

GAMBLING OUTLETS / GAMBLING RETAILERS / HORSE RACING TRACKS

According to the Anti-Money Laundering Act, a gambling operator may assign the measures required for customer due diligence to a third party under certain conditions. However, the gambling operator or obliged entity is responsible for all obligations laid down in the Anti-Money Laundering Act (Anti-Money Laundering Act, chapter 3, section 7).

The most significant risks associated with a gambling operator's dedicated authorised outlets are related to neglecting the obligations that the sales of gambling services are subject to. Here, 'gambling outlets' refers to all gambling outlets of retailers and horse racing tracks. The use of cash increases the money laundering risk of gambling outlets. All gambling services (excluding casino games) are also provided at gambling outlets, which increases their money laundering risk (e.g. betting services whose money laundering risk is higher than that of other forms of gambling services). However, since gambling services are increasingly used online and less at physical gambling outlets, the overall money laundering risk of gambling outlets can be considered to have decreased.

Gambling retailers have highly varying experience in and knowledge of money laundering risks. This is also affected by employee turnover, among other factors. With new employees in particular, attention must be paid to a sufficient level of know-how in the prevention of money laundering and to their ability to detect any suspicious transactions. As gambling outlets also have employees other than the gambling operator's employees, responsibilities for the fulfilment of money laundering obligations are divided between a large number of people.

In addition, two significant interlinked risks associated with the obligations of the Anti-Money Laundering Act have been identified regarding gambling outlets. When selling gambling services, it is possible that customers are not identified and their identities are not verified when the threshold value is exceeded and that any suspicious transactions are not identified or reported. These risks have also been considered to be significant in other distribution channels. The risks 'customers not being identified/identity not being verified when threshold value is exceeded' and 'any suspicious transactions not being identified or reported' may also exist similarly in distribution channels, but different distribution channels may be able to control these risks in different ways. However, player registration becoming mandatory has significantly reduced the number of verifications required to be made when the threshold value is exceeded and therefore reduced the overall risk.

According to the Anti-Money Laundering Act, gambling service customers must be identified and their identity verified in situations where the total value of a single transaction or interlinked transactions is EUR 2,000 or more when placing bets or paying out winnings. For example, gambling should be supervised so that illicit funds cannot be entered in the system by avoiding the limit of EUR 2,000 defined for customer due diligence and verification of identity in the Anti-Money Laundering Act. When selling gambling services at gambling outlets, customer due diligence and verification of identity should not only be based on the legal limit of EUR 2,000; instead, any transactions below this limit should be supervised to identify any interlinked transactions. Suspicious transactions must also be identified. This requires that employees know what activities are signs of gambling service misuse.

Identifying customers and verifying their identity are significant measures in the prevention of money laundering and terrorist financing. The abovementioned obligation must be stressed. If customers are not identified and their identity verified in connection with suspicious transactions, the customer may remain unidentified even if any misuse related to the situation is

discovered later. It may not be possible to verify the identity of customers afterwards. The risk of neglecting the obligations laid down in the Anti-Money Laundering Act can be reduced and the know-how of employees increased by means of continuous and repeated training and by ensuring the dissemination of up-to-date information about the signs of money laundering, for example. Retailers and other responsible employees must be trained to identify and recognise suspicious and interlinked transactions and any exceeding of threshold values. Only persons who have received appropriate training on the Anti-Money Laundering Act and the risk assessment should be allowed to sell gambling services. The gambling operator must ensure that persons who sell gambling services understand the significance of reports on suspicious transactions in the prevention of money laundering and terrorist financing.

The mandatory player registration laid down in the Lotteries Act entered into force on 15 May 2023 (section 14, subsection 1 of the Lotteries Act). For scratch cards, mandatory player registration entered into force on 1 January 2024. Player registration means that customers must be identified whenever they use gambling services; anonymous gambling therefore no more exists in practice. This is expected to reduce the money laundering risk of gambling outlets. However, the risk cannot be considered to have been completely eliminated, because it is still possible that a customer abuses another person's identification token. In this case there is a risk that the actual customer cannot be identified. This risk can be managed by comparing the customer's identification documents against the identification token used and the customer themselves, which will help ensuring that the actual customer is the customer whose identification details were used.

The gambling operator may manage the risks and the possibility of human mistakes by automating its customer due diligence functions, for example. The gambling sales system could guide the process so that if the threshold value is exceeded a mandatory function requiring identity verification is activated. The sales system could also automatically detect any interlinked transactions. Furthermore, the system could register the identification information required in sufficient detail and save all customer information defined in the Anti-Money Laundering Act and other significant information. By using automation, the system could verify the integrity and validity of the identification token. The risk can also be managed by providing training to the persons selling gambling services and employees on assessing and recording the information on a document used to identify a customer.

Because gambling at outlets involves significant money laundering risks, the gambling operator needs to ensure that gambling products and services provided in their distribution channels do not generally include functions that are not sufficiently supervised to prevent money laundering, such as payment arrangements. This also applies to other distribution channels. New functions and technologies must always be assessed considering the prevention of money laundering and other misuse, and sufficient controls must be established for new functions. It must also be noted that the Anti-Money Laundering Act sets a minimum requirement of EUR 2,000 for customer due diligence and verification of identity or interlinked transactions. Even though the act defines a threshold limit for customer due diligence, lower risk-based limits can also be set. Based on the risk assessment, a lower threshold limit for customer due diligence and verification of identity can be set for the gambling services or payment methods that involve the highest risks. Sums below the threshold value set may also be suspicious. It is important to assess, on the basis of risks, whether the threshold value fulfils the targets set for it.

The ongoing legislative project aiming to make gambling activities subject to licence was not considered when this appendix to the risk assessment was created.