

1 - Executive Summary

The Gambling Commission's (the Commission) Money Laundering (ML) and Terrorist Financing (TF) risk assessment 2020 highlights the key risks associated with each of the sectors within licensed land-based and remote activity in Great Britain's gambling industry. This assessment builds on the [previous risk assessment \(PDF opens in new tab\)](#) (including the Money Laundering (ML) and Terrorist Financing (TF) risks associated with COVID-19) and fulfils the Commission's requirement under Regulation 17 (1) of the Money Laundering (ML), Terrorist Financing (TF) and Transfer of Funds (Information on the Payer) 2017 (the Regulations).

The purpose of this risk assessment is to:

1. act as a resource for the industry in informing their own Money Laundering (ML) and Terrorist Financing (TF) risk assessments
2. to provide the Commission's support to HM Treasury's National Risk Assessment and the rating of low risk in the context of the wider regulated financial sector and advise HM Government on risks in the industry
3. inform and prioritise our licensing, compliance, and enforcement activity to raise standards in the industry and meet our duties under Regulation 46 (2)(c).

The Commission has considered a wealth of information and intelligence when assessing the key threats identified within the British gambling industry and providing revised risk ratings in this publication. In consultation with in-house and external subject matter experts, this assessment has been developed with input from a wide range of sector and industry specialists. This includes law enforcement, such as the National Crime Agency (NCA), and considered approaches taken by other AML (Anti Money Laundering) supervisory authorities, such as the Financial Conduct Authority (FCA) and HM Revenue and Customs (HMRC). We have also analysed information from various other sources to inform our understanding of risks such as:

1. The [EU Supranational Risk Assessment on Money Laundering and Terrorist Financing \(SNRA\) \(PDF opens in new tab\)](#)
2. HM Treasury's [National Risk Assessment \(NRA\) of Money Laundering and Terrorist Financing 2020 \(opens in a new tab\)](#)
3. [Financial Action Task Force \(FATF's\) recommendations \(opens in new tab\)](#) (the global standard setter on combating Money Laundering and Terrorist Financing)
4. FATF's [Terrorist Financing \(TF\) Risk Assessment Guidance July 2019 \(PDF\) \(opens in new tab\)](#)
5. [The Home Office July 2019 Asset Recovery Action Plan \(opens in new tab\)](#)
6. FATF's [Mutual Evaluation Report \(MER\) \(opens in new tab\)](#) of the UK's AML and CTF framework
7. The UK government's [Economic Crime Plan 2019 \(opens in new tab\)](#)
8. The [Anti-Corruption Strategy 2017 \(opens in new tab\)](#)
9. [The Serious and Organised Crime Strategy 2018 \(opens in new tab\)](#)

10. The [UK's Anti-Money Laundering and Counter-Terrorist Financing Action Plan 2016 \(opens in new tab\)](#).

The reporting period this assessment is based on is from 1st November 2018 to 31st May 2020. The methodology used to assess the risks in Great Britain's gambling industry remains the same as for the previous year's risk assessment. For more detail on the methodology and terminology used, please refer to the [methodology section](#) of this report.

In summary, the risk ratings for each gambling sector are as follows and range from high risk to low risk. The gambling sector, however, in HM Treasury's National Risk Assessment is rated as low, and it is important to understand why this is the rating allocated. The National Risk Assessment captures the risk of Money Laundering (ML) and Terrorist Financing (TF) occurring across all regulated financial sectors and Designated Non-Financial Businesses and Professionals (DNFBPs), which includes:

- Banks and Credit Institutions
- Money Service Businesses
- Legal services
- High Value Dealers
- Art
- Accountancy and many other regulated financial sectors.

When gambling is put into the wider financial context of being vulnerable to money laundering and terrorist financing in comparison to other regulated sectors, the risk is lower; thereby explaining HM Treasury's rationale for rating gambling as low risk for Money Laundering (ML) and Terrorist Financing (TF). However, the Commission in this risk assessment compares individual gambling sub-sector risks of being vulnerable to money laundering and terrorist financing and rates them appropriately in comparison to each other. Whilst some of the ratings have changed in individual sub-sector risk areas, the overall risk ratings for each gambling sector have not changed since the previous risk assessment (with the exception of the overall risk of terrorist financing to Great Britain's gambling industry which has decreased from medium to low risk).

The following gambling sectors are being assessed separately (compared to previous risk assessments) as they are separate and distinct sectors with differing risk areas and levels:

1. Remote Betting
2. Remote Bingo
3. The National Lottery (Remote and Non-Remote)
4. Society Lotteries and External Lottery Managers (Remote and Non-Remote)
5. Gambling Software (Remote and Non-Remote)
6. Gaming Machine Technical (Remote and Non-Remote).

External Lottery Managers are being assessed for the first time.

Sector	Previous overall risk rating
Remote (casino, betting, and bingo)	HIGH
Casino (Non-Remote)	HIGH
Betting (Non-Remote, off-course)	HIGH
Betting (Non-Remote, on-course)	MEDIUM
Bingo (Non-Remote)	MEDIUM
Adult Gaming Centres	MEDIUM
Family Entertainment Centres (FECs)	LOW
Society Lotteries and External lottery Managers (Remote and Non-Remote)	LOW
The National Lottery (Remote and Non-Remote)	LOW
Gambling Software (Remote and Non Remote)	LOW
Gaming Machine Technical (Remote and Non-Remote)	LOW

Sector	Current overall risk rating
Terrorist financing	LOW

The assessment of the terrorist financing risk is partially based on information from HM Treasury's National Risk Assessment, which has assessed this area as low risk for gambling. The Commission has also collaborated closely with external stakeholders when arriving at its risk rating, such as the UK's counter terrorism teams, to help us understand the terrorist financing typologies and vulnerabilities that are applicable to the gambling industry.

This assessment recognises that there are many risks and typologies or vulnerabilities in the gambling industry related to Money Laundering (ML) or Terrorist Financing (TF). The gambling industry is fast paced and is constantly evolving with new innovative products to cater for customer needs. However, with any changes, these can bring new methods for criminals to launder illicit funds which the gambling industry needs to be alert to.

This document is intended to act as a valuable resource for the industry in informing their own Money Laundering (ML) and Terrorist Financing (TF) risk assessments, and must be taken into account when doing so, as required under [Licence Condition 12 of the Licence Conditions and Codes of Practice \(LCCP\)](#).¹

It is mandatory for gambling operators from all gambling sectors to comply with the licensing objective, keeping crime and its proceeds out of gambling as set out in the [Gambling Act 2005 \(the Act\)](#) [\(opens in a new tab\)](#) and the Commission's [LCCP](#). Furthermore, all gambling operators have legal duties under the [Proceeds of Crime Act 2002 \(POCA\)](#) and the [Terrorism Act 2000 \(TACT\)](#) [\(opens in a new tab\)](#) to mitigate financial crime. Casinos (both land-based and remote) have an enhanced set of legal responsibilities, as they must comply with the Regulations ² for casino gaming, gaming machines and money service business activities offered. However, it is imperative for all gambling operators (regardless of gambling sector) to ensure they have effective risk assessments identifying Money Laundering (ML) and Terrorist Financing (TF) risks, along with robust policies, procedures and controls in place to prevent Money Laundering (ML)/Terrorist Financing (TF) and continue to raise standards in that regard.

References

- ¹ Licence Condition 12 requires operators have appropriate policies, procedures, and controls to prevent money laundering and terrorist financing and that such policies, procedures, and controls take into account any applicable learning or guidelines published by the Gambling Commission.
- ² This refers to the Regulations under the [Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#) [\(opens in new tab\)](#) ('the Regulations') which are applicable to firms under the 'regulated sector'. Casinos are part of the 'regulated sector'.