

Finland's gambling system at a crossroads



Wait and see is not the solution

Monopoly – the current state

The Finnish gambling system is based on a monopoly

Veikkaus gaming portfolio

Lottery, icasino, poker, table games, casino and slot machines, fixed odds, live and pari mutuel betting, scratch cards and ebingo.

Veikkaus's gaming operations are based on laws and regulations

Veikkaus's gaming activities adhere to the Lottery Act and the Government Decree on the execution of gambling by Veikkaus. The decree governs the return percentages of games, the types and maximum numbers of slot machines and casino games, the maximum numbers of special gaming halls, as well as the number, locations, and opening hours of gaming casinos. Additionally, each game has its own rules, which the Ministry of the Interior confirms by decree.

The Police board supervises gaming activities

The Police board's lottery administration oversees Veikkaus' gaming activities and ensures the legality of its marketing. Gaming engines are approved by the Police Board. In sports, horse racing, and lottery games, all gaming tickets are transferred to the police board's supervision system in real-time. Pools and results are monitored and calculated by the Police Board. In the event of discrepancies, the results from the Police Boards are applied.

In Finland, gambling is heavily regulated, and Veikkaus is the only legit betting operator.

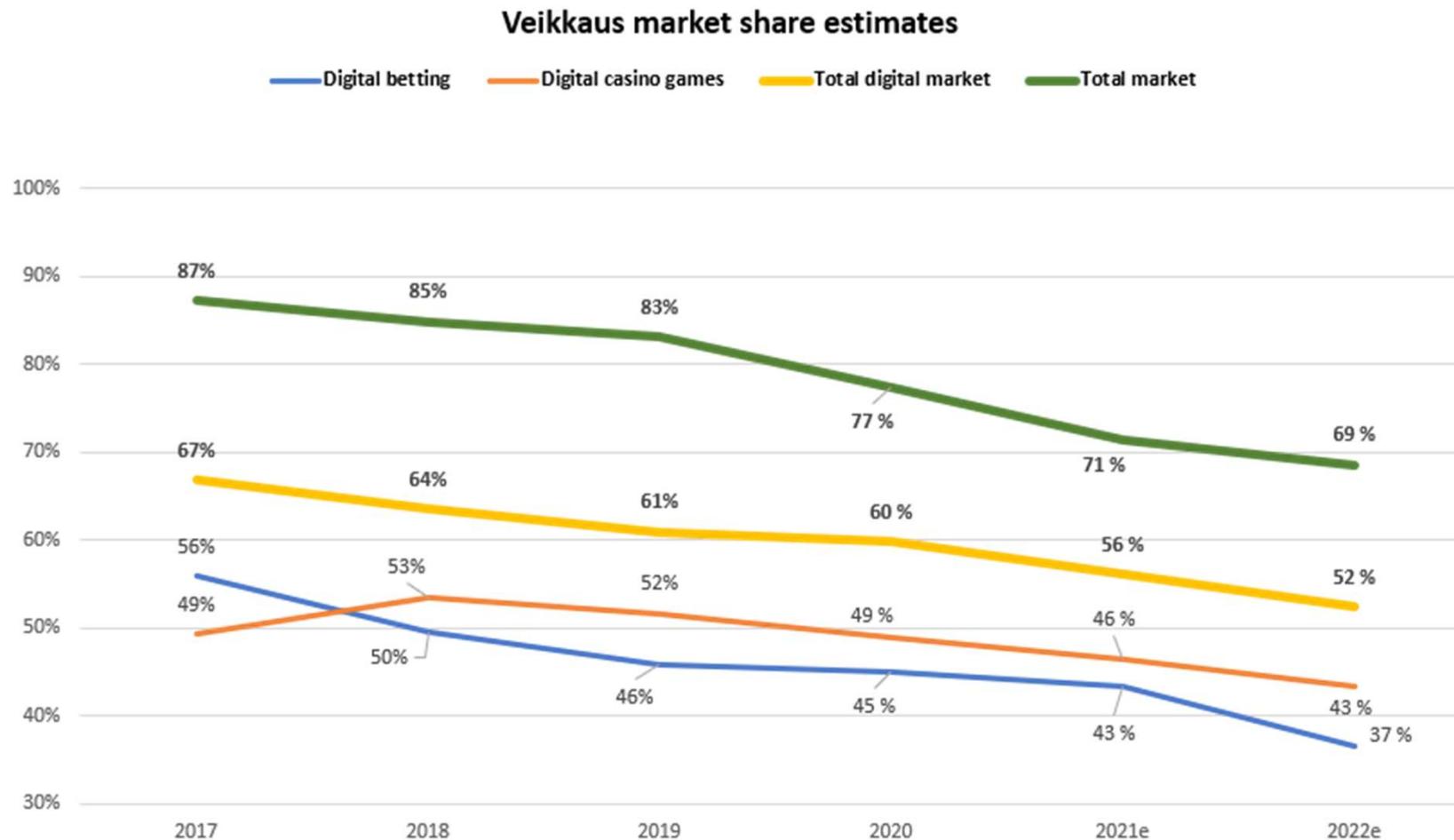
MARKET DEVELOPMENT

The structures of gambling and gambling problems have changed

- Gambling has grown only in digital channels and Veikkaus's responsibility measures have reduced the gaming margin of the ATMs in the physical channel in particular.
- Finland's gambling profit this year is around 1.6 billion euros. Veikkaus' physical channel 1/3, Veikkaus' digital channels 1/3 and digital channels outside the system 1/3, i.e. digital channels make up 2/3 of the market's total game margin.
- Competitive digital gaming (betting and online casino) makes up about half, or €800 M, of the entire market. All growth in the Finnish market takes place in this game area and all growth takes place outside the monopoly system.
- According to the population surveys commissioned by Veikkaus, about 60% of gaming problems are caused by this competitive gaming sector, and its share is growing rapidly.

MARKET SHARE ESTIMATES IN FINLAND 2017-2022

Source: H2 Gambling Capital + Veikkaus



Key elements for law drafting

- The Government Program includes a clear entry on the transition to a licensing system from the beginning of 2026 at the latest. In view of the timetable and the scope of the reform, legislative work must be launched as a matter of urgency.
- The key objective of the reform must be the widest possible coverage of licensed gambling offers and a high channeling rate of the system, at least 90%.
- To achieve this goal, the following actions are needed:
 - Tax rate supporting the channeling capacity of the system
 - Possibility for authorized operators to market
 - Loss limits company-specific
 - Obligation for companies to identify and intervene in abnormal gaming
 - Strong tools for authorities to intervene in unauthorized supply
- The current exclusivity system is capable of channeling about half of digital gambling. The new system must be able to achieve significantly better results. This is the only way to effectively prevent gambling harm.

Key issues for Finnish horse racing in license market

- There is no channeling problem in Tote betting. However, the licensing market opens the possibility for the division of Tote betting pools, which is not in the interest of sports, players, or gaming companies.
- How the funding and prize money for Finnish harness racing can be ensured in the licensing model? Currently, Finnish harness racing receives its funding from the owner of Veikkaus, the Finnish state.
- How Finnish harness racing can remain competitive betting product if there are multiple betting pools in the market?
- Who provides the image and broadcast of Finnish harness racing?
- Fixed-odds betting on horse events does not have traditions in Finland, and it does not generate significant revenue.
- Veikkaus is willing to arrange its own Tote and sports pool products in the licensed market

