

# SUMMARY OF THE SLOT MACHINE RISK ASSESSMENT PURSUANT TO THE ANTI-MONEY LAUNDERING ACT

# 1. SISÄLLYS

1. GENERAL.....	3
2. SLOT MACHINES .....	4

# 1. GENERAL

Slot machines outside casinos, i.e. in gambling locations and specific game rooms, were included in the scope of the Act on Detecting and Preventing Money Laundering and Terrorist Financing (444/2017, hereinafter “the Anti-Money Laundering Act”) at the beginning of 2022.<sup>1</sup> This appendix to the supervisor’s risk assessment supplements the supervisor-specific risk assessment summary published pursuant to the Anti-Money Laundering Act on 29 January 2021. This appendix to the risk assessment was created between November 2021 and February 2022, and the risk assessment was carried out by gambling supervisor experts of the National Police Board’s Gambling Administration. This appendix to the risk assessment should be examined with the general section of the supervisor-specific risk assessment published in 2021.<sup>2</sup>

This public summary presents the most significant slot machine gambling-related money laundering risks as presented in the risk assessment conducted by the National Police Board’s Gambling Administration. The assessment of the significance of risks and therefore the most significant risks discussed in this summary are based on a risk analysis based, in addition to expert information, on the EU’s supranational risk assessment of money laundering and terrorist financing risks and the national money laundering and terrorist financing risk assessment where applicable. The summary of the most significant risks aims to present the views of the gambling supervisory authority regarding different risks concerning slot machines. However, the summary does not take any stand on any control measures used currently in the gambling sector or the measures that have been taken or have not been taken in the gambling sector to prevent or uncover any misuse or crime.

The purpose is to present factors and situations that may involve the risk of the use and conversion of illicit funds through gambling. The goal of the risk assessment is to protect gambling from any misuse and in part, to prevent the use of illicit funds in gambling. In this risk assessment, the risks concerning slot machines are mainly examined from the perspective of money laundering risks, as the European Union’s Supranational Risk Assessment 2019 also does not consider the terrorism financing vulnerability of slot machines relevant.<sup>3</sup>

- 
- 1 Government Proposal 213/2018, p. 1 The change in the Anti-Money Laundering Act’s scope applies to slot machines kept available for use outside casinos, provided the playing takes place when the customer has been identified as referred to in the Lotteries Act.
  - 2 The appendix to the risk assessment employed the methodology described in the general section. General section, supervisor-specific risk assessment pursuant to the Anti-Money Laundering Act 2021, pp. 14–17
  - 3 SNRA Annex 2019, pp. 207-209.

## 2. SLOT MACHINES

According to section 3, subsection 2, paragraph 4 of the Lotteries Act (1047/2001), a slot machine means a game machine or game equipment which persons can play to win money. When examining the risks concerning slot machines, the placement of slot machines must also be considered. Slot machines can be placed in specific game rooms and gambling locations. A specific game room means a space reserved exclusively or mainly for gambling. A gambling location means a gambling sales location other than a specific game room or casino. Examples of gambling locations include the premises of grocery stores, service stations and kiosks with slot machines. A slot machine placed in a gambling location is often also referred to as a slot machine with an individual placement.<sup>4</sup> In addition to the placement of slot machines, the assessment must also consider whether a slot machine is of foreign make.

Previously, slot machines have been assessed to be a fairly low-risk money laundering vulnerability, and partly due to this, the scope of the Anti-Money Laundering Act has not been extended to cover slot machines.<sup>5</sup> Although the bet and winning amounts are fairly small, slot machines enable fast and continuous use of cash.<sup>6</sup> The level of risk increases if the supervision activities concerning slot machines are only carried out afterwards, or if there are no personnel present with training concerning the identification, verification of identity and gambling. According to the 2021 risk assessment of the National Police Board's Gambling Administration, the use of cash already significantly increases the money laundering risks concerning gambling locations.<sup>7</sup> Specific game rooms differ from gambling locations in that specific game rooms are exclusively or mainly intended for gambling (Lotteries Act, chapter 1, section 4, paragraph 6). If personnel at specific game rooms are the personnel of the gambling operator, and the premises are managed by the gambling operator, these factors may reduce the risk.<sup>8</sup>

The European Union's 2019 supranational risk assessment states that slot machines do not seem an attractive option for money laundering, because their function is highly random, the bets and winnings are small, and laundering significant amounts of money would require time and effort.<sup>9</sup> Based on the risk assessment conducted, slot machines may, in very limited situations, enable a platform for money laundering. Additionally, the assessment especially emphasised the sufficient identification of players and the verification of identities. The money laundering risk of slot machines may be increased by factors including deficient/insufficient customer identification and verification of identity, slot machine features that enable the use of new payment methods, and the placement of slot machines. The use of contactless payment with payment cards and the use of tickets were also assessed as posing a significant money laundering risk. Slot machine development may also change the features of slot machines and thus affect the risk of money laundering. Particular caution and consideration should be employed when developing new features, because new features may increase the risk of money laundering.

Risks may be reduced by developing more effective methods of identification and verification. Additionally, bet restrictions included in slot machines are an effective component of money laundering risk prevention. As a summary, slot machines include a risk of money laundering, but the risks can be managed.

---

4 Government Proposal 213/2018, pp. 4-5

5 Government Proposal 228/2016, p. 93

6 SNRA Annex 2019, pp. 208-209.

7 Summary of the supervisor-specific risk assessment pursuant to the Anti-Money Laundering Act 2021, p. 6

8 Summary of the supervisor-specific risk assessment pursuant to the Anti-Money Laundering Act 2021, p. 8

9 SNRA Annex 2019, p. 207.

## Sources:

Government Proposal 228/2016, Government proposal on the Act on Detecting and Preventing Money Laundering and Terrorist Financing, Act on the Financial Intelligence Unit and certain associated acts

Government Proposal 213/2018, Government proposal on amending the Lotteries Act and chapter 1, section 3 of the Act on Detecting and Preventing Money Laundering and Terrorist Financing

Act on Detecting and Preventing Money Laundering and Terrorist Financing 444/2017

General section, supervisor-specific risk assessment pursuant to the Anti-Money Laundering Act 2021

Summary of the supervisor-specific risk assessment pursuant to the Anti-Money Laundering Act 2021

Commission staff working document accompanying the document “Report from the Commission to the European Parliament and the Council on the assessment of the risk of money laundering and terrorist financing affecting the internal market and relating to cross-border activities”, SWD(2019) 650 final. (Abbreviated to SNRA Annex 2019 in footnotes).