

# Study on the sharing of information and reporting of suspicious sports betting activity in the EU 28

A study for DIRECTORATE-GENERAL EDUCATION AND CULTURE,  
Directorate Youth and Sport, Unit Sport

EXECUTIVE SUMMARY



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## Executive Summary

In recent years - at least in perception - the nature and scope of match fixing seems to have become more severe and has come under closer scrutiny. Media attention is rising, and the concern within betting regulators, sports federations and international organisations, such as the IOC, FIFA and UEFA, is increasing.

European institutions have reacted to the perceived broadening scope and accelerated pace of match fixing and the Commission has recently been paying increasing attention to the issue. In January 2011, the Commission adopted the Communication entitled "Developing the European Dimension in Sport" and only two months later, the Commission published a green paper public consultation on on-line gambling in the Internal Market, where the issue of match fixing was addressed. In October 2012, the Commission adopted its Communication "Towards a comprehensive European framework for online gambling", where the Commission announced it intends to adopt Recommendation on best practices in the prevention and combating of betting-related match-fixing. This study gathers evidence and contributes to the preparation of this Recommendation.

The Council of Europe is also active in the field and has been given a mandate to negotiate a binding convention against match fixing. This of great significance, and a fundamental step, as a new international Convention will be valid as law in the signatory countries. The European Commission was given a mandate by Member States to participate in the negotiations. A significant added value of a Convention against match fixing is expected to be the creation of a platform for cross-border and cross-sector cooperation, involving all the relevant actors. The Convention is expected to be formally adopted and declared open for signatures in 2014.

The overall objectives of the study can be summarised as:

1. To identify **existing national regulations, self-regulatory arrangements and practices** governing the **detection, collection, processing, sharing of information and reporting of suspicious sports betting activity**, involving sports organisations, betting operators, gambling regulators, providers of betting monitoring mechanisms and other relevant national authorities in the 28 EU Member States;
2. To describe the **role and tasks of national authorities** (including gambling regulators, police, public prosecutors, judicial bodies, etc.), **sports organisations**, and **betting operators** in relation to suspicious sports betting activity, including the collection and storing of relevant data.
3. To identify **arrangements at EU and international level** (bilateral or multilateral arrangements) that ensure exchange of knowledge and intelligence about suspicious sports betting activity.
4. To draw conclusions with regard to the **possibility for the EU to act** to improve the situation on the basis of identified problems.

## ANALYTICAL APPROACH AND METHODOLOGY

The analytical design was structured to accurately and comprehensively address information sharing in the EU 28, focusing on national and international dimensions. The study covers many highly different types of actors such as gambling regulators, general sport organisations, specific sports organisations, public and private betting operators, betting surveillance companies, etc.

The research draws on a range of **policy-oriented and academic literature**. Match fixing has received attention from the popular media, the scholarly community, and from policymakers. There is therefore information available on the subject, though there is little structure to the types of information that are available. Much of the information is generated episodically and dependent on specific events, specific organisations, or high profile incidents related to match fixing. This is beginning to change, with a more systematic approach taken to understanding match fixing at a theoretical and policy level. At the same time, very little has been written on the specific topic of sharing of information related to match fixing.

The study also included interviews with key stakeholders. Two types of interviews were carried out. The first, **exploratory interviews** with stakeholders at the European, and international level, were undertaken to understand broad issues related to match fixing and the various approaches taken. These were followed by **confirmatory interviews** to provide a detailed assessment of the information, to address any conflicting types of information, or to go into detail.

Out of the 28 countries the study covers, we have selected 8 for more **in depth case studies** to illustrate challenges, solutions, and key findings through concrete examples, which are easy to understand and communicate. The case studies are based on desk research, surveys to gambling regulators and betting operators and interviews with representatives from gambling regulators, betting operators and sport federations/associations. In the remaining 20 countries, the team has executed desk research and surveys to gambling regulators and betting operators which is utilised to answer the most relevant study questions and give an overview of how the regulatory and self-regulatory frameworks function, the scope of information shared, and the role of key actors.

## REGULATORY AND SELF-REGULATORY FRAMEWORKS

The study focused on regulation of information collection, storage, and sharing, examining both formal regulations imposed through the official **regulatory system** in each country along with industry-led **self-regulatory** approaches. Overall, a minority of the EU-28 Member States have a direct obligation for the national Gambling Authority to proactively collect and process information on suspicious sports betting activity in a national or regional gambling Act, licence conditions, or similar legislation for betting operators, or sport governing bodies.<sup>1</sup> However, more countries have started doing so - roughly 10 out of the 28 member states - and some countries have indirect obligations, typically stating that licensed betting operators must act to protect betting integrity or prevent match fixing. There is a broad range of approaches taken across Europe and the various models are highlighted in the report.

It is more frequent that the betting operators have to report suspicious betting activity to the Gambling Authority. This is the case in about half of the EU member states. In general an obligation for the Gambling Regulator to collect information or for the Gambling operators to report suspicious betting activity is more likely to be found in the countries that have revised their legislation recently.

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<sup>1</sup> We distinguish between unusual and suspicious betting patterns. An injury to a key player can create sudden unusual activity in the market. But the activity is not suspicious because an unexpected event caused the unusual betting pattern. However, if no logical explanation of betting activity can be found and it polarises around a single outcome pushing prices out of line with what would be expected the betting pattern is not only unusual but also suspicious.

Even in the absence of formal regulatory or legal obligations to do so, the sports betting industry collects and processes a wealth of data. The collection and processing of information is an integral part of betting operators' business, and the industry has developed detailed systems to monitor markets, odds movements, bets, and customers. The betting operators use surveillance systems to monitor betting volumes in markets, their exposure to certain outcomes, price movements, betting patterns of customers collectively, as well as individual betting accounts, winning and losing of customers, opening of new accounts, etc. They use this information to set odds, adjust odds, regulate betting limits, suspend bets, limit risks, direct marketing towards specific customers at specific times, and other aspects of risk management and customer service. However, this information is not standardised across the industry, and there are limitations to sharing information on individual accounts.

Ultimately, initiatives aimed at promoting the collection and processing of information will begin within the context of an industry that already actively collects information. Self-regulation and industry cooperation are often in place because it minimises risk for operators or because it promotes the professional autonomy of operators. Self-regulatory frameworks can take several forms including **Memorandums of Understanding (MoUs)** (typically between gambling regulators and sports associations/federations), **mutual interest in cooperation** between betting operators to inform each other of suspicious betting activity, and **commercial contracts** between a betting monitoring company and one or more buyers of their surveillance services.

The study examined if and to what extent differences exist across sports. While major scandals have involved football and tennis, the main sports included in the study, there have been examples in other sports with smaller audiences, less media attention, and a tighter network of athletes. Some types of match fixing are particular and inherent to certain sports, such as individual competitions. However, there did not appear to be formal differences across sports. One tendency is for a rise in the number of MoU with football leagues, especially the most popular leagues. However, this appears to be driven by mutual interest combined with local factors such as individual officials, the presence of a scandal, and traditions of collaboration. Systematic differences did not appear to exist.

## SCOPE OF INFORMATION AND ROLE AND TASKS OF KEY ACTORS

Determining the existence of suspicious betting patterns requires the triangulation of evidence, with a mix of top-down statistical approaches to monitoring the betting markets, supplemented by investigative processes, expert level knowledge of a particular sport or market, and in many cases, common sense on behalf of experienced operators, sport associations, regulators or law enforcement agencies. It is inherently infeasible for a single agency or type of organisation to be in a position to carry out this triangulation on its own. While sports data firms have built up the capacity to monitor betting patterns, other sources of information are required to confirm suspicious activity, with inputs from sport associations, the legal system, and national regulators.

The existence of suspicious betting patterns is difficult to delimit. Unlikely patterns in betting activity or the field of play are generally considered 'unusual' until there is a reason to consider them 'suspicious.' Sport is interesting precisely because unusual outcomes occur, and betting is predicated on the same idea. Activities on the pitch can appear unusual. It is a fine line between 'unusual' and 'suspicious' patterns in sports betting, reinforced by a number of confounding factors. For example, players or teams can affect the outcome of a match through deliberate underperformance for 'sport-related' match fixing, such as to avoid a specific opponent in a tournament, to save particular athletes for later matches, or to keep particular tactics as surprises for later competitions. However, when linked to betting, there is an additional element (betting-related match fixing) that is generally associated with unusual betting patterns.

Unexplained outcomes and unusual betting patterns are generally the two necessary conditions that are linked to 'suspicious' patterns. Suspicious activity is viewed on a case-by-case basis and it is often important to take

into account local factors based on the sport or county involved, but in general terms, the same processes and procedures can be applied to all sports and countries. There are no set criteria that set out whether a bet is suspicious or not and to a large extent a common sense and fact-based approach is needed to try to explain the observed patterns.

Betting operators, sport governing bodies, and public authorities have access to different types of information about suspicious betting activity and play different roles in detecting suspicious betting patterns and protecting betting integrity. On the industry side, the betting operators have access to customers, their betting accounts as well as betting patterns, and can use this to monitor individual bets, total bets, amounts, frequency, historical patterns, and volumes. They also monitor odds movements across the market and at individual competitors. They can compare this information with vast statistical information about events, teams, athletes, and other variables to monitor if odds and odds movements are as expected. Odds monitoring companies play a somewhat complimentary role to the betting operators. They also monitor the market and developments, but instead of relying on access to individual bets and the betting history of punters, they detect unusual betting patterns by looking at odds movements across betting operators and compare the movements to what statistics predict the odds would be.

Sport governing bodies and sports clubs have limited access to bets or betting patterns, but they have access to athletes, officials, events, matches, and other participants on a daily basis. Through these channels the sport governing bodies and clubs can come across information about breaching of betting rules by individual athletes or match fixing organised by betting syndicates. Sport governing bodies can also prosecute and sanction athletes and officials who breach the rules. Internal investigations by sport governing bodies are in general less resourceful than police investigations and are an important tool to sanction athletes and officials in cases of minor offences.

The role and importance of the betting regulator varies from country to country. In some countries they have a rather passive role mainly being responsible for establishing and maintaining the regulatory betting framework and overseeing that it is respected, while in others they have a very active role. As set out above the active role will typically either include an obligation for the national Gambling Authority to proactively collect and process information on suspicious sports betting activity or a requirement for the betting operators to report suspicious betting activity to the Gambling Authority.

To establish an efficient framework for protecting betting integrity, it is important that the key parts all contribute in gathering and sharing of information and collaborate. Public prosecutors and Courts of Justice can initiate criminal investigations and prosecutions in larger cases of match fixing involving more serious breaches of rules. They may address either the gambling regulator or the betting operators and sports organisations directly, to request information they need over the course of an investigation. Sport associations and federations can also initiate investigations and can sanction within the sports system. As mentioned minor offences will often be handled by the sport itself and is less resourceful than a formal police investigation. However, the sport federations/associations can often not receive sensitive information from the police and public prosecutors. They may not be able to receive sensitive information from betting operators either due to legal restrictions on what personal information the betting operators can share. This is explained further below.

## EXCHANGE OF INFORMATION AT INTERNATIONAL LEVEL

The barriers to the sharing of information are dependent on the type of information to be shared. Specific barriers are highlighted throughout the report, and generally fall into two types: **legal barriers** and **practical barriers**.

Legal barriers vary by Member State due to different interpretations of the European Union Data Protection Directive. Information on odds movements can in most cases be shared since it does not contain personal information. If personal data is affected (e.g. customer data), such data can only be shared if the necessary legal requirements and formal processes are observed. Account-level information is less easily shared, and generally only done so for the purposes of a specific investigation. Detailed customer information (names, addresses, credit card numbers, IP address, etc.) can be shared with public authorities and law enforcement agencies in case of an investigation into suspicious betting activity or match fixing, but there are specific data protection practices and, in some cases, regulations that prevent account level information from being shared. At the international level, European approaches are being developed to support cross-border collaboration. This is especially relevant for the mechanisms that Europol and Interpol have developed to support joint investigations.

Cultural and political barriers exist too, such as a general reluctance to share information and cooperate with organisations that do not share the same mandate. Sport associations and law enforcement agencies have different sets of incentives. These are explored more fully throughout the report.

Further compounding these barriers are practical barriers to information sharing. As mentioned, MoUs are often used by various partners to regulate the sharing of information. However, since many betting operators provide betting options on many sports and in many countries, they will generally not have MoUs with sport governing bodies for all the sports and countries they cover. If they come across suspicious sport betting activity in a country and sport where they do not have a MoU, this can present a barrier to sharing of information. Betting operators can still decide to share information even without an MoU but might decide not to do so. They are especially likely not to share information if the receiving sport governing body is deemed not to have good information-handling procedures and cannot document that they are able to handle sensitive personal information.

At an even more practical level, public authorities and/or sport governing bodies must know who to contact and who to share the information with, which in itself can be quite a task. While the national platforms suggested by the Council of Europe in the draft convention of match fixing will, if implemented successfully, help solve this problem, interpersonal barriers could remain.

## RECOMMENDATIONS: NECESSARY AND APPROPRIATE EU ACTION

The report contains major recommendations linked to both the practical and legal barriers to the sharing of information across borders. The EU could play an important role in minimising both barriers. First, the **creation of a linked network of National Platforms**, as suggested by the Council of Europe in the draft convention on match-fixing, could solve some of the practical problems related to sharing of information across borders. The National Platform will provide a single point of entry to relevant authorities in each country. Thus, a national platform in one country can collect information from relevant sources and share them with a national platform in another country. The national platform in the receiving country can then share information with the relevant actors in their country. This will limit the number of actors involved substantially, create a directory of contact persons covering all the countries which have ratified the convention and streamline coordination and sharing of information across countries. Match-fixing is however, (also) a cross border activity and international cooperation is necessary. International structures would require sufficient competence and remit that allows for a broad scope of activities. At the same time, it has been pointed out that the establishment of a framework alone does not solve the problems. How the platforms are implemented and how many resources they are given are essential factors which will influence how effective the national platforms will be. In relation to this, the EU could work to support Member States that sign up to the convention. Due to the financial constraints many countries are under these years it is not a given that the necessary resources will be devoted to the platforms. The EU could facilitate sharing of information and lessons learned regarding the appropriate mandate, funding, staffing, participation, function,

etc. of the national platforms. The EU could also play a role in encouraging and streamlining cooperation with countries that might not sign up to the Convention and/or create a national platform.

The European Union Data Protection Directive 95/46/EC of 1995 is designed to protect the fundamental rights and freedoms of natural persons, and in particular their right to privacy with respect to the processing of personal data. However, there are differences between Member States when it comes to implementation and interpretation of the directive. Personal information generally includes personal contact information such as addresses, telephone numbers, e-mail addresses, etc. Currently, sensitive personal information can be shared if it is in accordance with the data protection regulation, i.e. if it is deemed to have substantial public interest. For selected areas of special public interest personal information can be shared more freely but sport and betting integrity is currently not defined as such an area.

Many parties are risk averse when it comes to information sharing because it is unclear what can be shared under which circumstances. There is little precedent from previous legal cases to guide actors in similar cases and it is different from country to country how the rules are interpreted and what information can be shared.

On 25 January 2012, the European Commission proposed a reform of the data protection rules to “strengthen online data protection rights and boost Europe’s digital economy”.<sup>2</sup> With this proposal, the European Union modernises the rules and brings them in line with the digital age. One of the innovations will be a pan-European law for data protection, replacing the current national laws. This will probably improve the cross border sharing of information.

Also, on 27 March 2013, the European Commission proposed to make the EU law enforcement agency (Europol) “more effective at collecting information, analysing it and sharing these analyses with the Member States”.<sup>3</sup> The Commission strives for more (concrete) support to national law enforcement authorities in cross-border cooperation and investigations. Since match fixing is (foremost) a cross border activity, this initiative might improve (operational) cooperation between Europol and the national authorities.

Thus, conditions under which personal information can be for shared are likely to be relaxed in the future but the exact interpretation of the rules in relation to match fixing will most likely be unclear. At least initially. It would be useful if the European Union could provide **specific guidance** and training in terms of information sharing – what can be shared under which circumstances - to actors that could come in possession of information on match fixing. It is complicated to provide guidelines since judgement must be applied in each case and no cases are identical but given the current state characterised by so little precedent it would be possible to bring more clarity to the boundaries for sharing of information. Scenario workshops where relevant actors discuss fictional but realistic cases is an example of a tool that could be applied to enlighten discussions on when and what information can be shared. Scenario workshops could both be conducted at the international level and at national level.

Finally, it is recommended that future EU initiatives are **coordinated** with the work by the Council of Europe. It is also important that the EU considers if future initiatives should open for Third Countries, given the international nature of sports betting. Betting integrity goes beyond the EU and it is important that countries inside and outside the European Union work together, coordinate their efforts and share information through an enabling mechanism that supports the flow of information.

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<sup>2</sup> [http://ec.europa.eu/justice/data-protection/document/review2012/com\\_2012\\_11\\_en.pdf](http://ec.europa.eu/justice/data-protection/document/review2012/com_2012_11_en.pdf)

<sup>3</sup> [http://europa.eu/rapid/press-release\\_IP-13-284\\_en.htm](http://europa.eu/rapid/press-release_IP-13-284_en.htm)

