is focused on discussing a variety of contemporary and relevant issues as they arise with the aim being to arm participants with knowledge to protect themselves and the sport, for example:

- alerting clubs to the associated risks of livestreaming and the existence of data that enables offshore betting operators to offer markets on the match, and providing educational resources to clubs and participants;
- advising how to recognise approaches that may be disguised as sponsorship or participation opportunities, amongst others;
- creating awareness that approaches may come from a trusted teammate, official or longtime associate or friend;
- warning of potential exploitation of a participant's vulnerabilities to coerce a participant to engage in corrupt behaviours;
- building trust with participants so they feel comfortable exposing their vulnerabilities to CA and ICC Integrity Units and are not deterred or frightened of reporting associated approaches emanating from vulnerabilities; and
- emphasising the importance of and obligation to immediately report corrupt approaches and suspicious behaviours.

CA approaches its education sessions in a transparent manner, presenting real matters and advising on emerging trends so that participants, including officials, administrators, curators, support personnel, player agents and players, are able to relate and understand how risks may arise in relation to their role, and are better equipped to react in order to ensure detection and disruption of corrupt activity.

In addition, alerts, flagging trends and persons-of-interest are shared for distribution to relevant participants, and quizzes and online modules have been developed to ensure tailored education is always available across varying levels of cricket.

Codes and Policies

Cricket's global anti-corruption Code (the AC Code) contains sport rules governing the conditions under which cricket is played, aimed at enforcing anti-corruption rules in a global and harmonised manner.[5]

Importantly, the AC Code provides that a participant's failure to disclose full details of any approaches or invitations received to engage in corrupt conduct is an offence under the AC Code,[6] acknowledging that unnecessary delay in reporting may undermine the effectiveness of anti-corruption authorities to protect the sport.

There have been numerous cases where participants have been approached, and although no fixing ensued, were found to have either delayed or failed to report such approaches resulting in significant penalties:

- **Praveen Jayawickrama:**[7] approached in 2021 by a friend known to bet on cricket and asked to speak to another player to have them fix in the 2021 Lanka Premier League. If the fix ensued, Jayawickrama would be paid the equivalent of USD16,000. Jayawickrama was also asked to fix future Sri Lanka international matches with the potential to *"earn a lot of money just by doing a few little things, for example bowling a no-ball."*

  While the Tribunal found no suggestion that Jayawickrama engaged, or was involved in any kind of corruption, he was found to have failed to report corrupt approaches and to have obstructed an investigation by deleting messages, for which he received a 1-year ban, with the final 6 months suspended.

- **Devon Thomas:**[8] Thomas and his agent were approached on several occasions throughout 2020 and 2021 while Thomas was playing franchise cricket tournaments in Sri Lanka, Abu Dhabi and the Caribbean. Requests for fixes included doing "*work*" for the team owner which included batting out a maiden over in the fifth over. In return Thomas would be guaranteed a spot on the team and be paid an additional USD15,000.

  Thomas' failure to report the various approaches resulted in a 5-year ban, of which 18 months was suspended.

- Former Zimbabwe Captain, **Brendan Taylor**, [9] was approached by a 'businessman' in late 2019 to play in the Afghanistan Premier League. Ignoring his agent's advice, Taylor accepted an invitation to travel to India to discuss potential sponsorship and to set up a T20 event. During this visit, spot fixing approaches were made.

  While it was not established that Taylor intended to carry out any fixing, it was alleged that Taylor failed to immediately report the approach and only reported partial details in late March 2020. Taylor pleaded guilty and accepted a ban of three and a half years.

- In early 2026, the ICC charged cricketer, **Javon Searles**, with failing to disclose details of an approach (along with several other charges) in relation to the 2023/24 Bim10 Tournament.[10] Searles has been provisionally suspended and disciplinary proceedings are ongoing.

Despite implementing proactive measures including education, sports bodies face operational challenges in the fight against corruption. While codes and policies enable sports to investigate and sanction the participants bound by such codes, ultimately sports' governing bodies are limited in their efforts to combat corruption and are

dependent upon the united efforts, both nationally and internationally, of law enforcement, government agencies and betting operators, noting that:

1. corruption in sport is not solely a sporting matter; and
2. there is a mutual interest in ensuring corruption in sport is effectively addressed and that the infiltration of organised crime in sport is limited or better yet, eradicated.

Conclusion: Combating anti-corruption is a combined effort

While sporting bodies play a critical role in the fight against corruption proactively through education and awareness and enforcement through disciplinary frameworks, their capacity is inherently limited.

Effective anti-corruption outcomes ultimately depend on coordinated action across law enforcement, government agencies and betting operators whose collective efforts are essential to safeguarding the integrity of the game.

In Australia, SIA is working with the Australian Government to ratify the Macolin Convention to promote national and international cooperation between governments and organisations involved in sports and sports betting. The Macolin Convention concludes, amongst others, that "*dialogue and co-operation among public authorities, sports organisations, competition organisers and sports betting operators at national and international levels on the basis of mutual respect and trust are essential in the search for effective common responses to the challenges posed by the problem of the manipulation of sports competitions".*[11]

Law enforcement

The opportunity to engage law enforcement in various matters depends upon the relevant laws in each jurisdiction. As part of the ratification, SIA is working with Government to establish National Sport Integrity Offences to provide a harmonised and consistent national approach to competition manipulation[12] in Australia. Enabling law enforcement to handle competition manipulation matters will result in greater powers to compel information in the fight against corruption. In addition, it will capture individuals who are not bound by a sport body's codes and policies.

By way of example, in March 2024, retired cricket players from around the world (no longer bound by codes and policies) participated in an unsanctioned Legends Cricket Trophy in Sri Lanka. Participants in that tournament reported alleged corrupt approaches made by the Team Manager and Team Owner.

Sri Lankan law requires that any persons participating in a sporting tournament held in Sri Lanka to report any corrupt conduct [13] and may be liable to a fine and/or imprisonment up to three years. Offences of match fixing or inside information are also punishable by a fine and/or imprisonment for a period up to 10 years.[14]

Government intervention

Governments collectively can facilitate additional measures including internet service provider (ISP) blocking of illegal offshore betting platforms and the collation and dissemination, nationally and internationally, of information related to corruption in sport. Armed with additional information from credible sources, sports integrity units can tailor education and modify relevant processes and policies where appropriate.

It also enables sports integrity units to educate staff as to levels of integrity risk so that this can be managed appropriately while still enabling fan engagement and commercial initiatives.

SIA's ratification of the Macolin Convention which includes national match-fixing legislation and efforts to increase national and international cooperation, is a positive step towards achieving effective anti-corruption outcomes.

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Revenue, Integrity and Risk: Horse Racing in the Age of Illegal Betting

By Martin Purbrick, Chairperson, IFHA Council on Anti-Illegal Betting and Related Crime

Introduction

Horse racing occupies an exceptional position in the global betting landscape. Unlike most sports, which have come to rely on betting as a secondary commercial relationship through sponsorship and data licensing, the economics of racing have been built around legal wagering for over a century.

Product fees, racing levies and totalisator returns fund prize money, racing infrastructure and integrity programs in every major racing jurisdiction. In many markets, the financial viability of racing depends directly on the revenue that licensed betting activity generates. This structural dependence is simultaneously the commercial foundation of racing and also an acute vulnerability. Every bet placed with an illegal operator represents not only a legal breach but a direct and immediate cost to racing: revenue lost and integrity management funding impacted. Racing hence faces greater risk from illegal betting than most other sports, because illegal betting is eroding both the financial as well as the integrity model of the sport.

The threat of illegal betting has been particularly acute for racing jurisdictions in Asia, due to the dominance and continued growth of illegal betting markets. However, the growth of illegal betting that took place during the Covid-19 pandemic and the acceleration of betting market changes that this drove, have expanded to threaten racing in other regions globally. This fundamental threat to the future of racing has been articulated by the IFHA Chair, Mr. Winfried Engelbrecht-Bresges:

> *The whole racing industry is in danger of having its customer base undermined and illegal operators are specifically targeting customers aged 18-25, so the impact is both immediate and massive going forward. They are spending billions on advertising, some of it directly targeted at what we do, and we must do much more as operators to get a global united front and compete.*[1]

The threat therefore targets the long-term sustainability of the sport. If illegal betting operators successfully target, hook and hold this younger generation of racing fans then they are lost to the legal market. This scenario has significant implications for the future funding model of racing, which would collapse with the loss of younger customers from legal betting markets.

This article examines the importance of legal betting to the racing economic model, to the maintenance of integrity in racing, and assesses the risk to racing jurisdictions around the world.

The Racing Economic Relationship with Betting

Racing has an economic architecture that is unlike other sports. In countries where wagering is permitted, legal betting revenue flows back into racing through product fees and race field fees paid by licensed wagering operators, totalisator and pari-mutuel returns, and government levies ringfenced for racing. These revenues fund prize money, breeding and welfare infrastructure, grassroots participation, and integrity programmes. This economic model differs from country to country, but there is usually a strong link between racing and betting.

In Australia, each state and territory has enacted race field information legislation requiring wagering operators to obtain a licence and pay fees for using Australian race field information (i.e. the right to offer bets on Australian races). Licensed betting operators are required to pay race field fees to state racing authorities. These fees are structured as either 1.5–3 per cent of turnover or, alternatively, 10–20 per cent of gross gambling revenue (GGR) dependent on the jurisdiction and product. The system is designed to ensure that betting operators profiting from racing make a direct financial contribution to the sport.[2]

In Canada, a hybrid system combining a federal levy with traditional pari-mutuel funding is used. A 0.8 per cent levy on betting turnover is collected by the Canadian Pari-Mutuel Agency, while the majority of racing funding is derived from pari-mutuel takeout rates of approximately 15–25 per cent. This model ensures that a portion of bets contributes to racing.[3]

In France, a racing-centric funding model is built around the pari-mutuel system operated by the *Pari Mutuel Urbain.* Betting margins are structured through takeout rates in the range of 20–30 per cent of betting pools, with revenues redistributed to racing and the state. In addition, operators must enter into formal agreements with racing bodies, effectively embedding product fees within the regulatory framework.[4]

In Hong Kong, the betting operator and racing authority are effectively combined through the sole-licensed operator structure of the Hong Kong Jockey Club. Betting on horse racing is subject to a comparatively high betting duty from 72.5 to 75 per cent of net stake, which is redistributed between government revenues and racing. Because the operator and the sport are institutionally unified, there is no separate product fee; instead, all betting-derived revenue flows directly into the racing ecosystem and public finances. This model delivers a consistent level of funding for racing.[5]

In India, there is a fragmented and constrained regulatory environment in which legal sports betting is largely limited to horse racing. Funding is derived from pari-mutuel takeout rates of around 20–30 per cent, supplemented by high taxation. The combined fiscal burden significantly reduces the competitiveness of the legal market, contributing to substantial displacement into illegal betting channels.[6]

In Ireland, there is more reliance on a system of state support. Betting operators pay a turnover-based duty of approximately 2 per cent, which feeds into general government revenues. Racing is then funded through exchequer allocations, primarily via Horse Racing Ireland. This indirect model involves no dedicated levy linking betting activity to racing revenues, making funding more dependent on political and fiscal priorities.[7]

In Japan, a government-controlled pari-mutuel system is operated through the Japan Racing Association and regional racing bodies. The betting pool is divided up, with 75 per cent returned to winning bettors, and from the remaining 25 per cent approximately 10 per cent going to the national treasury with the remainder funding operations, prize money and racing infrastructure. An additional share is directed to the National Horse Racing Welfare Foundation for social welfare projects.[8]

In New Zealand, TAB NZ is the statutory monopoly wagering operator, operating under the Racing Industry Act 2020. In 2023, TAB NZ entered a 25-year strategic partnership with Entain NZ, which manages operations while TAB NZ retains regulatory oversight. Surpluses are distributed by TAB NZ to racing codes and sports organisations.[9]

In South Africa, a mixed system combining traditional tote funding with emerging product fee mechanisms is in place. South Africa combines traditional tote-based funding with race field fee arrangements, reflecting a shift toward a hybrid product fee model. Pari-mutuel betting generates revenue through pool deductions, while bookmakers are increasingly required to pay race field fees, typically around 1 to 3 per cent of turnover, to racing bodies.[10]

In South Korea, the Korea Racing Authority (KRA) is a government corporation under the Ministry of Agriculture, Food and Rural Affairs. The KRA itself is the operator, and there is no external product fee framework. The KRA retains a deduction from betting pools, and surplus contributions go to the national budget and to agrarian and social welfare projects.[11]

In Sweden, ATG is the licensed totalisator monopoly for horse racing, owned by the trotting and galloping associations. Following market deregulation in January 2019, competitors are licensed but ATG retains the monopoly on pool betting for racing. ATG contributes directly to the racing industry from its profits.[12]

In the United Kingdom, there is a hybrid system combining statutory and commercial funding mechanisms. The Horserace Betting Levy requires operators to pay approximately 10 per cent of GGR derived from British racing. This is supplemented by commercial media rights payments to racecourses, often structured as a percentage of turnover or through fixed agreements.[13]

In the United States, racing relies almost entirely on a pari-mutuel funding model, with takeout rates typically ranging from 15 to 25 per cent of betting pools. These deductions are distributed among racetracks, prize funds, and state governments. Product fees are negotiated bilaterally between host racetracks or their representative bodies and

Advanced Deposit Wagering (ADW) operators, under the framework of the Interstate Horseracing Act 1978, which requires consent of host tracks for simulcast betting. There is no unified national product fee or levy applied to bookmakers, reflecting the state-by-state regulatory structure.[14]

These racing jurisdictions reflect multiple models, but they all involve an economic anchor with betting providing funding through various mechanisms to the sport.

Integrity Risks Specific to Horse Racing

The contractual integrity arrangements that accompany product fee agreements involve licensed operators that are also typically required to share suspicious betting data and cooperate with racing integrity units. This symbiotic relationship has no equivalent with illegal operators, who extract commercial benefit from racing without contributing to its costs and safeguards.

The global digital distribution of live racing coverage and real-time data has dramatically increased the reach of illegal operators, and consequently has increased integrity risks to racing. A major threat from illegal betting markets is data-siphoning, which involves illegal operators using proprietary racing data (e.g. form, odds, live race feeds) without licence or payment, undercutting the commercial frameworks that sustain integrity oversight. Racing in many jurisdictions will struggle to fund integrity management without financial value extracted from proprietary racing data.

The illegal betting market also creates financial incentives for corruption that may far exceed racing participants' legitimate earnings, particularly for lower-level participants. This can result in criminal networks identifying and grooming vulnerable participants, and those with financial pressures or personal vulnerabilities are disproportionately targeted.

Advance knowledge of a horse's form, fitness, equipment or intended race strategy has always been a feature of racing. In legal markets, Chinese walls are put in place to mitigate the impact of this insider information on betting markets. In contrast, illegal betting markets magnify this knowledge's commercial value and create systematic demand for its extraction. As illegal betting markets grow, so does the demand for insider information that confers a betting advantage.

In addition, the risk from prohibited substances and practices also increases as illegal betting markets grow. Doping can act as both a performance-enhancer and a performance-suppressor. Where illegal betting operators offer markets on results that can be influenced through doping, integrity risk is further compounded. The rules of racing and international anti-doping frameworks mitigate these risks, but the related veterinary and anti-doping regimes require sufficient financing to contribute effectively to betting integrity investigations.

Funding for racing integrity mechanisms as well as anti-doping is dependent upon the economic model of racing. Integrity is key to the confidence in racing, which fans must have to retain their interest in the competitive nature of the sport.

Recommendations

Illegal betting markets are a direct threat to the economic model of racing and its integrity. Illegal betting cannot be fully eliminated, but it can be managed so that legal markets prevail with a much higher channelisation rate. In order to do this, a multi-stakeholder approach is required in every racing jurisdiction.

Racing authorities should deepen and formalise intelligence-sharing arrangements with licensed betting operators. These agreements should be incorporated as a mandatory condition of product fee and race field licence agreements. Racing authorities should advocate for licensing conditions that require operators to report suspicious activity, not only to gambling regulators, but directly to racing integrity units.

Racing authorities should also develop comprehensive racing data protection strategies to prevent illegal operators exploiting proprietary racing data such as form, odds, live race feeds, or field information without licence or compensation, which undermines both the commercial frameworks that support integrity programmes and the legal operators who fund them.

Racing authorities should also protect and, where feasible, seek to expand the product fee and levy base. The financial viability of racing integrity work depends on the revenue generated by legal betting. Racing authorities in jurisdictions without statutory product fee regimes should advocate for their introduction, and those in jurisdictions with existing regimes should resist erosion through rate reductions or legislative weakening.

Government policy makers should have one clear action that has wide and long-term positive impact: They should sign and implement the Macolin Convention. The Council of Europe Convention on the Manipulation of Sports Competitions provides the most comprehensive international legal framework currently available for addressing match manipulation and illegal betting. The Macolin Convention is not confined to Europe, and is open to governments around the world.

Government policy makers should also mandate ISP blocking of unlicensed betting platforms. Whilst this does not solve the problem of access to illegal betting websites (as blocking can be circumvented by VPNs), it is essential as part of the education of consumers about what websites are illegal in their jurisdiction. Racing authorities should advocate for this in their jurisdictions. Policy makers would also do well to mandate such blocking alongside a suite of other disruptive measures such as illegal betting-related payments as well as advertising and marketing crackdowns. There is ample evidence in the public domain to indicate that a comprehensive strategy of disruption is much more effective than a standalone measure.

As the IFHA Chair has observed, poorly calibrated regulation can function as a "box-ticking exercise" that pushes bettors toward offshore illegal operators rather than retaining them in the licensed market. High effective tax rates on licensed operators, restrictions on legitimate product ranges, inadequately competitive returns to bettors, and burdensome compliance mechanisms are all factors that reduce channelling and benefit illegal platforms. Governments and regulators should assess the channelling impact of proposed regulatory measures before implementation and prioritise the competitiveness of the licensed market as a core objective of sports betting regulation.

Legal betting operators also have a role to play. They should commit to supporting appropriate product fee arrangements as these are critical for the financial sustainability of racing as well as the management of racing integrity.

Sports data companies that supply sport and betting data to the betting industry are also key to this problem. It is essential that sports data companies only sell data to legal betting operators that are licensed in the jurisdictions where they sell their products to consumers (i.e. in accordance with the definition of illegal betting within the Macolin Convention). The sale of sports and betting data by data companies to betting operators that are either unlicensed or have "pseudo-licenses" in offshore jurisdictions is a pillar of the illegal betting market.

Conclusions

Because the economic model of racing is built on licensed betting, the illegal betting market is a structural threat to the financial viability of the sport. As Winfried Engelbrecht-Bresges has warned, horse racing is now at "an existential moment where [it] has to decide what its future is." The threat is not abstract. Illegal betting has become "the most common enemy at our gates," expanding faster than regulated markets and targeting younger consumers, with "the worse yet to come" as racing risks "los[ing] our future customer base."[15]

Regulatory changes intended to protect consumers may be accelerating this shift, with "ill-measured" policies functioning as a "box-ticking exercise" that push consumers toward offshore operators. In this context, illegal betting is a competing system that is technologically sophisticated, globally scaled, and increasingly dominant. For racing to be sustainable as a sport, legal betting markets that support the sport must prevail against illegal markets.

The growth of illegal betting cannot be effectively disrupted by enforcement alone. Illegal operators are digital innovators, agile and customer focused. The long-term economic sustainability of racing depends on winning back relevance with the next generation of customers. That requires greater use of technology to reimagine the customer experience through intuitive interfaces, real-time data, immersive content and personalised engagement.

At the same time, racing must position itself as compelling entertainment, in addition to being a compelling betting proposition. If racing is to defend its economic base and integrity, it must out-innovate illegal operators to ensure that the regulated legal market remains the most attractive, trusted and rewarding way to engage with racing, both as a sport and as a betting product.

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