



## **FAQ on Illegal Betting, November 2025**

### **What is the IFHA Council and what is it doing about illegal betting?**

The IFHA Council on Anti-Illegal Betting & Related Crime is a think tank comprised of members from organisations engaged in horse racing and sports integrity, law enforcement, the UNODC, and academia. In October 2024 it succeeded the ARF Council on Anti-Illegal Betting & Related Financial Crime, which was established in 2017, and brings a worldwide focus from the IFHA as the global leader for the international sport of thoroughbred racing.

The purpose of the IFHA Council is to foster and enhance international cooperation among horse racing operators, regulators, intergovernmental organisations, government agencies and NGOs in order to better combat the threat of illegal betting and other crime risks to the integrity of the sport of horse racing in particular, as well as sport in general.

The IFHA Council performs the following functions:

- Conduct research into illegal betting, related crime and associated integrity threats to horse racing and other sports by:
  - (i) developing materials highlighting the modes of operations of illegal betting markets at national, regional and global levels;
  - (ii) researching the impacts of illegal betting and related crime on horse racing, other sports, and society;
  - (iii) researching the impacts of regulation of legal betting on the illegal betting market; and
  - (iv) identifying practical measures to combat the problems of illegal betting and related crime affecting integrity in horse racing and other sports and communicate these to governments, regulators, racing and sports administrators, and other stakeholders relevant to the issues.
- Share findings of this research with stakeholders to protect the integrity of horse racing and other sports, and raise awareness of the wide-ranging dangers illegal betting and related crime pose to horse racing and other sports as well as society at large by:



- (i) sharing information relating to illegal betting and related crime risk with stakeholders;
- (ii) showing how betting monitoring models can support horse racing and other sports integrity management;
- (iii) encouraging anti-illegal betting intelligence sharing among stakeholders; and
- (iv) raising awareness generally and educating stakeholders of the risks created by the existence of illegal betting markets.

### **What is illegal betting in a global context?**

Illegal betting has grown significantly worldwide due to increased wealth, greater internet accessibility, and a lack of appropriate regulation of legal betting in many countries. This illicit industry is often operated by transnational organized crime groups that exploit regulatory gaps and varying enforcement levels across different regions.

Since the mid-2000s, certain jurisdictions have become major hubs for licensed-but-unregulated (or grey-market) online betting operators, which, because they offer betting products to consumers outside their jurisdictional oversight, are considered illegal betting operators. The COVID-19 pandemic further exacerbated the expansion of these operations as they adapt to shifting regulatory pressures and enforcement actions by authorities globally.

In the post-COVID-19 era, the number of these grey-market operators have proliferated, spurred on by growing fiscal pressures, as well as the growing popularity of sports-betting, as massive markets with passionate sports fan bases—such as those in Asia, Europe, North America, Africa and Latin America—have significantly expanded the reach of illegal betting. This expansion has resulted in a global market, making illegal betting a widespread and complex issue that transcends borders.

This expansion of illegal betting has seen organized crime groups continually adapt to changes in regulations and increased scrutiny from law enforcement. Starting in the 1990s, local illegal betting syndicates in various parts of the world began expanding their operations internationally. The rapid economic development in emerging markets contributed to a surge in consumer demand, fuelling the growth of illegal betting activities.



## **How big is the global illegal betting market?**

The UNODC states that USD 1.7 trillion a year is wagered illegally. Council research also shows that the illegal betting market grows faster than the legal market, as it is not restricted by any limitations as to product offering, advertising, nor price, nor restricted by offering credit betting.

Illegal betting operators are also able to adapt to market as well as technological changes much faster than legal operations, typically aiding their more rapid growth in comparison to their legal counterparts.

## **Why should this be a global concern?**

Illegal betting drives other organized criminal activity due to its high profit margins, low operational risks, as well as the fact that illegal betting & bookmaking has traditionally been difficult to prosecute and usually not a high priority for law enforcement. As a result, their negative impacts are not limited to one part of the world but are, by their nature, transnational, with illegal betting being a major source of funding for other organized crime groups' business lines such as drug production and distribution, wildlife trafficking and even modern slavery.

The negative impact of global illegal betting has been informally assessed by the Council to be more than the annual amount wagered illegally from gambling harm, associated organized crime, illegal employment and direct negative economic impact perspectives.

## **How is Illegal Betting linked to Money Laundering?**

Illegal betting facilitates money laundering by offering high payout rates and anonymous transactions. Criminal groups can set up licensed or grey-market betting sites in offshore betting licensing tax havens to mix proceeds of crime with legitimate gambling profits. Many jurisdictions that specialise in providing licences for these types of operators lack adequate regulatory oversight and due diligence structures and pose financial crime risks.

The complexity of these operations and the international nature of online betting make it difficult for authorities to effectively combat.



## **Why are illegal betting operators often associated with money-laundering?**

Illegal betting has had several benefits for money launderers.

Payout rates are much higher with illegal operators than legal, often 90% to 95% or even higher for VIP clients at certain Asian bookmakers, meaning that criminals can launder criminal proceeds at a low cost. Proceeds of crime can be deposited with illegal betting websites using anonymous e-payment processors, wagered at high payout rates, and then withdrawn as clean money.

A more advanced method employed by transnational organised crime groups is to set up and control a betting website. In tax havens, a purportedly legitimate, licensed site can be created from scratch with ease and at low cost, with no examination of the owner's identity. Criminal proceeds can be injected into the operation, and it can become a lucrative business.

There are considerable regulatory and technical challenges to tackling this. In most countries, betting with offshore betting websites is not an offence, while highly specialised technical, cyber and forensic skills are required to identify, charge and convict such criminals. The transnational nature of online illegal betting – where for example a Malaysian crime syndicate may run websites hosted in Taiwan and licensed in the Philippines with customers in Mainland China – also makes it extremely difficult to determine under whose jurisdiction the crime took place.

## **How does illegal betting harm the integrity of Racing and other sport?**

Illegal betting is one of the biggest threats to sports integrity as it allows corruptors to profit from manipulating competitions.

Match-fixers can arrange a fix safe in the knowledge that leading illegal bookmakers often accept large bets on obscure sporting events and have no compulsion to present betting records to the authorities in the event of suspicious alerts being triggered. This lack of cooperation and transparency makes it easier for corruption to infiltrate sports and for bad actors to avoid detection.



In racing, the threat is even greater, as one of the biggest global online betting exchanges in terms of amounts wagered specialises in horse racing, allows users to profit from horses losing a race, and is completely unregulated. The threats to the integrity of racing and other sports from the illegal markets are greater than the legal, well-regulated markets which – either out of self-interest, regulation or both – raise alerts with sports authorities and other bodies or otherwise share information to prevent corruption of sport.

Competent match-fixers use unregulated betting sites to place large wagers without oversight, unlike legal operators who share data on suspicious betting patterns. The massive liquidity and lack of transparency in these markets provide a perfect platform for sports manipulation. Match-fixers can arrange fixes knowing that leading unregulated bookmakers have traditionally accepted significantly larger bets on even obscure sporting events.

### **What impact does crypto have on illegal betting?**

The adoption of cryptocurrencies as a means of betting account deposit and withdrawal by illegal online betting operators is accelerating rapidly, driven by broader market trends and the appeal of crypto's unique features. The increasing popularity of crypto among bettors, particularly younger, tech-savvy customers, is further incentivizing operators to offer crypto-specific promotions and rebates, creating a feedback loop that reinforces crypto's role in illegal betting ecosystems.

Despite the operational benefits that cryptocurrencies offer, such as faster transactions, lower fees, and enhanced privacy, their use in betting markets presents significant risks. Chief among these is their facilitation of money laundering and other criminal activity, enabled by cryptocurrencies' pseudo-anonymity, decentralized infrastructure, and the proliferation of cryptocurrency-specific, privacy-enhancing bolt-on technologies.

The volatility, fragility, and lack of institutional backing of cryptocurrencies undermine their reliability in the betting cycle, making them ill-suited, in their current form, as a function of betting deposit, play, and withdrawal. This is compounded by the absence of robust consumer protections and financial safeguards within the crypto ecosystem.

The regulatory landscape is also ill-equipped to address the challenges posed by crypto betting. While financial regulators have begun to impose controls on crypto assets, gambling regulators have largely failed to keep pace.



The result is a growing parallel market for online betting that operates outside of national regulatory frameworks, undermining efforts to prevent gambling harm and financial crime. Without coordinated regulatory intervention, this trend will continue, eroding the effectiveness of existing gambling controls and exposing consumers to heightened risks.

Cryptocurrencies, in their current form, are a high-risk medium-of-exchange for the betting industry. Their structural flaws, criminal facilitation, and incompatibility with established monetary principles necessitate urgent regulatory attention. Notwithstanding this high risk, crypto assets are becoming increasingly regulated as financial instruments in many jurisdictions as governments seek to utilise the benefits to the financial system. Consequently, it is likely that the use of cryptocurrencies will continue to grow, and this requires that gambling regulation in all jurisdictions be expanded to take account of this.

Governments and gambling regulators must act decisively to close the gaps in oversight, ensuring that crypto use in betting is subject to the same standards of transparency, accountability, and consumer protection as traditional financial systems. If governments and gambling regulators do not review and update their laws and rules relating to the use of crypto in betting and other gambling, then this will enable illegal betting markets to continue to expand faster and more widely than their legal counterparts.

### **What is a ‘white label’ betting operator**

A complete ‘white label’ betting operator is when an online betting operation and licence is provided by a third-party Business-to-Business (B2B) company who provides all of the technology to the operator whose role is limited to branding and marketing and recruiting bettors. They are analogous to franchises, with minimal capital outlay required by the operator, who funnel a proportion of turnover back upstream to the supplier/franchiser.

The white-labeller’s website content, including odds and trading management, is thus provided to tens or more other betting operators, allowing them to display their markets – and also in the case of white-label betting exchanges, to channel bets from customers in illegal betting markets into wider regulated exchanges, a key integrity risk.

White-label providers enable betting operators to set up a betting website in weeks with almost zero technical or bookmaking expertise. But the high fees mean that a constant stream of new losing bettors must be found. This low-outlay, high-overhead cost structure is thus one reason for the proliferation of online betting websites which rapidly come and go, and for the aggressive marketing of such websites via social media and other platforms.





## **Do white label operators have a role in the growth of illegal betting markets?**

Yes – the provision of licensed white-label services is a concern for three reasons:

1. It allows operators of questionable origins to set up licensed betting websites which appear to the bettor to be licensed-and-regulated, even though such operators have been subject to none of the oversight of their white-label providers;
2. It allows such operators to advertise in markets in which they are not licensed by marketing through sport;
3. It increases betting integrity threats relating to manipulation of racing and sports by obscuring the actual source of betting turnover since some white-label websites can only be accessed through agents, and because white label betting exchanges are particularly susceptible to suspicious betting.

## **What are mirror sites and why are they important to grey-market or illegal operators?**

Mirror websites are exact copies of a betting website hosted on a different URL. They are used by grey-market and illegal operators alike, providing redundancy and business continuity in case of detection and website closure by authorities. In the event that one URL is shut down or blocked by authorities, customers can be migrated to an alternate URL in minutes.

The use of hundreds of alternative URLs, many of which do not seem to reflect the operator's brand would appear to go against online marketing best practice, where a strong and memorable domain name is generally the first thing an online business would seek. The obvious answer is that these operators are seeking to avoid attention, not gain it, and particularly the attention of regulators in jurisdictions where they are not licensed but still take bets.

Many of the current rules and regulations were adopted in the pre-internet age. At the same time, gambling regulators are focussed on protecting consumers in their home jurisdiction from improper or illegal conduct by operators licensed in their home jurisdiction. As a result, many of these regulators have limited insight into how offshore betting operators are impacting their home jurisdiction, and less idea about how to deal with this.



This is changing, and gambling regulators in Australia and some countries in Europe are starting to take a more robust approach to stopping illegal betting operators.

### **What are the key challenges faced when combatting Illegal Betting?**

As sports betting continues to globalize, it becomes harder for regulators and the public alike to differentiate between online legal and illegal betting. Illegal betting operators often purchase licences in jurisdictions that do not confer legality beyond that jurisdiction, creating a grey area for consumers and regulators. Technology also aids illegal operators, making it a challenge for law enforcement agencies to tackle this problem.

The global nature of online betting has made it difficult to clearly define what constitutes illegal betting. This ambiguity is exploited by illegal betting operators who claim to be ‘licensed betting operators’ because they have purchased licences from certain jurisdictions which specialise as offshore licensing havens. However, these licences provide zero legality in the jurisdictions in which these betting operators take bets. This has resulted in a growing number of jurisdictions offering such betting licences. The widespread misconception among consumers that offshore online betting operators with a licence in a jurisdiction other than where they are located are legal has further compounded the issue.

The danger is that regulators focus on what is visible and easy to understand, and over-regulate the legal market, which has been shown will only drive consumers to illegal markets.

### **What steps can be taken by governments and regulators around the world to guard against illegal betting operators?**

Combatting illegal betting requires close cooperation and collaboration between all stakeholders: the betting industry, government regulators, sporting bodies, law enforcement, financial institutions and the media among them. Illegal betting is also a transnational problem because of the rise of online betting, so international cooperation is vital.

Illegal betting is not a ‘victimless crime’ as many wrongly believe. It funds organised crime, facilitates money laundering, corrupts sporting integrity, and devastates families by causing problem gambling at a higher rate than legal betting. All of these issues impose huge direct and indirect costs on societies.





A clear universal definition of illegal betting must be adopted at international level, as based on that in the Council of Europe's Macolin Convention against match-fixing:

*'Any sports betting activity whose type or operator is not allowed under the applicable law of the jurisdiction where the consumer is located.'*

This is a simple, readily understood definition. But at present 80% of sports bets are illegal because this definition is not universally adopted or understood. Unprincipled betting operators who may hold a licence from a 'betting haven' illegally target customers in countries where they are not licensed, exploiting the lack of understanding of this grey area, aided and abetted by lax regulatory regimes.

Official warnings from authorities to illegal operators to comply with local laws are important – Consumers have to know what is legal and what is not. Legislation requiring internet service providers to block illegal websites – with strong fines for non-compliance – impacts traffic to illegal websites. Payment processors should be required to block financial flows for illegal online gambling. Advertising of illegal operators should be banned.

Education and training of law enforcement is also vital, as is international cooperation between these law enforcement bodies.

Some examples of best practice that have or are beginning to be adopted in many jurisdictions include: a dedicated sporting integrity taskforce, often funded by a levy on betting operators; education programmes for athletes; specific legislation making match-fixing an offence (rather than being tried under general fraud or corruption laws) with severe penalties for those convicted; requirements for betting operators to share data on irregular and suspicious betting activity; a ban on athletes from betting on the sports in which they take part.