



COMPARATIVE ANALYSIS

BLOCKING OF PAYMENT TRANSACTIONS

TO ILLEGAL GAMBLING SITES

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INTRODUCTION

FIGHTING ILLEGAL ONLINE GAMBLING OPERATORS

just by blocking their sites is ineffective. After all, hundreds of their mirror counterparts appear every day.

Therefore, in most EU countries and in the UK there are mechanisms for blocking transactions to the accounts of such operators.

There is no such mechanism in Moldova. Moreover, in 2023, legislative norms will come into force, which, in fact, legalize transactions to the accounts of unlicensed operators.

Next, we will look at the tools used in dozens of EU countries and compare them with Moldovan practice.

LET'S TAKE A LOOK AT THE TOOLS

USED IN DOZENS OF EU COUNTRIES

and compare them with the Moldovan practice.

EU COUNTRIES

where there are laws to
block payment transactions
to illegal gambling sites



18
countries

ROMANIA

Credit institutions are obliged to refuse to process any payment order from Romania to unlicensed online gambling providers.



ITALY

Article 28 of the Decree-Law with Decree No. 124 of October 26, 2019 introduced a blocking of payments for illegal gambling operators. ADM can impose fines ranging from EUR 300,000 to EUR 1.3 million on payment institutions that violate these requirements.



AUSTRIA

Under the Gambling Act, section 52(1), banks are responsible for processing payments for unlicensed gambling.



BELGIUM

The Gambling Commission has entered into an agreement with FEBELFIN, a Belgian merchant bank. This is an Association whose members agree to block payments to prohibited online sites.



CZECH REPUBLIC

According to the 2017 gambling law, payments to the sites of illegal operators must be blocked.



DENMARK

According to Section 65 of the Gambling Law, "the transfer of wagering payments and winnings to and from an illegal gambling provider ... is not permitted." In addition, Section 41 provides that the Minister of Revenue establishes rules regarding "the transfer of payments in connection with bets and winnings to and from illegal operators."



ESTONIA

Payment systems are prohibited from transferring payments to unlicensed organizers of online games (section 561 of the Gambling Law).



FRANCE

The blocking of payments to unlicensed gambling providers is provided for in Section L.563-2 of the Monetary and Financial Code.



GERMANY

Blocking of payment transactions to unlicensed gambling providers is carried out in accordance with Article 9(1), paragraph 4) of the Interstate Treaty on Gambling.



GREECE

Financial or payment institutions are prohibited from processing transactions between players and gambling operators blacklisted by the Hellenic Gaming Commission. (Article 49(5) of Law no. 4002/2011).



LATVIA

In accordance with section 65(4) of the Law on Credit Institutions and section 44(2) of the Law on Payment Services and Electronic Money, based on the decision of the Inspectorate for the Supervision of Lotteries and Gambling, credit institutions and payment service providers are prohibited from engaging in business activities and having business relationships with unlicensed gambling operators.



LITHUANIA

The Gambling Control Authority is empowered to issue mandatory instructions to payment, credit or financial institutions to block payments related to illegal online gambling by court order. (Section 207(1), paragraphs 1) and 2) of the Gambling Law). The procedure is described in detail in the Procedure for Paying Out Winnings in the Case of Illegal Gambling on the Internet.



NORWAY

Blocking payments to unlicensed gambling sites is governed by the Payment Restrictions Regulations.



POLAND

The blocking of payments by illegal operators is governed by article 15g of the Gambling Law. In addition, paragraph 4 of Article 89(4) of the Gambling Law establishes that payment service providers offering their services on websites that have been added to the list of illegal gambling websites face a fine of up to PLN 250,000.



SLOVAKIA

The blocking of illegal gambling websites and the blocking of payments on them are in effect, the relevant measures are detailed in Article 85 of the Gambling Law.



SLOVENIA

Section 6 of the Gambling Act 1995 prohibits the sending and receiving of payments in connection with unlicensed gambling operators. The guilty face a fine of 7,500 to 52,500 euros.



SPAIN

Law 13/2011 established that the National Gambling Commission would be responsible for prosecuting unlicensed gambling operators targeting Spanish players, regardless of their location.

To achieve this goal, the gambling authority may require payment institutions to block payments for activities that have not been authorized by the gambling regulator.



SWEDEN

Payment service providers may be required to block electronic payment transactions associated with unlicensed gambling operators. Such matters are dealt with by an administrative court upon a special request from the Swedish Gambling Authority (Chapter 18, Section 26 of the Gambling Act). Payment service providers that do not block such payments face fines ranging from SEK 5,000 to SEK 10 million (approximately EUR 500 to EUR 1,000,000). Chapter 19 of Title 14 of the Gambling Act.



EUROPEAN UNION COUNTRIES
AND THE UK,

which have
another mechanism to
block payment transactions
to illegal gambling sites



3
countries

BULGARIA

As a limitation on payment processes, payments must be processed through a bank licensed in Bulgaria, or a bank licensed in an EU or EEA Member State, or in Switzerland, operating in Bulgaria in accordance with the Credit Institutions Act.



HUNGARY

Payment service providers are prohibited from processing payments due to unlicensed gambling. Hungary has also notified the European Commission of its intention to amend its domestic laws related to gambling, to step up efforts against illegal gambling operators through payment blocking.



GREAT BRITAIN

As the Gambling Commission does not have direct authority to block illegal websites or banking transactions, it has entered into agreements with major UK payment service providers to cooperate on this matter.



ANOTHER EXAMPLE

**UKRAINE ALSO BLOCKS SUCH
TRANSACTIONS**

UKRAINE

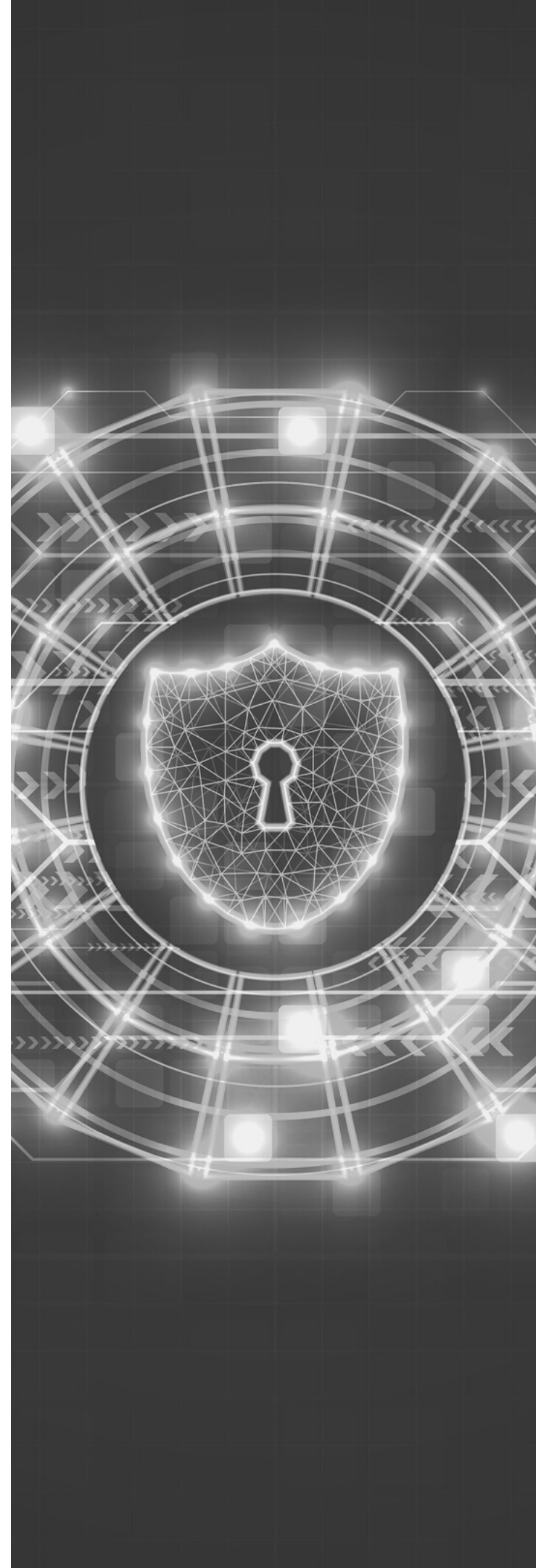
Banks and payment systems operating in Ukraine are required to reject payments to unlicensed gambling providers or persons who help to gain access to unlicensed gambling (Article 25(4) of the Gambling Law).



MOREOVER,

in early September, the Commission for the Regulation of Gambling and Lotteries of Ukraine canceled the licenses of TBK LLC (1xBet) in the field of organizing and conducting gambling due to its connection with the aggressor country.

Earlier, Ukrainian media published investigations that the Russian bookmaker 1xBet is working under the guise of the FSB and can collect personal data of Ukrainians for subsequent recruitment.





OVERVIEW OF THE SITUATION IN THE REPUBLIC OF MOLDOVA





We made official requests to the relevant structures - the Ministry of Finance, the Public Services Agency and the National Bank of Moldova. We requested information on whether there is a mechanism in the republic for blocking transactions to the accounts of illegal gambling operators. And if not, is it planned to be introduced.

PROFILE STRUCTURES



MINISTRY OF FINANCE

Declares that the Public Services Agency detects illegal gambling sites and asks the competent authorities to block them and payment transactions on them.



PUBLIC SERVICE AGENCY

Claims that, upon detecting unauthorized sites, it immediately informs the National Bank and asks to block transactions for replenishing gaming accounts.



THE NATIONAL BANK

claims that, by law, it is NOT OBLIGED to block such payment transactions. And payment service providers, by law, do NOT control the legitimacy of payment transactions.

PLANS OF THE MOLDAVIAN AUTHORITIES

When asked whether it is planned to offer some kind of mechanism for blocking transactions to the accounts of illegal gambling operators, none of the above-mentioned structures RESPONDED. Moreover, we found out that the law for illegal immigrants was relaxed in August 2022. The amendments will come into force in 2023.

LEGALIZATION OF ILLEGAL TRANSACTIONS IN MOLDOVA

RELAXATION OF THE LAW FOR ILLEGAL COMPANIES

In August 2023, amendments to the Law on Payment Services and Electronic Coin will come into force. Thus, the provision of payment services in favor of persons who carry out their activities on the territory of the Republic of Moldova without the appropriate authorization of the competent authorities, or are prohibited by law, **will no longer be a violation.**

see art. V, par. 85 g), Law no. 209 of 15.07.2022, published in the Official Monitor, pp. 246-250. 480, dated 08/05/2022.

MONEY LAUNDERING

RISKS

The report of the Service for the Prevention and Fight against Money Laundering in 2022 notes that in Moldova, players can create accounts on the online sites of international operators. There are no laws forbidding this, and no sanctions for players. There is also no regulation to prevent and combat money laundering and the financing of terrorism in the field of gambling. There are disagreements in the laws in the sphere of monitoring and control over the sphere of gambling.

Thus, the CSDP has identified a medium-high risk of money laundering and terrorist financing through gambling.

see the [report](#), p.146-148



RISKS

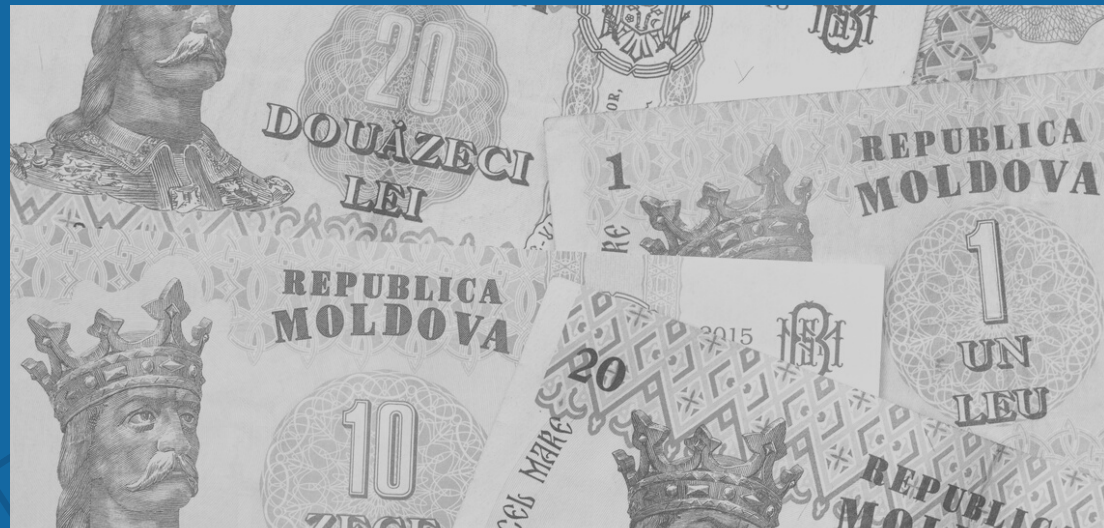
UNEQUAL CONDITIONS

The state enterprise "National Lottery of Moldova" finds itself in less favorable conditions. Since January 2022, advertising of gambling and sponsorship is completely prohibited in Moldova, and the tax on winnings has been increased by 50%.

ADVANTAGE OF ILLEGAL OPERATORS

Our previous studies have proven that illegal online gambling operators continue to advertise on the territory of Moldova. And the absence of taxes on winnings makes them more attractive to players. In the first 4 months of 2022 alone, the number of players from Moldova on illegal betting sites increased by 66%.

RISKS



STATE BUDGET

Illegal operators do not pay taxes to the state budget of the country. And the creation of unequal conditions for the "National Lottery of Moldova" reduces income from its activities.



SOCIAL PROJECTS

The ban on sponsorship led to the fact that the "National Lottery of Moldova" was forced to stop all social projects in medicine, sports, education, etc.



PLAYER VULNERABILITY

The rights of players on unauthorized sites are not protected. And the security of their personal data is not guaranteed by anyone.

RISKS

OF PERSONAL DATA LEAKAGE

Most of the illegal gambling sites favored by Moldovan players are Russian offshores (including 1xBet). In the context of the war in Ukraine and the risks for state security, it is important to prevent the possible leakage of personal data of Moldovan citizens. As noted above, in Ukraine they admit that recruitment by Russian special services is possible in this way.



CONCLUSIONS

While the practice of the EU countries is aimed at the efforts of the state in the fight against illegal business in the field of gambling, in Moldova all the prerequisites for its development are being created.

At the same time, statistics prove that with the coordinated actions of the state structures of Moldova, the proportions of the outflow of money to illegal operators change significantly. So, for example, in 2020, the volume of transactions through payment systems to foreign gaming sites exceeded 500 million lei. While the website of the National Lottery of Moldova received only 8.7 million lei in the same way.

But in 2021, the Moldovan authorities for the first time began to use tools to combat illegal operators. This significantly changed the ratio of transactions: more than 155 million lei were transferred to illegal sites through payment systems, and 536 million lei - to the website of the "National Lottery of Moldova".

CONCLUSIONS

However, the tightening of conditions for the "National Lottery of Moldova" from 2022, combined with the uncontrolled activities of illegal operators, has already led to adverse consequences.

The lack of a mechanism for blocking transactions to the accounts of illegal operators, as well as the easing of laws for them, creates serious risks for the country's budget, state security, and the players themselves.