

14 - Society Lotteries and External Lottery Managers (Remote and Non-Remote)

Table actions: [Turn tags off](#)

Sector rating

Sector	Previous overall risk rating	Current overall risk rating
Society Lotteries (Remote and Non-Remote)	LOW	LOW
External Lottery Managers (Remote and Non-Remote)	N/A: Not assessed previously	LOW

Society lotteries and The National Lottery are being assessed separately for the purposes of this publication as they are two separate sectors and the risks posed in both differ. External Lottery Managers (ELMs) are being assessed for the first time as part of this risk assessment.

Existing inherent risk rating

The inherent risk ratings have changed for this assessment. There has been some change in the risk levels for the inherent risks for the arcade sector. For further information relating to the inherent risks (including vulnerabilities, consequences and controls), See our 2019 publication: [Money laundering and terrorist financing risk assessment within the British gambling industry: 2019 \(PDF\)](#).

Vulnerability	Risk	Previous likelihood of event occurring	Previous impact of event occurring	Current likelihood of event occurring	Current impact of event occurring	Change in risk
Operator Control	Operators failing to comply with prevention of money laundering and terrorist financing legislation and guidance	LOW	LOW	MEDIUM	LOW	Increase
Licensing and integrity	Operator being acquired by organised crime to launder criminal funds	LOW	MEDIUM	LOW	LOW	Decrease
Customer	Anonymous customers (non-remote)	MEDIUM	VERY LOW	LOW	VERY LOW	Decrease
Customer	False and stolen identity documentation	LOW	LOW	LOW	LOW	no change
Customer	Customer not physically present (remote)	LOW	LOW	LOW	LOW	No change
Products	Scratch cards/interactive instant win games	LOW	VERY LOW	LOW	VERY LOW	no change
Means of Payment	Cash transactions (non-remote only)	LOW	MEDIUM	LOW	LOW	Decrease

NB: previous overall risk ratings and the section in the table above relating to ‘movement’ are not applicable to ELMs as this is the first time this sector is being assessed separately.

New emerging risks (applicable to ELM sector only)

Failure to transfer lottery proceeds

ELMs make arrangement for a lottery on behalf of a society. The potential Money Laundering (ML) and Terrorist Financing (TF) risks are that lottery proceeds might not be passed on by the ELM to the society lottery they are working on behalf of, however some of these risks are partially mitigated as ELMs are required to be licensed by the Commission and by the scrutiny the society will implement for

lottery proceeds between itself and the ELM. As there is no widespread evidence of this occurring, this has been given an overall low risk rating with a further update to be provided in the next risk assessment.