

## In-play (in-running) betting: position paper

September 2016

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### 1 Introduction and definition

- 1.1** This paper sets out the Gambling Commission's (the Commission) position in relation to in-play betting, and updates the paper we published in March 2009. We have considered our position in the context of the potential risk that this form of betting could pose to the three licensing objectives set out in the Gambling Act 2005.<sup>1</sup> We have also reviewed our position to reflect changes in the market, technological advances and our experience in regulating the industry to date.
- 1.2** By in-play betting (also known as in-running or live betting), we mean placing a bet while the event to which the bet relates is actually taking place, for example, placing a bet on a football match while the match is being played. This form of betting takes place mainly, but not exclusively, on sporting events.
- 1.3** In-play betting is predominantly an online activity, where bettors place bets using a betting operator's website. Bets can be placed via sportsbooks that offer fixed odds in-play betting, and through betting exchanges that facilitate in-play betting between two or more parties. Bets can also be placed in betting shops (through over the counter transactions and via self-service betting terminals) and by telephone.
- 1.4** In-play betting continues to grow in popularity - the number of in-play markets are expanding and a significant volume of betting takes place in-play. The Commission's [gambling participation survey data from 2015](#) shows that 25% of online gamblers had bet in-play within the preceding four week period. From November 2014, we began collecting data on all operators holding a licence to supply the British market, and indications from this show that in-play betting accounts for over one-third of online betting gross gambling yield.<sup>2</sup>

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<sup>1</sup> These are: to keep gambling free from crime and being associated with crime, to ensure gambling is fair and open, and to protect children and vulnerable people from being harmed or exploited by gambling.

<sup>2</sup> Gross gambling yield is the amount retained by operators (in relation to the licensed activity) after the payment of winnings but before the deduction of the costs of the operation.

## 2 Summary of the Commission's position

- 2.1 The Commission does not consider, at this time, that in-play betting represents such a significant risk to the licensing objectives that additional measures are required. We do however acknowledge that, like other forms of gambling, in-play betting potentially raises a number of issues that could impact on the licensing objectives. These issues relate to the:
- fairness and transparency of the betting
  - integrity of the betting
  - risk of harm within the betting medium.
- 2.2 In-play betting does not appear to cause unacceptable risks to fairness and openness as long as bettors are sufficiently aware of their own position compared to that of other bettors and betting operators. Bettors must be made aware of any information deficit or any built-in time delays to the system they are using. We do not consider it necessary to prevent some bettors using technology to gain an advantage, for example, from computer software programs or faster online connectivity speeds, provided it is made clear to all bettors that this is possible. However, the Commission is considering whether the current information requirements sufficiently inform bettors about the potential use of software aids and operator's policies for handling bet requests should a price change during the period between a bet request and confirmation. We will be consulting on these matters as part of the *Remote gambling and software technical standards* review that will be launched in October 2016.
- 2.3 In relation to betting integrity, there is potential for individuals to exploit in-play betting for criminal or otherwise inappropriate gain. However, other forms of betting also have similar potential for exploitation. We do not consider that in-play betting requires further regulatory controls to those already applied within the Commission's wider efforts to maintain integrity in sports betting.
- 2.4 People who bet in-play may place a higher number of bets in a shorter time period than people who bet in other ways, as in-play betting offers more opportunities to bet. Some studies have shown that placing a high number of bets can be an indication that a bettor may be at risk of harm from gambling. We do not consider that someone who bets in-play is automatically at increased risk of harm from gambling, but expect that licensees will monitor all bettors for signs of risk as required by our [Licence conditions and codes of practice](#).
- 2.5 We conclude that risk to the licensing objectives from in-play betting is appropriately managed through the current regulatory framework and controls applied by licensees. We require all licensed betting operators to have and put into effect policies and procedures designed to manage the regulatory risks within in-play betting, and monitor and review their effectiveness. Evidence does not indicate that further regulatory control measures are required at this time. We will continue to monitor in-play betting for fairness and openness as part of our overall betting compliance programme, and take its particular characteristics into account in our wider work on integrity in sports (and other) betting and gambling related harm.

### 3 Fairness and openness of in-play betting

3.1 In-play betting is fast paced, and the prices available for betting are amended continuously according to the information and/or the liabilities held by the betting operators. Having accurate and timely information is vital to both operators and bettors alike as a means of not being at a competitive disadvantage. For example, operators will use real-time sports data companies to supply them with instantaneous information from an event in order to revise their prices, suspend markets and settle bets accurately. Conversely, bettors also seek access to real-time data and use this and other technological advantages (such as access to 'live' pictures, the use of computer software programs and faster online connectivity speeds) to place bets.

#### Access to real-time data and 'live' pictures

3.2 People who attend a sporting event have the most accurate and timely information on the event. Others may watch events on the operator's website, in a betting shop, on television or through online streams that hold official broadcast rights. Although the degree of latency (the time it takes for something that happens in real-time to display on the broadcast medium) varies, there is a gap in information for the period of that delay for those not watching in real-time, and this creates a potential inequality between the parties concerned in an in-play bet.

3.3 The term 'courtsiding' (coined due to its initial prominence in tennis) is often used to describe the practice of using or transmitting information from a live sporting event for the purpose of gambling. The practice involves a spectator at a sporting event taking advantage of the delay between the live action and TV or data feeds. The spectator can use (or pass on to a third party) the real-time information to place bets on in-play markets before a betting operator, or other betting exchange user, receives the information and adjusts their odds accordingly to reflect the state of play. This results in the bettor being able to obtain more favourable odds.

3.4 We do not consider that courtsiding amounts to an offence of Cheating under section 42 of the Gambling Act 2005. The practice may however breach the entry terms and conditions of a tournament/event.

3.5 Information Provision Annex 3 of our [Remote gambling and software technical standards](#) (RTS) refers to in-play betting. It requires operators to provide information that explains that 'live' TV or other broadcasts are delayed, and that others may have more up-to-date information. Additionally operators must design main in-play betting pages to include this information where practicable.

#### Use of computer software programs and online connectivity speeds

3.6 Other technological advantages can be achieved via computer software programmes and online connectivity speeds. These can both impact upon the speed in which a bettor can place a bet, an advantage seen most greatly on betting exchanges.

3.7 Computer software, often known as 'bots', is used to monitor betting markets and place bets at a much higher rate than is possible for a person. Bots are most commonly used within in-play betting to automatically detect and place bets on 'stale prices',<sup>3</sup> and to detect 'arbitrage'<sup>4</sup> opportunities which offer the bettor a guaranteed profit.

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<sup>3</sup> 'Stale prices' occur when the market has moved, but an old price that does not reflect the most recent information has been left available by a betting operator/exchange user who has not yet reacted to the new information. A bot will automatically detect this and place a bet at the favourable odds left available.

<sup>4</sup> Arbitrage betting is where a gambler takes advantage of a variation in odds offered by different betting operators, in order to make a profit regardless of the outcome of an event. Bots can be programmed to recognise such market opportunities and place bets to make a guaranteed profit.

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- 3.8** Information Provision Annex 4 of the RTS relates to the use of automated gambling software and requires betting operators to inform bettors of their policies on the use of bots. The Commission is considering whether the current information requirements are sufficient to inform bettors about the use of software aids, including bots, and will be consulting on this as part of the RTS review that will be launched in October 2016.
- 3.9** Online connectivity speeds can depend on a range of factors such as the type of connection (for example, broadband or wireless), processing speeds of the computer and router or modem, whether you are sharing a connection and the level of software the computer or device is running in the background.
- 3.10** Information Provision Annex 5 of the RTS relates to time-critical events and requires betting operators to inform bettors that they may be disadvantaged because of technical characteristics such as slower network speeds or slower end user device performance. We consider that there is currently no evidence to support a need for further information requirements relating to time-critical events.

### **Trading rooms**

- 3.11** When the Commission first published our position on in-play betting in 2009, trading rooms were a noticeable example of technological advantage. Trading rooms rent seats at high-performance PCs with high-speed internet connectivity and dedicated sports feeds. By offering some of the shortest time delays they put bettors in the best position for betting (primarily on exchanges). These trading rooms charge bettors a fee for use of the services, and some also have commercial arrangements with betting operators and receive a percentage fee from their bettor's activity with an operator.
- 3.12** Trading rooms are regulated by the Commission, and we consider having them within the licensing regime is a suitable and proportionate response to the risk they pose to the licensing objectives. As of 30 April 2016, we licensed six operators for this activity. We will continue to observe them in accordance with the existing licensing regime, and monitor the general level of awareness among bettors of the range of technological advantages available.

### **Time delays in bet processing**

- 3.13** Betting operators set time delays so that when a bettor places a bet in-play there is a number of seconds between pressing the 'place bet' button and receiving confirmation that the bet has been made. This ensures that the odds on offer accurately reflect the progress of the event. It should be noted that sportsbooks and betting exchanges differ in that sportsbooks put in a delay to ensure their own prices are correct, whilst betting exchanges put a delay in place to protect its bettors. The length of delay varies from betting operator to betting operator depending on their own trading strategy, from event to event depending on how frequently and significantly the price could be affected and subject to the potential latency of the data source used.
- 3.14** Bettors opting to use a 'cash out' facility also experience a delay between pressing the cash out button and receiving confirmation that the transaction has been processed. Cash out allows bettors to get money back on an event before it is over. Cash out offers that are subject to live betting markets can be volatile during a sporting event, increasingly so in the final stages. As the chances of winning change, an offer for cash out will increase, decrease or be removed altogether. We require that betting operators offering cash out facilities do so under clear and accessible terms and conditions that cover, for example, the availability, acceptance and settlement of any such bets.
- 3.15** We do not believe it is necessary or practical at this stage to set out standards for time delays in processing any bets, including in-play bets. However, the Commission is considering whether customers are sufficiently informed about how a bet request will be handled should the price change before it is accepted. We will be consulting on this as part of the RTS review that will be launched in October 2016.

## 4 Integrity in sports betting

- 4.1 Cheating, including collusion with sports players or officials, could take place on an event where the bettor obtains an unfair advantage on pre-event betting and in-play/proposition bet<sup>5</sup> markets. It is argued by some, however, that there are specific inherent or greater risks involved with in-play betting that are not present or so great for pre-event betting. Examples of such arguments can be found in the report by the Asser Institute [Facts & Figures on the Integrity Risk of Certain Sports Bets](#) which references that integrity concerns about these types of sports bets surface in policy discussions at both the national and European level. As a means to safeguard the integrity of sport and prevent betting-related match-fixing, calls are frequently made to prohibit such betting products. For instance, the European Parliament has urged EU Member States to ban live betting... “as these have proved to be very vulnerable to match fixing”.
- 4.2 These concerns often focus on sports that can potentially cause additional risks due to their very nature, in particular where a single participant can affect the outcome of a bet, for example, the winner of the next set in a tennis match or the next player out in a cricket match.
- 4.3 It has also been argued that those attempting to manipulate an event could take advantage of the short time frame in which in-play betting occurs, making the detection of suspicious betting patterns more difficult to identify. The Asser Institute Report references various studies in which these potential integrity risks have been identified.
- 4.4 Despite the concerns raised about the risks to integrity from in-play betting there is limited evidence to show that the risks are greater than those associated with pre-event betting.
- 4.5 With sports governing bodies and betting operators, we have taken steps to improve the management of risks to sports betting integrity in Great Britain. Following a formal consultation process, we revised licence condition 15.1 (Reporting suspicion of offences etc) in 2008. This condition places specific obligations on all Commission licensed betting operators to share information about irregular or suspicious betting with our Sports Betting Intelligence Unit (SBIU) and to sports governing bodies in specific circumstances. We amended this condition, via consultation, in 2015 to better ensure that any potential threats to betting integrity are identified, reported and properly investigated.
- 4.6 In addition, many sports governing bodies employ commercial companies or have implemented their own systems to monitor betting markets for suspicious betting activity.
- 4.7 We work closely with betting operators and sport and law enforcement at both operational and strategic levels. This ensures a collaborative approach to managing risks to sports betting integrity, focused on effectively managing any reports of irregular betting across the full range of markets.
- 4.8 Reports of irregular betting into SBIU have increased significantly over time, partly because of the amendment to gambling regulation in 2014.<sup>6</sup> This amendment required all operators offering betting services to British bettors to be licensed by the Commission and to be compliant with licence condition 15.1.2 and ordinary code provision 8.1.2. This means we are now sighted on a much larger proportion of the British market.
- 4.9 The increase in reports includes information on irregular betting patterns on in-play markets, and also a significant number of reports about pre-event betting or covering both types of market.

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<sup>5</sup> A proposition bet (also known as exotic, novelty or side bets) is a bet made on a specific aspect of an event, unrelated to the final result.

<sup>6</sup> [Gambling and Licensing Act 2014](#)

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- 4.10** The report published by the Asser Institute also studied potential links between betting related match-fixing cases and specific types of sports bets, including in-play and proposition betting. This was the first study to examine these links based on quantitative evidence. The majority of cases examined within the report showed that more than one of the main betting markets were exploited and irregular betting patterns were identified in both pre-event and in-play betting. The report concluded that the evidence does not support the claim that in-play betting, by its very nature, would significantly encourage manipulation in comparison to pre-event betting.
- 4.11** The report [\*Protecting the Integrity of Sport Competition; The Last Bet for Modern Sport\*](#), published by the Sorbonne – ICSS Sport Integrity Research Programme, presents the argument that the lack of liquidity on in-play markets supports the Asser reports conclusions: “Although these products contributed to the transformation of traditional betting markets, their liquidity levels limit, for the time being, their attractiveness to cheat and therefore limit their danger for sports.”
- 4.12** Opponents of in-play betting have suggested restricting or prohibiting the markets offered by licensed betting operators on sports integrity grounds. We are aware that this approach is adopted by some other countries. We do have the power to impose such restrictions but based on the available evidence we maintain our position that such methods are not warranted at this time. Taking such action may also increase the risk that bettors would be driven to seek to place bets via grey and black markets, over which we have no oversight.
- 4.13** Sports governing bodies are responsible for managing the risk of sports participants being tempted to unfairly manipulate events. They do this through education programmes that highlight the potential consequences, supported by transparent disciplinary processes and contracts that restrict betting on a participant’s own sport. The [\*Sports and Sports Betting Action Plan\*](#) outlines these responsibilities.
- 4.14** Our updated position paper on betting integrity ([\*Protecting betting integrity\*](#)), published in 2013, details our wider efforts to maintain betting integrity. It should be read alongside the *Sports and Sports Betting Action Plan* and it sets out Britain’s approach to managing sports betting integrity issues.

## 5 Risk of harm from gambling

5.1 The Commission must also consider whether gambling activities can place people at risk of harm from gambling. People who bet in-play frequently make large volumes of bets over the course of a betting session. This could be the normal activity of a skilful or committed bettor who concentrates on betting in-play, or it could be an indication that a bettor is experiencing harm. In 2009 there was no evidence to suggest that in-play betting posed a greater specific risk of causing gambling-related harm than other forms of betting or online gambling.

5.2 However, since then, some studies have looked at the potential for links between in-play betting and the risk of harm from gambling. These indicate the possibility of greater risk of harm from gambling for those who participate in in-play betting compared to those who participate in other forms of gambling. Findings include:

- Increased in-play betting on sports events has changed formerly 'slow' forms of betting that traditionally have been considered to pose less risk of harm. For example, previously, a football supporter might have had an opportunity to bet only on the outcome of a match, that is, one bet per two hour time period. Now there are increased opportunities to bet within that same time period, for example on the time the next goal will be scored or on who will win the next corner. This, combined with the availability of sports events from around the world via internet and satellite television, brings sports events like football more in line with horse racing in terms of opportunities to bet. Some researchers have linked such increased opportunities to bet – or to be 'rewarded' - with an increased likelihood of gambling problems.<sup>7</sup>
- Studies conducted in Australia have specifically shown a correlation between tendencies to place a high proportion of in-play bets with an increased risk of harm from gambling. The same study indicated that alongside other factors, those scoring highest of being at risk of harm from gambling tended to be younger men.<sup>8</sup> This is a consideration for us given that figures from our [gambling participation survey data from 2015](#), indicated that men aged 18-34 were most likely to have taken part in in-play gambling.
- Data from our 2016 gambling prevalence survey indicates that online gamblers are more likely to be classified as problem gamblers if they bet in-play, and more likely to be classified as at greater risk of harm from gambling than those who do not bet in-play.<sup>9</sup>

5.3 Through our *Licence conditions and codes of practice*, and specifically under social responsibility code provision 3.4 (Customer interaction), we already require licensees to have in place policies that:

- identify the types of behaviour that may trigger a problem gambling interaction
- have provision to identify at risk bettors who may not be displaying obvious signs of, or overt behaviour associated with problem gambling, eg by reference to indicators such as time or money spent
- provide for the licensee to interact with any bettor who they suspect may be at risk of harm from gambling.

5.4 Licensees must also make information available to bettors on how to gamble responsibly and how to seek help for problem gambling (social responsibility code provision 3.3.1).

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<sup>7</sup> [The 'In' Crowd: Is there a relationship between in-play betting and problem gambling?, Dr M Griffiths](#)

<sup>8</sup> [Demographic, Behavioural and Normative Risk Factors for Gambling Problems Amongst Sports Bettors, Journal of Gambling Studies, Hing et al, September 2015](#)

<sup>9</sup> 27.4% of online gamblers who bet in-play were classified as problem gamblers, compared to 10.9% of all online gamblers and 5.4% of online gamblers who do not bet in-play. 44.1% of online gamblers who bet in-play were classified as at risk of problem gambling compared to 40.4% of all online gamblers and 26.4% of online gamblers who do not bet in-play. Problem gambling status has been defined using the short-form Problem Gambling Severity Index (PGSI mini-screen, Volberg, 2012), which was developed from the full 9-item PGSI. Due to small base sizes the data presented here should be considered as indicative, and be treated with caution.

- 5.5** We expect licensees who offer in-play betting to be aware that their policies and procedures must be able to identify risks of harm from gambling to those participating in this activity, where, for example, betting frequency may be exaggerated compared to other forms of gambling. This is particularly important given the links that studies are beginning to show between in-play betting and the risk of gambling-related harm, as discussed above. However, not everyone who participates in in-play betting will automatically be at risk, even if they place bets at greater frequencies than other gamblers. Licensees must have procedures in place to ensure they can capture information about individual's patterns of play, for example, changes in the frequency of a bettor's gambling, or time or money spent, and use this information to identify those who may be at risk of harm, and interact with them appropriately. These procedures must properly capture information that might indicate a bettor is at risk of harm for those taking part in in-play betting as well as other forms of gambling.
- 5.6** We will continue to monitor this area to ensure the protections in place are appropriate.

## **6 Conclusion**

- 6.1** We are aware that some countries have taken a more prohibitive approach towards in-play betting, for example, by restricting the markets that are available or the means by which in-play bets can be placed. However, in exercising our functions under the Gambling Act 2005 we are obliged to permit gambling in so far as it is conducted in a manner that is consistent with the licensing objectives. On the balance of the evidence we have reviewed and considered, we have concluded that the current regulatory regime in place for in-play betting is sufficient and further controls are not needed at this time.
- 6.2** We will continue to monitor the development of in-play betting and associated risks in accordance with the Commission's intention to be an evidenced based regulator.

**Gambling Commission September 2016**

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