

The size and economic costs of black market gambling in Great Britain

A report for the Betting and Gaming Council

September 2024

Contents

	Topic	Page
1	Executive Summary	3
2	Introduction	11
3	The regulated gambling market in Great Britain	14
4	The nature of the black market in Great Britain	18
5	Who uses the black market and how?	31
6	How big is the black market?	40
7	What are the costs associated with black market use?	48
8	Annex 1: Details of methodology	51
9	Annex 2: Additional survey findings	61

01

**Executive
Summary**

Gambling is enjoyed by millions of players and contributes strongly to the economy. But there are concerns about the threat of unregulated 'black market' gambling.

Context

Betting and gaming is an economic success story. Excluding the National Lottery, almost 14 million adults in Great Britain gamble in a typical month, generating £10.9 billion annually in Gross Gambling Yield (GGY). This is overwhelmingly done safely, supported by measures enacted by regulated operators and enforced by the Gambling Commission around player safety, financial probity and social responsibility, among others.

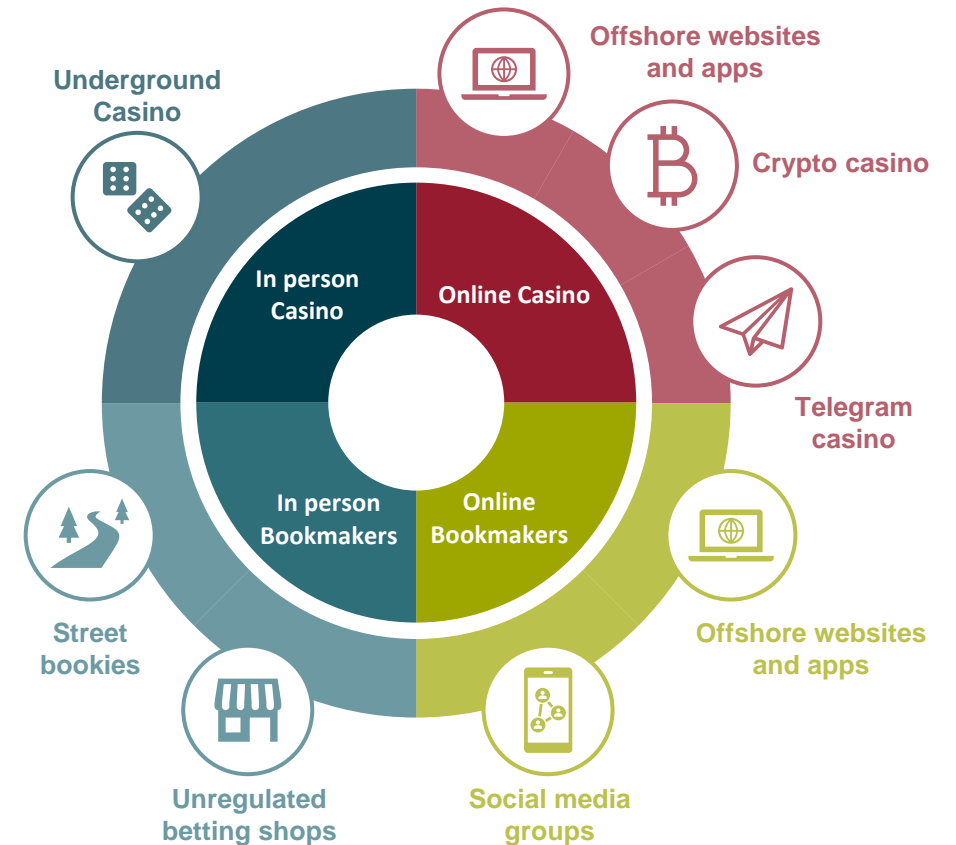
Previous studies have found that the scale of unregulated gambling in Britain – loosely termed 'black market' gambling – is small. But the landscape is evolving quickly in ways that suggest black market gambling is getting easier to find and access. Unregulated online betting and gaming through social media, messaging apps and 'crypto casinos' is relatively new. Virtual Private Networks ("VPNs") are widely available, giving British players access to online operators not regulated in Great Britain. Unregulated betting shops and underground casinos offer opportunities for in-person black market gambling.

The access to unregulated gambling, combined with more stringent requirements affecting those who form the largest part of the regulated market, poses concerns that while the black market has until now been relatively small, it has the potential to grow. This would undermine efforts to make gambling safer, pushing more players and spend into unregulated providers who do not need to comply with regulations around safer play.

Aims of this report

The Betting and Gaming Council asked Frontier Economics to provide new evidence on the gambling black market in Great Britain. We draw on survey evidence from more than 6,000 people to understand whether and how people are accessing black market gambling. The scale of the survey means we can examine information about awareness, behaviours and perceptions by important player demographics and different types of product.

Importantly, our survey combines a nationally representative panel of the population, to help capture those players who are already fully converted to unregulated play, with a sample of players provided by operators broken into different spend groups, to capture different behaviours for heavier and lighter gamblers.



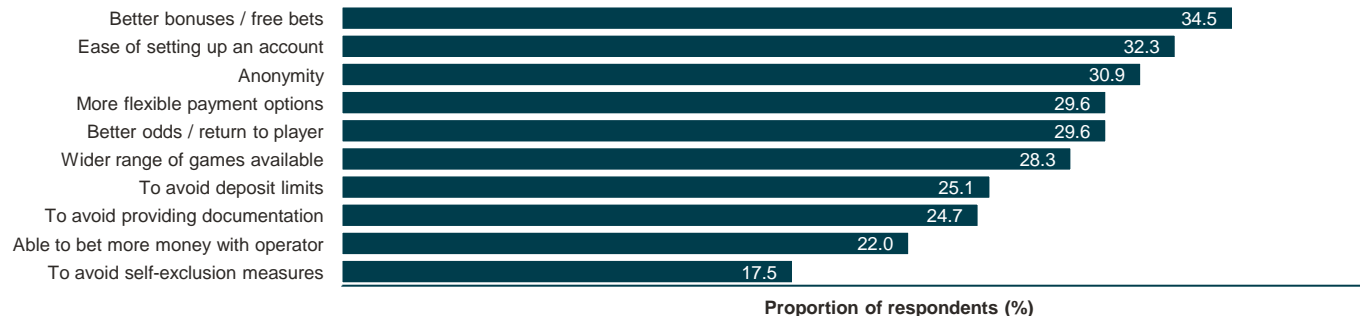
Black market gambling can offer attractive features which are not available to GB regulated operators, and these are drivers of the use of unregulated sites

Requirements for GB regulated gambling operators

Regulated gambling operators in Great Britain must comply with stringent regulations designed to ensure safe and responsible play to receive a licence from the Gambling Commission. These licences are reviewed regularly – requiring ongoing compliance checks and a review of operational changes. Failure to comply can lead to significant penalties – fines, a suspension, or loss of licence. These include regulations around:

- Player protection and responsible gambling (including self-exclusion tools, deposit limits and time-out periods)
- Contributions to initiatives that prevent and treat gambling-related harm
- Data protection and privacy (compliance with UK data protection legislation)
- Anti-Money Laundering compliance including identity checks and transactions monitoring
- Fair Play and Transparency requirements around communication of odds, bonuses and promotions
- Advertising Standards around marketing materials and not targeting vulnerable populations
- Tax obligations to pay excise duties on net receipts

Operators not regulated by the Gambling Commission will not have to comply with these regulations, which means they may be more attractive in the offer they can make to some players.



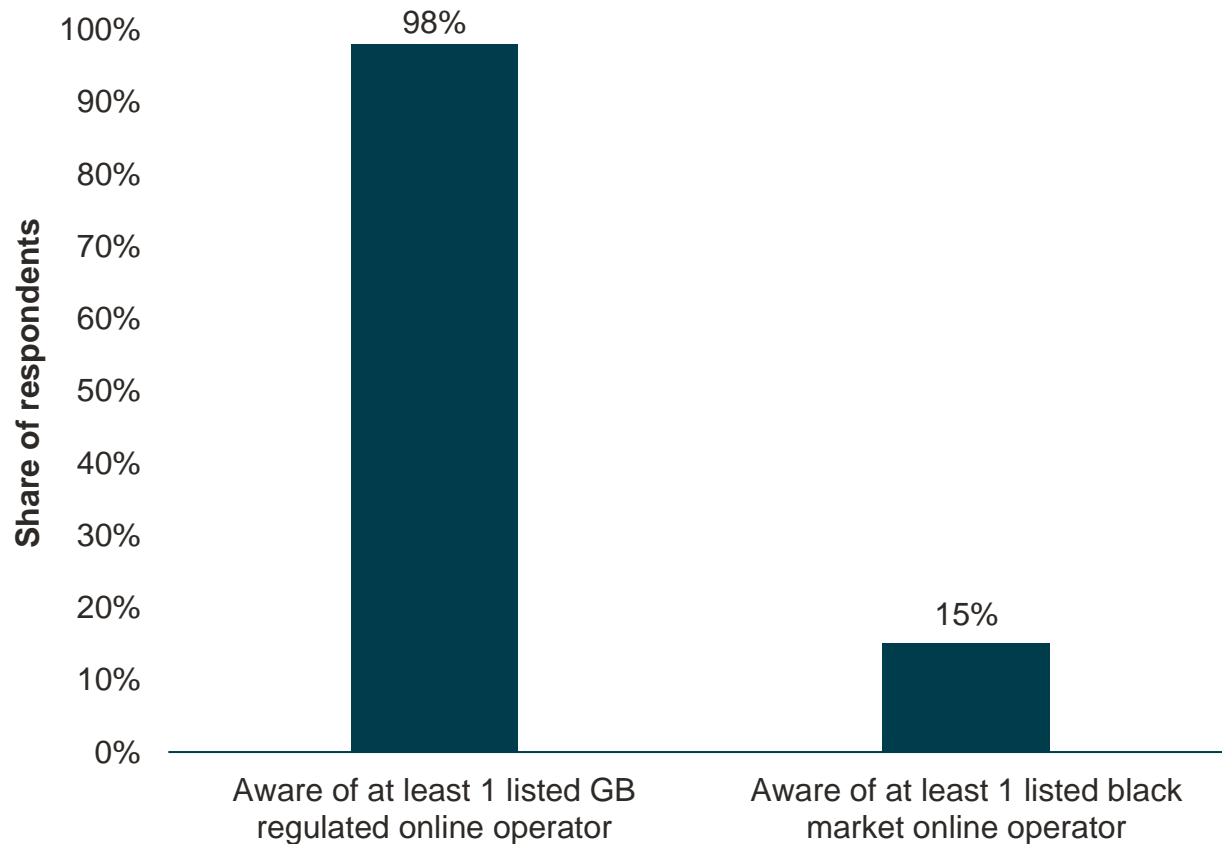
Our survey asked players who thought they used at least one unregulated operator about their reasons for doing so (see chart). The most common factor was the availability of better bonuses/free bets, a feature facilitated when operators do not need to pay tax on their gross profit.

In addition, many users of black market operators selected options that regulated operators do not offer such as anonymity; avoiding providing documentation; avoiding deposit limits; being “able to bet more money with this operator”; and avoiding self-exclusion measures.

- Black market operators offer levels of anonymity and fewer restrictions that regulated operators do not, making them particularly attractive to players who want to avoid regulatory checks and limits. Evidence from our survey (see later in this pack) is that a quarter of players surveyed would immediately look for new operators if they were asked to prove where their money came from or that they could afford to gamble; and another quarter would stop playing altogether.
- Many black market operators, and affiliate websites promoting them, openly highlight their "non-GAMSTOP" status, appealing to those seeking alternatives to regulated platforms. These specifically target players who have self-excluded, who are likely to have done so to control or prevent themselves from experiencing gambling-related harm.

Source: Frontier analysis of survey data; N=223. Note respondents were asked to list up to three reasons, so the figures do not sum to 100%. Frontier analysis of survey data; N=223. Of the 358 individuals using a named black market operator, only 223 answered this question on their reasons for doing so. The remainder did not believe they were betting with an unregulated operator.

There is high awareness of unregulated gambling websites: 1 in 6 respondents to our survey knew of at least one unregulated online gambling brand



Our survey provided a long list of online gambling operators – both GB regulated, and some who were not – and asked respondents if they were aware of them. These operators were identified through comprehensive desk research and informed by insights from regulated operators in Great Britain and industry experts.

There was almost universal awareness of at least one of the major GB regulated operators.

15% of gamblers who responded to our survey said they had heard of at least one of the black market sites listed. This is equivalent to around 2.8 million people.¹

The brand that most respondents were aware of has previously benefited from high profile sponsorship partnerships.

Our survey confirmed that sponsorship is an important driver of awareness of black market online operators.

When asked how they first became aware of black market operators, 13% of respondents cited sponsorship, second only to social media adverts (22%) as a primary driver of awareness. As we show in the report, black market operators use unsolicited messaging apps and social media channels to contact potential players.

In contrast, TV or radio adverts (24%) are the primary driver of awareness of GB regulated operators.

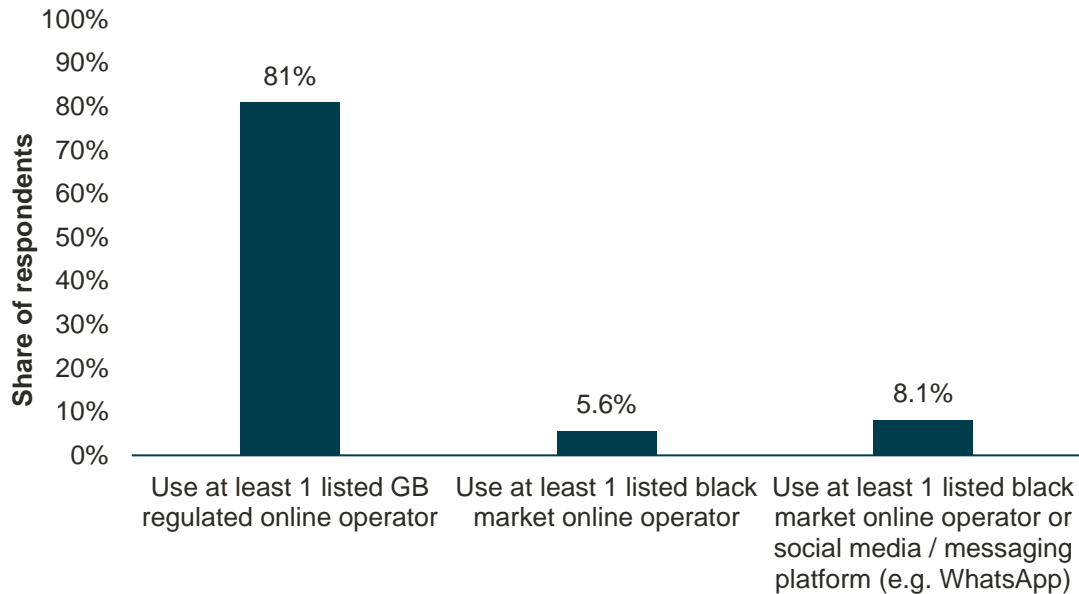
Source: Frontier analysis of survey data; N=6,423

Note: Figures in this chart will not individually, or when summed together total 100%. This chart shows the share of respondents using a listed online GB regulated or black market operator. This does not capture respondents who only used regulated in-person channels to gamble.

1. Figures for the number of people using named online black market sites are based on an estimated 18.8m people gambling over the past year in Britain (excluding those playing only lottery draws).

1 in 12 players use black market sites or social media/messaging apps for some or all of their online gambling. Many more are using VPNs to access gambling websites.

We also asked about other online behaviours that are markers for unregulated gambling: the use of VPNs to gamble, or social media and messaging apps to gamble. There was a broad spread of usage across these channels.



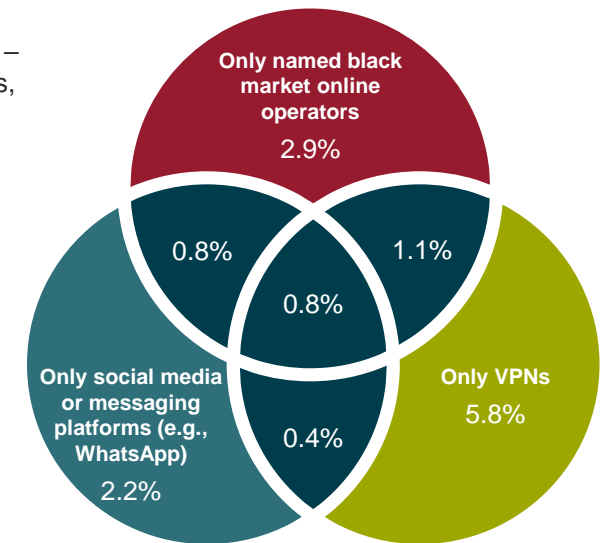
8.1% of gamblers we surveyed (the equivalent of 1 in 12 players) had used at least one black market site or social media / messaging platform to gamble in the last 12 months, equivalent to 1.5 million people.¹

As the diagram below showing the share of players using different black market and less visible channels, these wider behaviours are common.

14% of respondents to our survey (the total area of the Venn diagram below) engaged in at least one online activity that could be linked to less visible, and potentially unregulated channels: the use of a black market operator, the use of social media or messaging platforms to gamble, or the use of VPNs to gamble.

Not all of this is necessarily 'black market' – people may use VPNs for security reasons, rather than to access black market operators, or use social media to gamble socially with friends², for example. However, it is likely that at least some of this behaviour is related to black market gambling.

Taken together, our data suggests that **black market gambling online has high awareness, is easy to find, and is already quite commonly used.**



Source: Frontier analysis of survey data; N=6,423

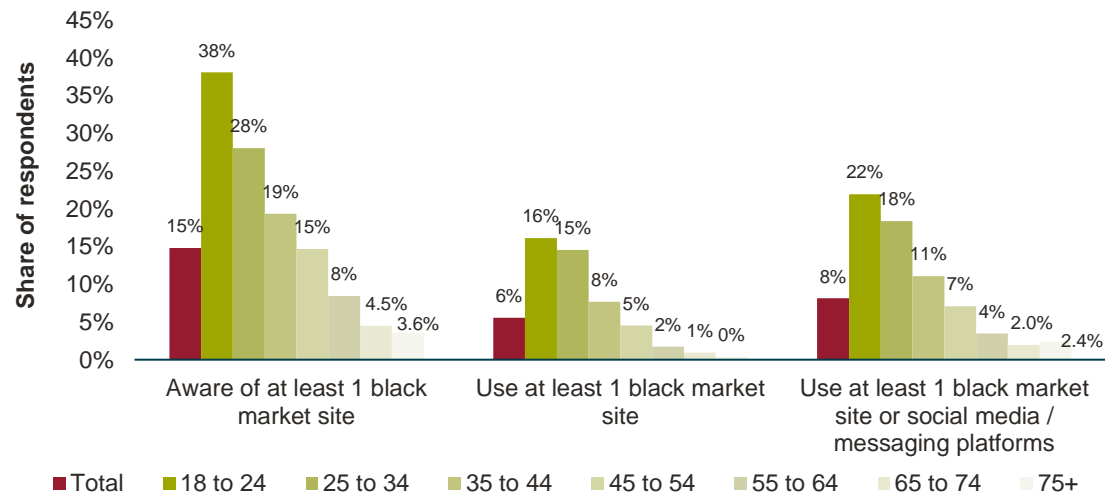
Notes: Figures in the LH chart will not individually, or when summed together, total 100%. This chart shows the share of respondents using a listed online GB regulated or black market operator. This does not capture respondents who only used regulated in-person channels to gamble. Figures in the RH Venn diagram in the overlapping red ('Only named black market online operators') and dark green ('Only social media or messaging platforms (e.g. WhatsApp) circles together sum to the 8.1% figure reported in the LH chart.

1. Figures for the number of people using named online black market sites are based on an estimated 18.8m people gambling over the past year in Britain (excluding those playing only lottery draws).

2. Although our survey specifically asks respondents to exclude social/free money games, and asks separately about their online gambling with friends / family.

Awareness and use of online black market operators is already higher for younger players and heavier gamblers

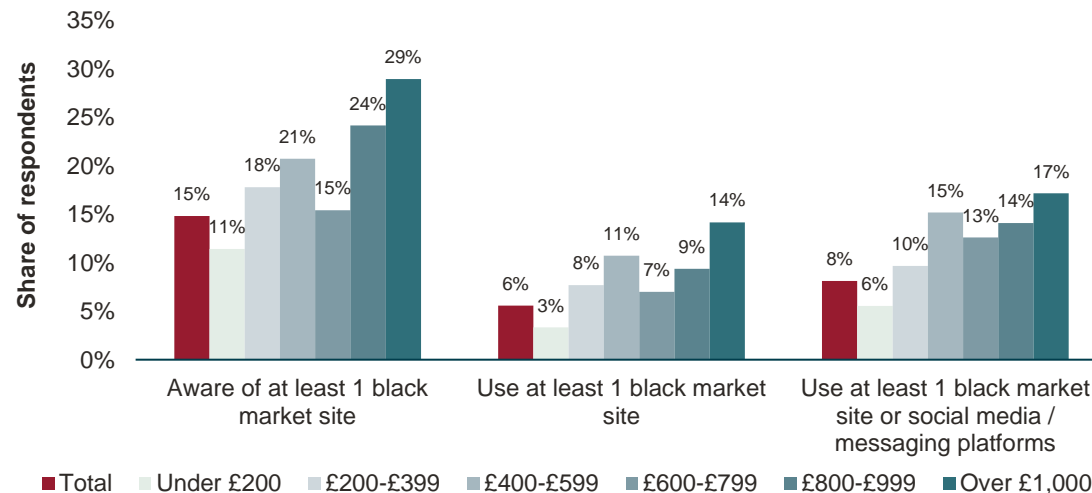
Awareness and use of online black market operators, by age



Younger gamblers are more likely to be aware of and use black market online channels. **More than one in five 18–24 year old gamblers in our survey already use black market online operators or social media / messaging platforms to gamble** – around three times the typical prevalence. We also found much higher use of VPNs to gamble in younger survey respondents.

This suggests important generational shifts, and the scale of the challenge faced by the Gambling Commission in Britain and the UK Government in the coming years to prevent the growth of gambling activity that is not regulated in Great Britain.

Awareness and use of online black market operators, by staked amount



Those who stake larger amounts on average in a month in our survey are also **far more likely than those staking less to be using black market channels**. Again, we also found much higher use of VPNs to gamble among this group.

Source: Frontier analysis of survey data; N=6,423 (age breakdown provided in annex)

We conservatively estimate that £2.7bn is staked annually on the online black market in Britain, equivalent to 2.1% of the amount staked remotely with regulated operators

Our core definition of black market gambling provides a conservative estimate

Drawing on our survey, operator data and secondary data, we estimate the overall size of the black market under different assumptions about which channels of play are included.

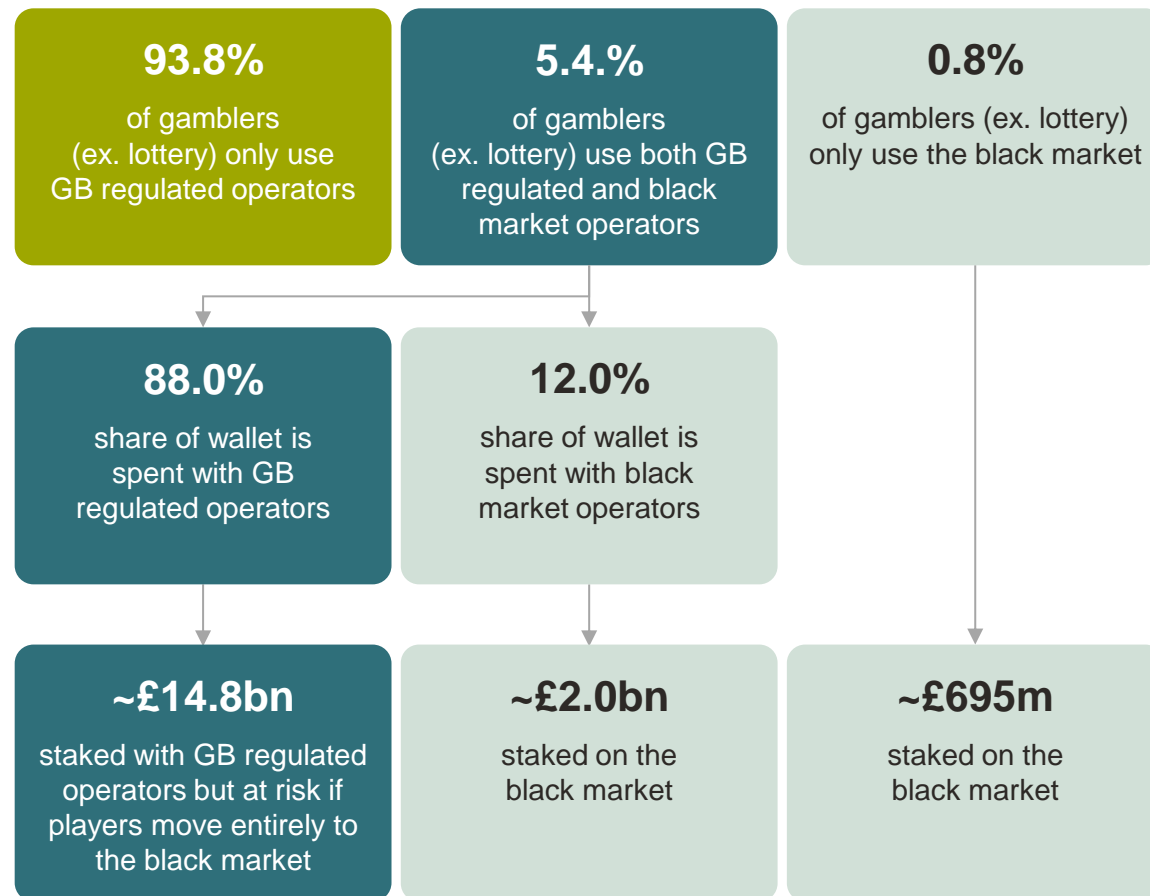
The conservative definition presented here defines black market gambling as:

- those using one or more named online operators not regulated by the Gambling Commission; or
- those using social media or messaging platforms as their **only** form of online gambling.

Only a small percentage of respondents (0.8%) relied exclusively on black market online channels. However, **a far higher share of respondents (5.4%) use black market channels alongside GB regulated operators**. These “multi-homing” users allocate approximately 12% of their total gambling spend to black market channels.

Under this definition, **£2.7 billion is staked with black market operators** each year. This translates to 2.1% of the £128 billion staked in Great Britain with GB regulated remote casino, betting and bingo market operators.

Around £14.8 billion is staked by “multi-homing” players on GB regulated operators. This is **potentially vulnerable** to the black market if players shift a larger share of wallet to unregulated operators.



Source: Frontier estimates based on survey and operator provided data.

Note: The total percentage of respondents using black market channels in this slide (6.2%) is lower than the percentage of respondents using named black market online operators and/or social media/messaging platforms to gamble in slide 7 (8.1%). This is because when calculating black market stakes from social media/messaging platforms, we restrict this to players who used social media/messaging platforms as their **only** form of online gambling. For players using both social media/messaging platforms and other online operators it was not possible to allocate their online spend between the two. We therefore take a deliberately conservative assumption that none of the social media/messaging platform spend for the group using both routes was black market. Note that figures do not sum precisely because of rounding.

The scale of the black market is likely to be higher than this: for example, including in-person spend could take black market stakes up to £4.3 billion

There are reasons to believe the black market is larger than our conservative estimate of £2.7 billion staked

Accounting for in-person black market gambling

At least some black market gambling takes place in person. Our conservative £2.7 billion estimate of stakes only considers online channels.

Our survey captures in-person black market gambling by asking respondents if they placed a real money bet *“in person other than at a casino, betting shop/kiosk, corner shop, arcade or bingo hall”*. **4.4% of all survey respondents, the equivalent of more than 800,000 gamblers in Britain, said that they did.**

This in-person black market gambling could **add a further £1.6 billion in black market stakes**, taking the total black market size to £4.3 billion staked, equivalent to 3.1% of remote and non-remote turnover in Great Britain across casino, betting and bingo.

This estimate of incremental in-person black market gambling is larger than expected. While the reasons for this are unknown, this may be a result of respondents considering betting in person at (e.g. racecourses) to be outside the definition of a betting shop / kiosk.

So, while some of this additional spending may be in genuine black markets, there is a risk of respondent misattribution when assessing what constitutes an “other’ premise”.

We therefore advise treating these estimates of incremental in-person black market spend with caution.

Other reasons why our estimate may understate the size of the black market

- Gambling via social media, messaging and VPNs is likely to have at least some black market element, and was shown to be common in our survey.
- Our survey focused on a list of the prominent online black market operators, validated by regulated operators. There is likely to be a ‘long tail’ of other black market online operators, not included in our survey, and so missing from our estimate.
- We conservatively scale down our black market estimate so that survey responses better match the (smaller) share of heavier gamblers observed in operator provided data. However, this will understate the true share of heavy gamblers in the population, as individual operators will not account for players who gamble with multiple providers.

02

Introduction

The Gambling Commission have been clear that understanding the black market is a priority. This report provides compelling new evidence to help fill that gap.

Context for this report

It's easy to say that gambling black markets must be controlled. But it's harder to know what this really means in practice. The black market is, by its nature, operating under the radar, so knowing where and how it is succeeding in attracting and retaining players is a constant battle.

This report aims to contribute to a shared understanding across industry and regulators on the size of the black market in Britain and its economic consequences. This work has been commissioned by the Betting and Gaming Council.

The recent gambling White Paper¹ acknowledged that the Gambling Commission's ("GC's") information on the size and nature of the gambling black market in Britain was limited. And what limited existing evidence we have is fast becoming outdated given shifts in how players can and do access unregulated gambling providers. The Government response in December 2023² was that the **GC needed to work to improve its knowledge of the black market:**

"The Gambling Commission must continue to work to improve its knowledge of the black market and its ability to monitor the number of British consumers gambling with illegal operators. The Commission should set out its plans to do so in response to this report."

This was reiterated earlier this year by the GC themselves:³

"Research into channelisation has been conducted in other nations but further research is required to confidently estimate the extent of illegal gambling within Great Britain, who is engaging with it."

Broad approach to the study

Recognising that previous estimates of the black market in Britain are now a few years old, and the landscape around gambling (particularly online) is shifting quickly, the report provides **up to date insights on the awareness, use and spend on the black market.**

We draw on a large-scale survey reaching more than 6,000 respondents, covering both the general adult population and stratified samples provided by regulated operators split into heavier and lighter gamblers, reflecting the different behaviours in these groups.

The size and coverage of our survey means we can capture granular insights into the black market, including awareness and use by key demographics like age and overall gambling spend. We also capture those who only use black market channels to gamble, who would be missing from regulated operator customer lists. **Our survey therefore provides vital new insights into the changing use of black market channels for gambling.**

In addition, we received data from 5 regulated operators covering around 60% of the market. This data was combined with survey responses to provide new estimates on the size of the black market.⁴ We also interviewed 3 regulated operators to gather qualitative perspectives on the black market and inform the design of our survey questions.

We are grateful to operators who provided data and consented to interviews, as well as all those who completed the survey. We also thank BMG Research who administered the survey.

1. Department for Culture, Media and Sport (2023), *High stakes: gambling reform for the digital age*. Available [here](#) (accessed: 5 August 2024).

2. House of Commons, Culture, Media and Sport Committee, *Gambling regulation: Second Report of Session 2023–24, Report, together with formal minutes relating to the report*, 13 December 2023.

3. Gambling Commission (2024), *Evidence gaps and priorities 2023 to 2026, Evidence Theme 6: Illegal Gambling and Crime*, Gambling Commission. Available [here](#) (accessed: 5 August 2024).

4. Full details of the survey and approach to estimating the size of the black market can be found in Annex 1.

The report summarises our key findings and insights

The structure of this report

The rest of the report is structured as follows.

- **The regulated gambling market in Great Britain:** We first set the scene on the overall size and shape of regulated gambling activity in Britain today, with details on who plays (and how). This provides the context for where the value sits across the sectors, and therefore where the risks may be from a growing black market. We also briefly set out previous evidence on the scale of black market gambling in Britain as a point of comparison for our findings.
- **The nature of the black market in gambling:** The black market is not one thing, and so here we define and explain the different means through which customers can and do gamble in ways that sit outside the boundaries of online operators and premises regulated by the Gambling Commission. We show evidence and examples of how this has been evolving in recent years, emphasising the need for new evidence which reflects the current landscape.
- **Who uses the black market and how?** Drawing on our large-scale survey, we identify evidence on awareness and use of the black market among key groups. We draw out these important behaviours, including evidence on different ways that people gamble that are markers for black market, and motivations for using unregulated operators to gamble.
- **How big is the black market?** We use data on spend by different types of channel from our survey, and operator provided data, to estimate the size of the black market and how this varies across demographics and gambling verticals (i.e. types of betting or gaming).
- **What are the economic and social costs associated with black market gambling?** We examine the implications of our estimates of the size of the market in terms of lost betting and gaming excise duties.

03

The regulated
gambling market in
Great Britain

Regulated gambling in Britain is an economic success story, with almost £11 billion Gross Gambling Yield reported in the most recent data

The size and shape of the British regulated gambling sector

Regulated gambling is an important economic sector in Great Britain.

Data published by the Department for Culture, Media and Sport estimate that in 2023/24, value added from the gambling sector (a close proxy for the sector's contribution to GDP) was almost £4.2 billion.¹

The gambling industry directly employed around 84,000 people in 2023, up by more than 10% from 2022.²

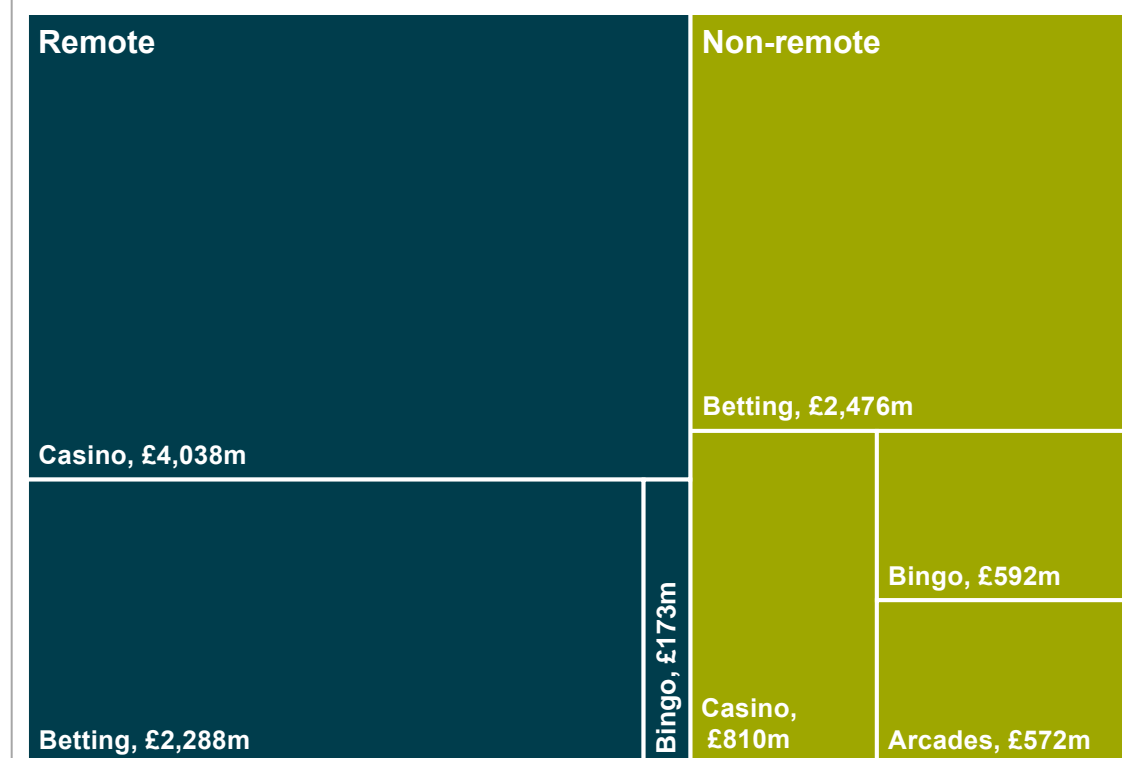
Official statistics published by the Gambling Commission based on data collected from regulated operators shows that, in 2022/23, **£10.9 billion of Gross Gambling Yield (GGY)**³ was generated across different gambling verticals, excluding lotteries. GGY is the preferred measure of operator revenues, equal to the amount staked less the amount paid out in winnings.

Around 60% of GGY (£6.5 billion) was generated in 'remote' gambling – largely online. The other 40% (£4.5 billion) was generated from in-person ('non-remote') gambling.⁴

The shift to online gambling has been rapid. A decade ago, in 2013/14, remote gambling made up just 18% of GGY.⁵

As shown in the chart, the mix of activities within remote and in-person gambling differs. In-person gambling is more heavily dominated by betting (56% of non-remote GGY) whereas online gambling is more heavily dominated by casino (62% of remote GGY).

Gross Gambling Yield by sector, 2022/23 (GB regulated gambling)



Source: Gambling Commission, Industry Statistics - February 2024 - Correction: Official statistics. Available [here](#) (accessed: 5 August 2024). Note non-remote betting includes fixed odds betting terminals (FOBTs).

1. DCMS Economic Estimates: Monthly GVA (to June 2024). Available [here](#) (accessed: 5 August 2024).

2. DCMS Economic Estimates: Employment in the DCMS sectors, January 2023 to December 2023. Available [here](#) (accessed: 5 August 2024).

3. Gambling Commission, Industry Statistics - February 2024 - Correction: Official statistics. Available [here](#) (accessed: 5 August 2024).

4. Non-remote betting includes fixed odds betting terminals (FOBTs).

5. Gambling Commission, Industry Statistics - February 2024 - Correction: Official statistics. Available [here](#) (accessed: 5 August 2024).

Gambling-related excise duties contributed almost £2.5bn to the Exchequer in 2023/24

The tax contribution of the British regulated gambling sector

In addition to the direct economic footprint of Great Britain's regulated gambling sector, further contributions come via excise duties levied on betting and gaming GGY. Duty rates vary by vertical, and whether betting is remote or in-person. As of financial year 2024/25, rates are:¹

- between 5% and 25% for machine games such as fixed odds betting terminals, depending on the cost and prize;
- 10% for in-person bingo;
- 15% for betting (remote or in-person) and pools betting;
- between 15% and 50% for in-person gaming, based on overall gaming GGY for individual operators; and
- 21% for remote gaming (including bingo).

£2.45bn

Betting and gaming duty receipts in the UK for the 2023/24 UK financial year (provisional)

Source: HMRC
Note: Excludes Lottery Duty receipts

Receipts from these duties totalled £2.45 billion in 2023/24, the equivalent of £87 per UK household,² or 0.3% of all tax receipts.

Of the total, around £1.03 billion (42%) came from Remote Gaming Duty, £0.65 billion (27%) from General Betting Duty, and £0.59 billion (24%) from Machine Games Duty.

Total receipts have more than doubled in cash terms since 2010, including a strong recovery in the last two years after a Covid-related dip in 2020/21 (see chart).

HMRC receipts from Betting and Gaming duties

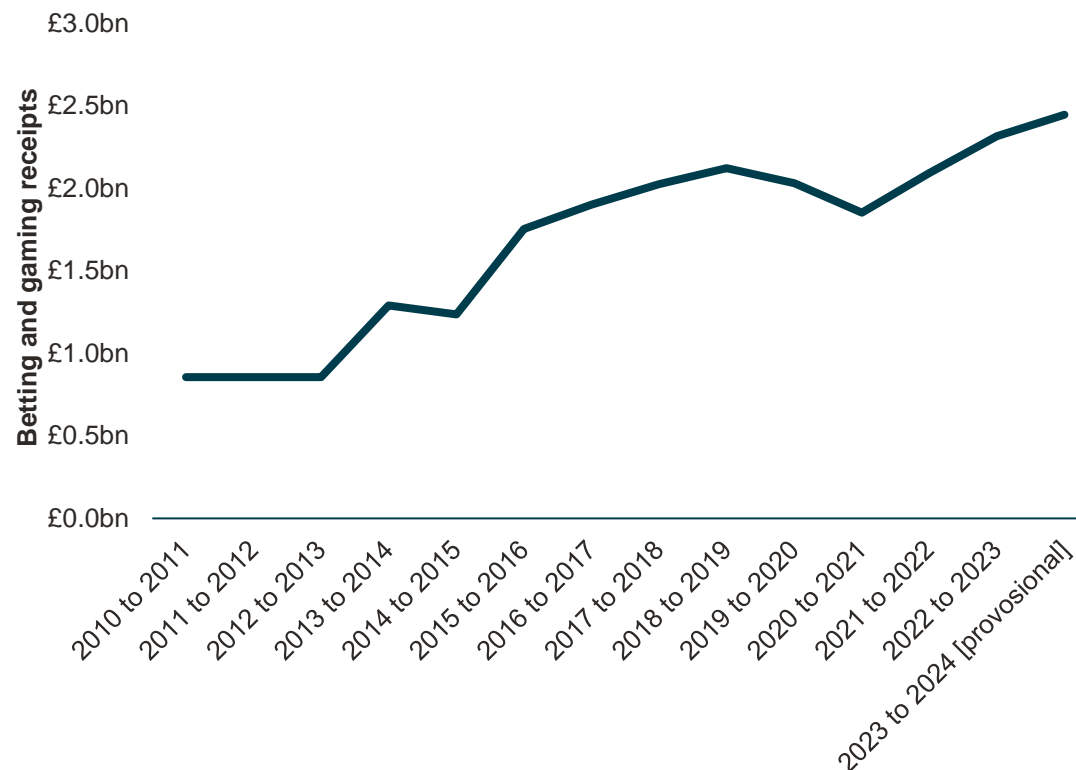


Chart: UK Betting and Gaming Statistics tables (October 2023 to March 2024), published [here](#).

1. HMRC, *Historical UK Betting and Gaming duty rates*. Available [here](#) (accessed: 5 August 2024).

2. Based on an estimated 28.3m UK households in 2023. Source: ONS, *Families and households*. Available [here](#) (accessed: 5 August 2024).

Previous studies have consistently found that the British black market is small relative to other developed gambling markets around the world

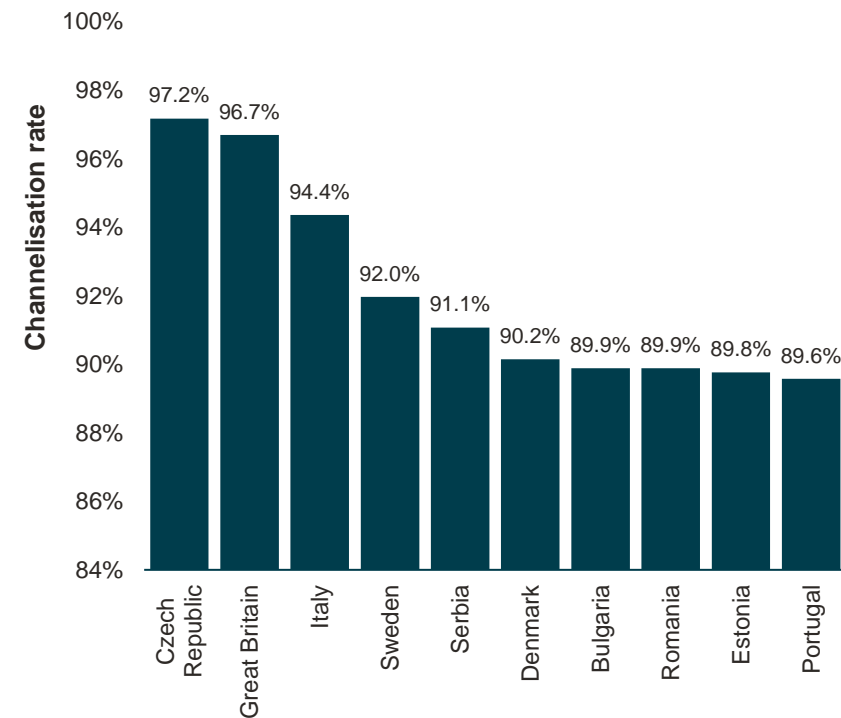
Previous studies of 'channelisation' in countries with developed gambling sectors

Previous studies attempting to measure the black market in Britain have focused on 'channelisation' in the online gambling market – the share of gambling that occurs within the regulated market.

- The most recent estimates for channelisation for online gambling come from a 2023 report by the Danish Gambling Authority.¹ As summarised in the chart, this report found that Britain had among the highest channelisation rates in Europe, at 96.7%, just behind the Czech Republic. Many other European countries had rates around 90% (Portugal, Estonia, Romania, Bulgaria, Denmark, Serbia and Sweden all had channelisation rates between 89.6% and 92.0%).
- This mirrors the findings of a report by the International Betting Integrity Association in 2021, which found channelisation rates for sports betting in Britain were 99%, higher than other comparable countries. For example, Italy was 94% followed by France and Germany on 91%. Australia and Spain were only 76% and Portugal was 66%.²
- Work by PwC for the Betting and Gaming Council in 2021³ noted that the offshore GGY share may be considerably higher in some European countries, compared to the UK. In Norway, this was as high as 66% (where only the state monopoly offered online betting and casino). In Bulgaria and Portugal, both countries facing particularly high rates of effective gambling taxes, it was 47% and 31% respectively.
- Debate continues as to the extent of channelisation in Germany following the State Treaty of Gambling, introduced in 2020. A study commissioned by the Deutscher Online Casinoverband (DOCV) and carried out by the University of Leipzig suggested that channelisation in March 2023 was as low as 50.7%, with 28.9% of usage attributable to unlicensed EU providers, and 19.9% to unlicensed offshore providers.⁴

These previous studies are at least two years old. Much has changed since then, and the ways that consumers access unregulated gambling has evolved. This report builds on the findings of these papers by providing a more up to date and comprehensive estimate of black market usage recognising these shifts in the market and routes of access.

Channelisation estimates by geography (2023)



Source: Spillemyndigheden (2023), Report on Illegal Gambling 2023

1. Spillemyndigheden (2023), *Report on Illegal Gambling 2023*. Available [here](#) (accessed: 5 August 2024).

2. International Betting Integrity Association (2021), *An Optimum Betting Market: a Regulatory, Fiscal and Integrity Assessment*. Available [here](#) (accessed: 5 August 2024).

3. PwC (2021), *Review of Unlicensed Online Gambling in the UK*. Available [here](#) (accessed: 5 August 2024).

4. DOCV (2021), *Eine Analyse der neuesten Entwicklungen des Online-Glücksspielmarktes in Folge des Glücksspielstaatsvertrags 2021*. Available [here](#) (accessed: 5 August 2024).

04

The nature of the
black market in
Great Britain

Regulated and licensed operators in GB are required to comply with provisions around safe play, and pay duties on their net receipts

The requirements associated with becoming a GB regulated gambling operator

Regulated gambling operators in Great Britain must comply with stringent regulations designed to ensure safe and responsible play – requiring ongoing compliance checks and a review of operational changes. Failure to comply can lead to significant penalties.



Player Protection and Responsible Gambling Measures: Operators must implement safeguards to promote responsible gambling, including self-exclusion tools, deposit limits, and time-out periods. They are also required to monitor player behaviour for signs of problem gambling and intervene when necessary.



Anti-Money Laundering (AML) Compliance: Operators must comply with AML regulations by conducting thorough checks on customer identities, monitoring transactions, and reporting suspicious activity to authorities.



Fair Play and Transparency: Licensed operators are required to ensure that all games are fair and that the odds are clearly communicated to players. They must also provide transparent information about terms and conditions, bonuses, and promotions.



Data Protection and Privacy: Operators must safeguard customer data in accordance with UK data protection laws, ensuring that personal and financial information is securely handled and stored.



Contributions to Gambling Harm Prevention: Operators must contribute to initiatives that prevent and treat gambling-related harm. This includes funding research and providing support to affected individuals.



Advertising Standards: Operators must comply with strict advertising guidelines to ensure that marketing materials are not misleading and do not target vulnerable populations.



Tax Obligations: In addition to regulatory compliance, licensed operators are required to pay excise duties, contributing to public tax revenues. These duties include the Remote Gaming Duty, General Betting Duty, and other applicable taxes, which are calculated based on the net profits generated from their operations.



Financial reporting: Operators must maintain accurate financial records and report their financial activities to the Gambling Commission.

We define black market gambling to include online and in-person gambling with those not regulated by the Gambling Commission, excluding smaller scale social games

The definition of the black market used in this report

“Black market operators” are consistently defined by regulators¹ and market reports² as betting and gaming entities operating outside the scope of regulatory approval. The unregulated market will not need to comply with the same protections ensured through the regulation (see previous slide) which can be appealing to some players, e.g. those trying to bypass self-exclusionary measures.

However, not all gambling activities outside this regulatory framework are considered part of the black market, nor are they always conducted illegally. We categorise the unregulated market into three types (see the bottom row of the figure, right), the first two of which form our definition of the black market for the purposes of this report.

- **Unregulated operators:** These entities operate without any official regulatory oversight, either in Great Britain or overseas. Considered part of the black market, they offer little to no player protections or accountability, which poses significant risks to players. This category includes websites that are illegal in Great Britain and may use offshore servers to avoid detection, as well as less formal, messaging-based betting channels.
- **Regulated elsewhere but not in GB:** Some operators are regulated in other jurisdictions but not in Great Britain. Players engaging with these operators might face different levels of consumer protection compared to those regulated by the Gambling Commission. While the sites themselves are not necessarily illegal, the provision of their services to British players is, thereby making them part of the British black market.
- **Informal gambling:** This refers to unregulated betting and gaming in social or private settings, like private poker games or small-scale sports betting. Where this falls below the requirements for regulation, it is not considered in the scope of the black market.



1. For example: House of Commons; Culture, Media and Sport Committee. (2023) Gambling-related harm. Available [here](#) (accessed: 5 August 2024).

2. For example: PwC. (2021) *Review of unlicensed online gambling in the UK* [Online]. Available [here](#) (accessed: 5 August 2024).

Black market gambling occurs through increasingly accessible channels, which have informed our approach to this study

Black market gambling in Britain is not a new phenomenon, but the channels through which players can access it are becoming increasingly accessible and difficult to regulate. The online channels are particularly important given they account for the largest proportion of gambling stakes and offer the greatest potential for growth.

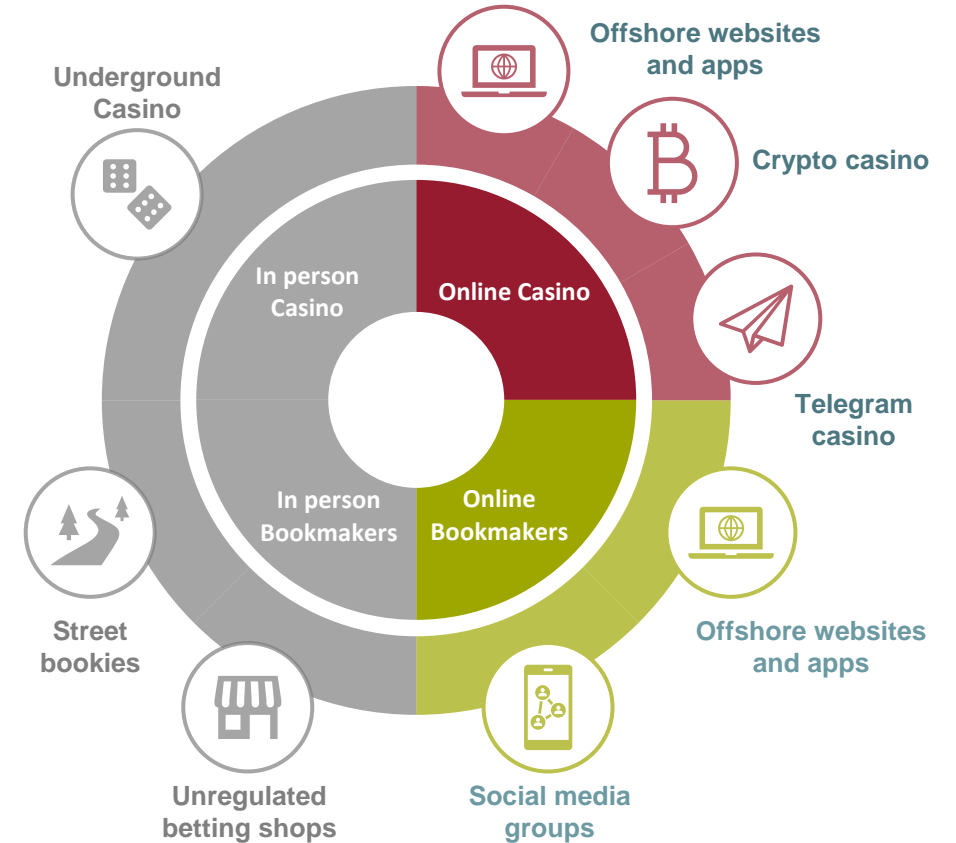
The types of online channels used by the black market

As well as the more traditional websites, there are new ways to engage with black market gambling online such as playing with cryptocurrencies, messaging platforms and social media groups:

- **Offshore websites and apps:** These platforms, used by both online casinos and bookmakers, operate outside of the Gambling Commission's jurisdiction in Great Britain, bypassing local regulations. These websites and apps often look like standard gambling sites, but without the same regulation protecting players. Some platforms also mimic more traditional mobile games (such as solitaire or pool) and are pitched as "skill games" rather than "gambling".
- **Cryptocurrency and Telegram casinos:** Leveraging cryptocurrency and encrypted messaging apps like Telegram, these casinos offer anonymity and secrecy, making them harder to trace.
- **Social media groups:** Organised betting communities on platforms such as WhatsApp that in principle reach a scale under which they should be regulated.¹

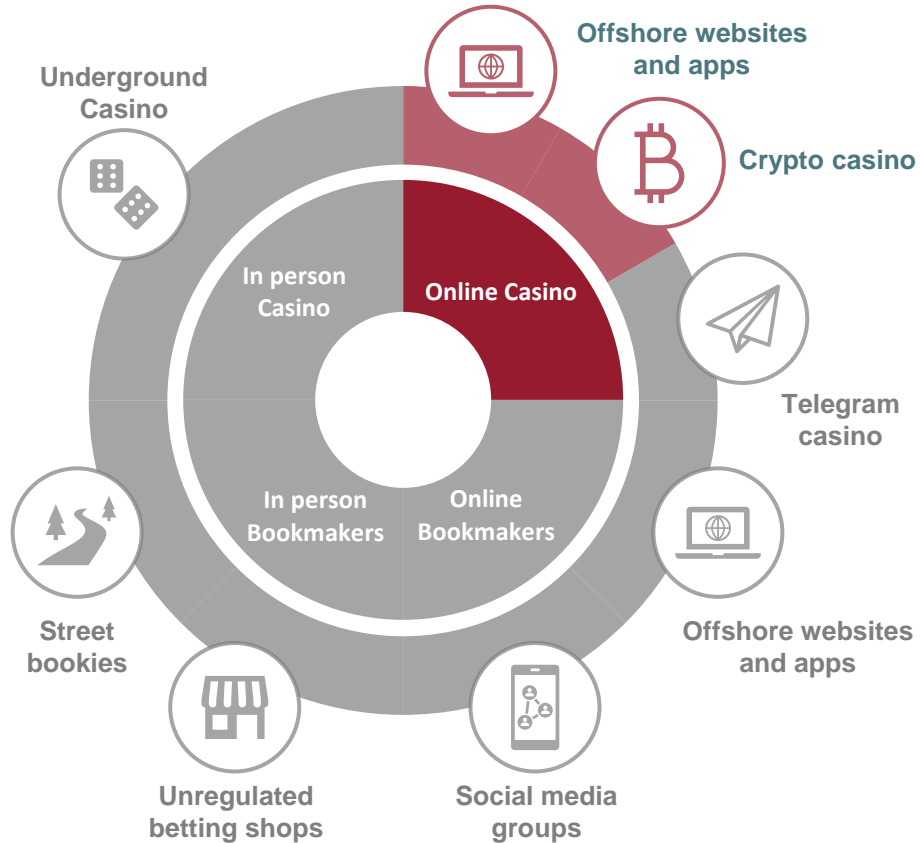
Offshore websites and cryptocurrency casinos typically hold licences elsewhere but are not regulated in Great Britain by the Gambling Commission (see examples on the following slide). Often, Virtual Private Networks (VPNs) are used to evade geographic restrictions, enabling British gamblers to access platforms blocked in GB but regulated in other countries.

The use of increasingly accessible channels to access the black market has informed our approach to this study: we attempt to measure ways of accessing gambling services as well as the use of known black market operators.



1. The Gambling Commission states that: "If you provide facilities for remote gambling (online or through other means), and advertise to consumers in Britain, you will need a licence from the Gambling Commission". Available [here](#).

Offshore websites and cryptocurrency casinos typically hold licences outside the EU, but are not regulated in Great Britain by the Gambling Commission



Offshore websites and apps not regulated by the Gambling Commission

Our survey asked customers whether they were aware of, or used, one or more of a list of 11 UK regulated operators; 14 operators that were not GB regulated; and 2 “fake” operators.¹

The list of non-GB regulated operators was compiled by Frontier, with input and guidance from the wider set of regulated operators and other industry experts. The list attempted to include the most popular and most relevant sites not regulated in Great Britain. However, whilst we listed many of the sites we believed to be popular currently with UK players, we are also aware that there is a “long tail” of black market sites that we will have missed. For example, a search for “*best non GAMSTOP casino*” typically leads potential players to affiliate websites that provide many examples of such sites.

As shown below, some sites also seemed to encourage UK customers to play by finding a way around these geographical restrictions.

Example: Advice from an operator on how to open an account from the UK

How to open an account from UK

Waiting to regularize its position in the UK, [redacted] has momentarily removed “UNITED KINGDOM” option from the drop-down menu of the supported countries. The only way to register and then subsequently find “UNITED KINGDOM” in your profile is as follows:

1. Find a way to access [redacted] website;
2. Tap on → “REGISTRATION” button;
3. Select the “ONE-CLICK” option;
4. Select “SCOTLAND” and “EUR”;
5. Enter [redacted] as a promo code;

1. The “fake” operators were included to test whether survey respondents were able to recall accurately the sites they had used – anyone saying that they had used a fake operator was then not included in the results we report and discuss here.

Social media and high profile sponsorships are used by black market operators to gain awareness

The drivers of black market awareness

Black market operators leverage a range of marketing strategies and product features that give them a competitive edge over regulated operators.

Black market operators use **sponsorship as a key awareness driver**. Our survey shows that sponsorship is a significant factor in making players aware of black market operators, with 13% of respondents identifying it as their first point of contact. This is second only to **social media adverts** (22%) and contrasts with the primary driver of awareness for GB regulated operators, which is TV or radio adverts (24%).

Sponsorship opportunities with leading football clubs are one example of this. Clubs have been reminded by the Gambling Commission that sponsorship arrangements may constitute advertising unlawful gambling if the remote gambling activity isn't blocked to British consumers.

Sponsorship deals elsewhere (e.g. with major European clubs) can also drive awareness amongst British players. This poses a challenge as these sites (which for example may be available and licensed to operate in other geographies) are not bound by the same regulation in Great Britain and unavailable here.

Q. For each of the following operators you said you were aware of, how did you first hear about them?

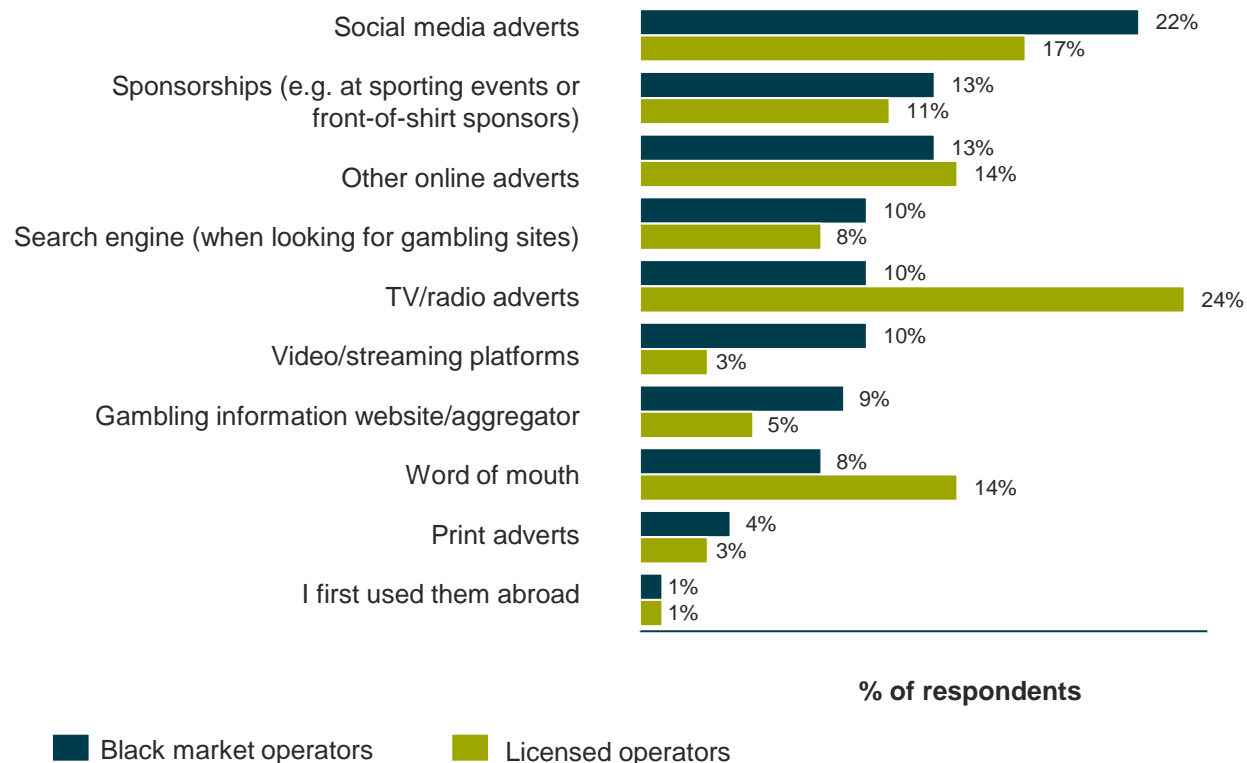


Chart: Frontier analysis of survey data; This question was asked to everyone that had heard of at least one operator and for each operator they had heard of. In total there were 1,061 and 8,114 responses for black market and licensed operators respectively.

Black market online operators may in some instances target players with direct marketing without player consent – while regulated operators do not

The marketing channels available to and used by GB regulated and black market operators

Gambling advertising to British consumers is highly regulated. Operators with a Gambling Commission licence must comply with two codes overseen by the Advertising Standards Authority:

- the UK Code of Broadcast Advertising (chapter 17) – which applies to all adverts and programme sponsorships on radio and television; and
- the UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing (chapter 16) – which applies to non-broadcast adverts, sales promotions, and direct marketing communications.

The advertising codes aim to ensure that all direct marketing communications from regulated gambling operators are responsible, do not target vulnerable individuals, and are sent only with explicit consumer consent. For example, ads cannot be placed in media primarily aimed at under-18s or feature sports figures that are widely recognised by younger audiences. Furthermore, ads must not present complex bets or gambling products in a way that emphasises skill, knowledge, or intelligence, as this could create misconceptions about the level of control or risk involved.

Black market operators breach these rules by sending unsolicited marketing messages without player consent. This includes emails, SMS and messaging app messages, and social media ads sent to individuals who have not opted in. They often target problem gamblers, including those who have self-excluded through tools like GAMSTOP, amplifying the potential harm.

Strict rules also govern promotions like free bets and bonuses, requiring clear terms and conditions, particularly around wagering requirements. By contrast, black market operators often attract customers with seemingly generous bonuses, which later reveal hidden conditions, such as requiring multiple rollovers before withdrawals are allowed. In some cases, "no deposit" free bets require a deposit before any withdrawal can occur.

In 2022, the *Racing Post*¹ reported that, after signing up with three black market betting firms, the reporter received “a blizzard of marketing initiatives” via text and email offering free spins, time-limited bonuses of up to 400%, and entry to high-stakes tournaments. Two of the operators even made phone contact via a "personal manager" offering "personalised gifts" to the customer. The reporter also in these calls noted the operators disregard for the warning signs of gambling related harm.

1. Inside the black market, The Racing Post. Available [here](#) (accessed 5 August 2024).

Example: Player targeting by black market operators

We have been provided with examples of gamblers being directly targeted by black market operators in different ways.

These include Instagram (see left below) and directly via text by operators offering extremely generous welcome bonuses, and simultaneously highlighting their non-GAMSTOP status.



While some sites highlight their non-GAMSTOP status, others try to be indistinguishable from regulated sites which means players are often unaware whether the operator they are signing up with is regulated or not. Our survey found **54% of people that have used a named black market operator say that, as far as they were aware, they have not gambled with an unregulated site.**

Players are attracted to the online black market through enhanced features that regulated operators do not offer

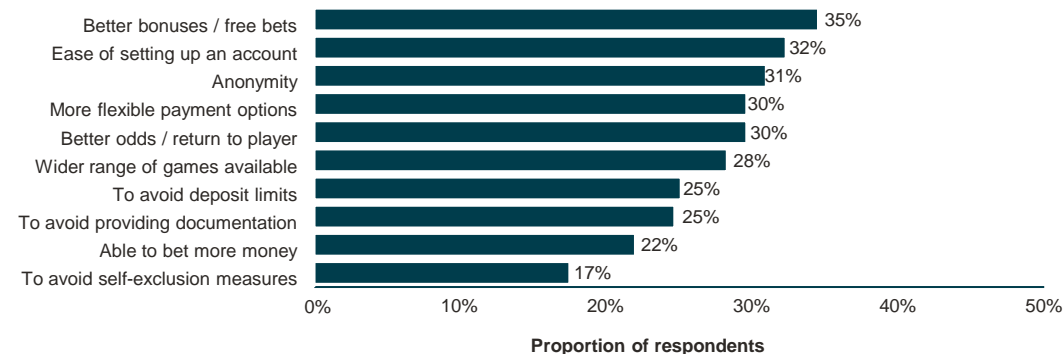
The drivers of black market usage

Turning awareness into usage requires operators to provide appealing product offerings and black market operators are no exception. Players who said they thought they used at least one unregulated operator were asked directly about their reasons for doing so (see top chart). The availability of better bonuses/free bets and improved odds were important factors, along with other broad drivers of operator choice such as convenience when it comes to payments and accounts. In addition, many users of black market operators selected options that regulated operators do not offer such as anonymity; avoiding providing documentation; being “able to bet more money with this operator” (which may relate to stake limits); and avoiding self-exclusion measures.

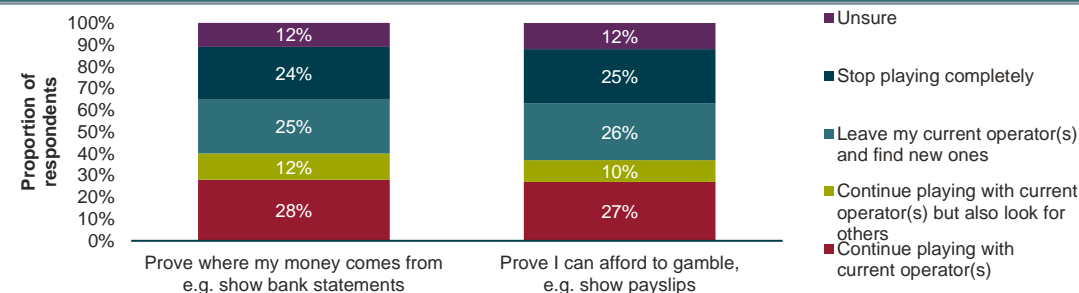
- Anonymity and Reduced Controls:** Black market operators offer levels of anonymity and fewer restrictions that regulated operators cannot match, making them particularly attractive to players who want to avoid regulatory checks and limits. Our survey finds that a quarter of players would leave their current operators and look for new ones if they were asked to either prove where their money came from or that they could afford to gamble (see bottom chart).
- "Non-GAMSTOP" Status:** Many black market operators and affiliate websites promoting them openly highlight their "non-GAMSTOP" status, appealing to those seeking alternatives to regulated platforms. These specifically target players who have self-excluded, who are likely to have done so to control or prevent themselves from experiencing gambling-related harm.¹

Research by Yield Sec found that signing up to a black market gambling site and placing a first bet can take under 30 seconds, compared with around 12 minutes with a regulated UK operator.² We have seen evidence of unregulated sites being advertised on Instagram, where players are able to open the site, deposit and play, without ever leaving the Instagram app.

Q. You said you used at least one operator you believe to be unregulated. Please select the 3 most important reasons you chose to use this/these gambling operators?



Q. How likely would you be to use a different gambling operator if your current operator(s) limited your play in the following ways?



Top chart: Frontier analysis of survey data; N=223. Of the 358 individuals using a named black market operator, only 223 answered this question. The remainder did not believe they were betting with an unregulated operator. Bottom chart: Frontier analysis of survey data; N=6,423

1. These customers are likely to be particularly vulnerable, since (i) once someone has opted into GAMSTOP, they cannot cancel their self-exclusion until the chosen minimum period has expired; and (ii) “the majority of GAMSTOP registrants (55%) chose to exclude themselves for five years, the maximum period available”. Available [here](#).

2. UK operators must conduct strict identity and age verification checks to prevent problem gambling and fraud which drives up registration time. Available [here](#).

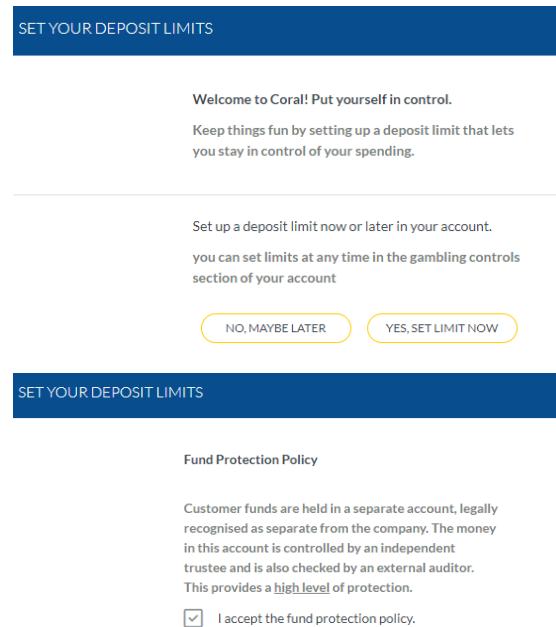
In contrast, GB regulated sites typically offer stricter introductory bonuses, specify no credit cards, and provide prominent player safety reassurances

Example: Signing up and depositing using a credit card with a GB regulated operator

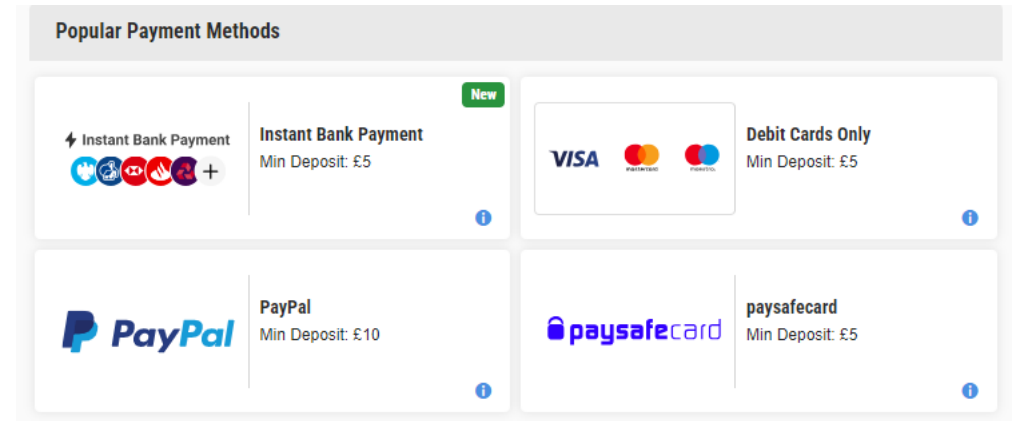
- 1 **The initial registration screen:** Featuring a less generous sign-up offer compared to the black market site




- 2 **The registration process:** Where the customer on signing up is immediately invited to set deposit limits, and is reminded of the site's "fund protection policy".



- 3 **Not offering payments by credit card:** Another GB regulated site we accessed provided only four different "popular payment methods" and highlights that deposits using Visa or MasterCard are to be made using "Debit Cards Only".



- 4 **Player protection reassurances:** The site clearly displayed GAMSTOP, Gambling Commission and other accreditations.



Source: Coral and Ladbrokes. [Accessed 13 September 2024].

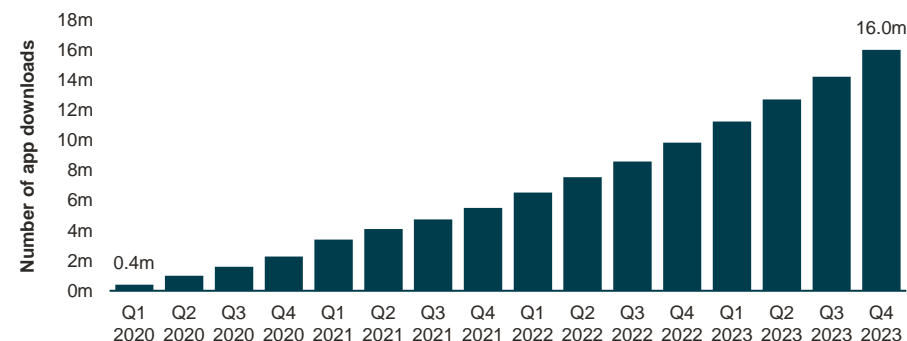
Online black markets are expected to continue to grow as new technologies facilitate the ease with which they can be accessed

Technological shifts facilitating black market growth

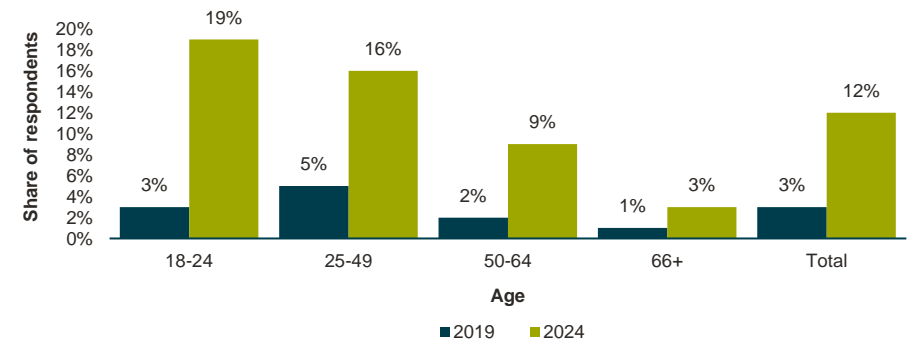
The online landscape is rapidly evolving. New technologies and growing access to players are providing black market operators an opportunity to expand their reach.

- Messaging platforms facilitating gambling:** Messaging platforms like Telegram are rapidly increasing in popularity with 16m downloads by the end of 2023 (see upper chart). This coincides with its evolution from providing basic communication tools into comprehensive ecosystems that facilitate a wide range of activities, including unregulated gambling. Even the more traditional messaging platforms such as WhatsApp facilitate unregulated gambling as people can easily send their ‘bookmaker’ a message to place a bet.
- Cryptocurrency casinos:** The rise in cryptocurrency usage, which has been particularly acute among younger people (see lower chart), has further fuelled the growth of unregulated gambling. Users can now access online cryptocurrency casinos through Telegram, leveraging the platform’s ability to offer anonymity and ease of transaction. Additionally, VPNs which according to a recent survey have been used by 47% of adults (and 54% of 16-24 year olds)³, enable users to bypass geographical restrictions and access website-based cryptocurrency casinos that might otherwise be blocked in their regions. This is enabled by cryptocurrency casino accounts being sold on more mainstream social media sites such as Facebook which allow users to bypass geographical restrictions as GB regulated sites are not allowed to offer cryptocurrency based deposits to GB based players.⁴
- Rebranding and evasion tactics:** Black market operators can easily rebrand or create new identities to evade detection and continue operating. Off-the-shelf gambling platforms enable these operators to quickly launch sites that appear legitimate. New brands frequently emerge, often mimicking regulated sites, which blurs the lines and increases the risk of players unknowingly engaging with unregulated platforms. This ongoing rebranding and the constant appearance of new brands contribute to market opacity, heightening the risk of harmful gambling behaviours.

Cumulative Number of Telegram app downloads in the UK ¹



Proportion of people to have bought cryptocurrencies in the UK ²



1. AppMagic, *Number of WhatsApp, Telegram, and Signal mobile app downloads in the United Kingdom from 1st quarter 2020 to 4th quarter 2023*. Available [here](#) (accessed: 15 August 2024).

2. YouGov, *How many Brits have bought cryptocurrency?*. Available [here](#) (accessed: 15 August 2024). Note that data for 30–49-year-olds was not published by YouGov

3. YouGov, *UK VPN extension usage – Who uses it and why?*, (2024). Available [here](#).

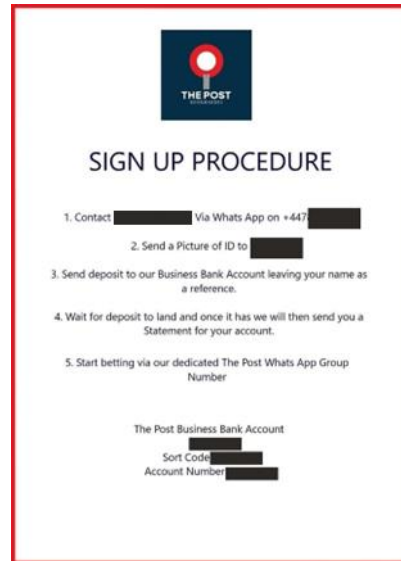
4. Sky news *Access to illegal crypto casino sites for sale on Facebook and Discord for as little as £8*. Available [here](#) (accessed; 15 August 2024).

There are several notable examples of the growth of WhatsApp based gambling, and the use of Telegram casinos not regulated in Great Britain

Example: WhatsApp betting

Earlier this year, the *Racing Post* published details of conversations it had with “a senior figure in an illegal bookmaker that claims to have more than 1,000 customers” in advance of this year’s Cheltenham festival.¹

This was a tailored offer, offering the most competitive odds across four UK regulated bookmakers; price boosts; referral bonuses and unlimited matched deposits. Everything was carried out via WhatsApp, and reassurances were given that the identify of customers can and would remain anonymous.



Example: Telegram casinos

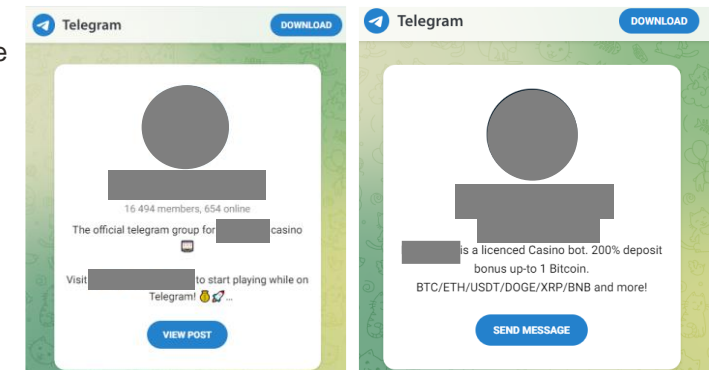
Telegram casinos are again not difficult to find, with simple searches such as “best Telegram casinos UK” allowing players to identify the latest operators, with recommendations often linked to broader cryptocurrency forums such as cryptonews.com.

These forums highlight both the pros and cons of Telegram casinos, including anonymity (“*Gambling on Telegram offers complete anonymity. Most Telegram casinos will allow players to start without an account, avoiding the collection of personal data and bypassing KYC policies*”);² ease of depositing and withdrawing funds; and the “*huge bonuses for new players*”.²

It is noted that Telegram casinos are not heavily regulated (“*Due to minimal regulatory oversight, users have fewer avenues for recourse in the event of disputes or fraud. Without regulatory guarantees, there is no assurance that winnings will be paid out promptly or at all – so always make sure you play at a licensed casino*”).² However, the local licensing requirements are not discussed.

Leading Telegram casinos typically compete using competitive sign up offers, and by reassuring users that they are joining a broad network of players – see examples opposite.

Many Telegram casino’s such as this offer both casino games (including live casino) and sports betting options.



1. Racing Post, *Revealed: the racehorse owner fronting an illegal bookmaker with more than 1,000 customers* (25 February 2024), available [here](#).

In-person black market channels often remain hidden, but they can be large-scale and pose significant risks to player safety

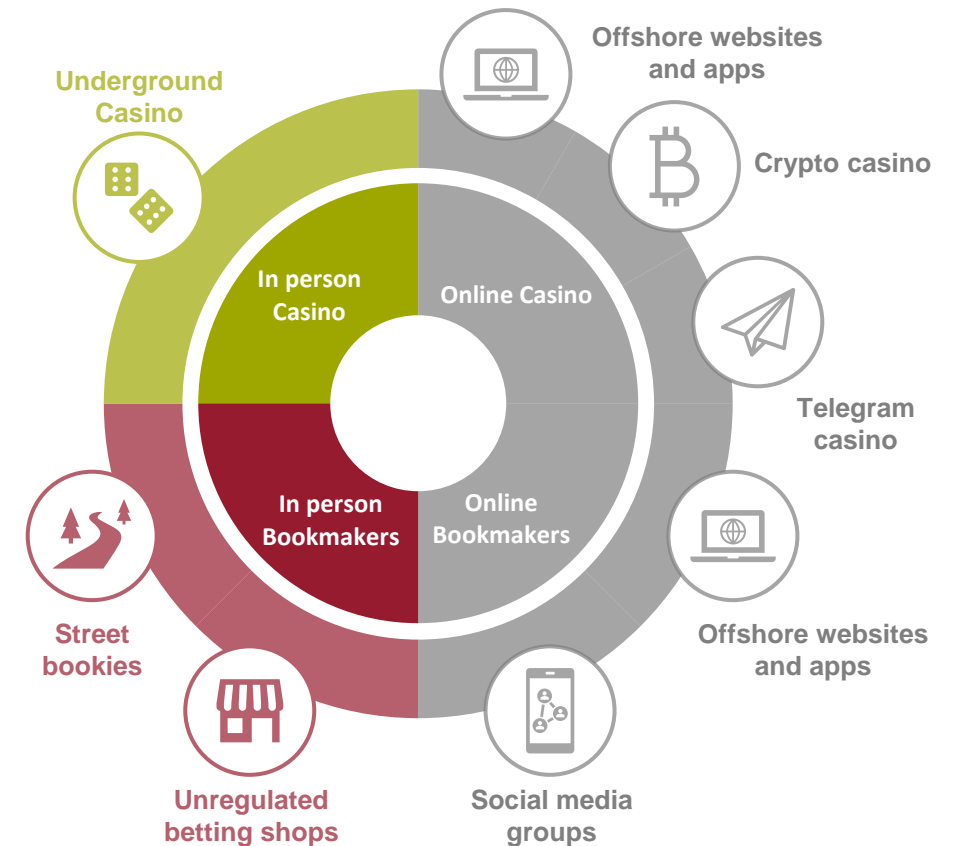
The types of in-person channels used by the black market

While online channels dominate the black market gambling landscape, traditional in-person black market channels continue to operate, posing significant risks to both consumers and the regulated industry.

- **Underground Casinos:** These secretive venues offer unregulated gambling experiences that bypass all regulatory standards. Recent police enforcement actions, such as the one in South Wales in March 2024¹, highlight the ongoing issue of illegal gambling dens operating under the radar. These operations not only endanger player safety but also evade taxation and contribute to criminal activity.
- **Street bookies / Unregulated betting shops:** These in-person operators function without proper regulation, often ingraining themselves within local communities. An investigation by the Racing Post has revealed how black market bookmakers solicit business at major events, such as Cheltenham, further illustrating their pervasive presence in the British gambling landscape.²

The clandestine nature of these channels makes them difficult to track and measure. Unlike online platforms, which leave digital footprints, in-person operations rely heavily on word-of-mouth and local networks, making enforcement and monitoring challenging. This has informed our approach to this study, where we have attempted to measure unregulated in-person gambling by asking respondents if they placed a real money bet “*in person other than at a casino, betting shop/kiosk, corner shop, arcade or bingo hall.*” This method aims to exclude regulated in-person channels and capture black market gambling activity, though its success depends on respondents' interpretation.

Although they are, by definition, hard to find and not often uncovered, when they are, these operations can be significant and large-scale, involving substantial sums of money and organised crime networks. Therefore, the in-person black market remains a critical area of concern. It operates without the oversight of the Gambling Commission, leading to significant tax revenue losses and posing serious risks to player welfare.



1. South Wales Police, *Illegal gambling den raided as part of national police intensification against fraud*, March 2024. Available [here](#).

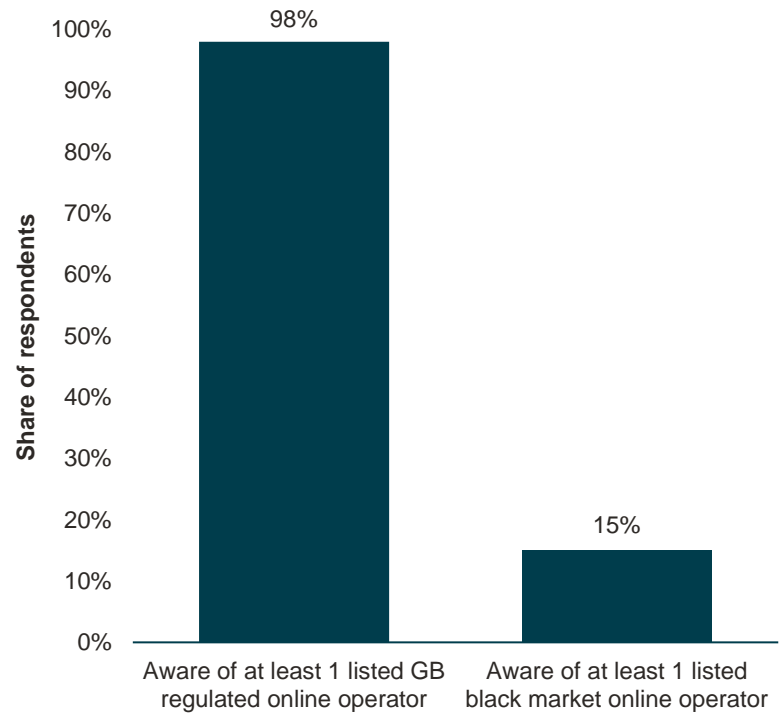
2. Racing Post, *How black market bookies have spread through racing - and even solicit business at Cheltenham*, February 2024. Available [here](#).

05

Who uses the black market and how?

There is already broad awareness among consumers of unregulated online operators with 1 in 6 players recognising at least one named black market brand...

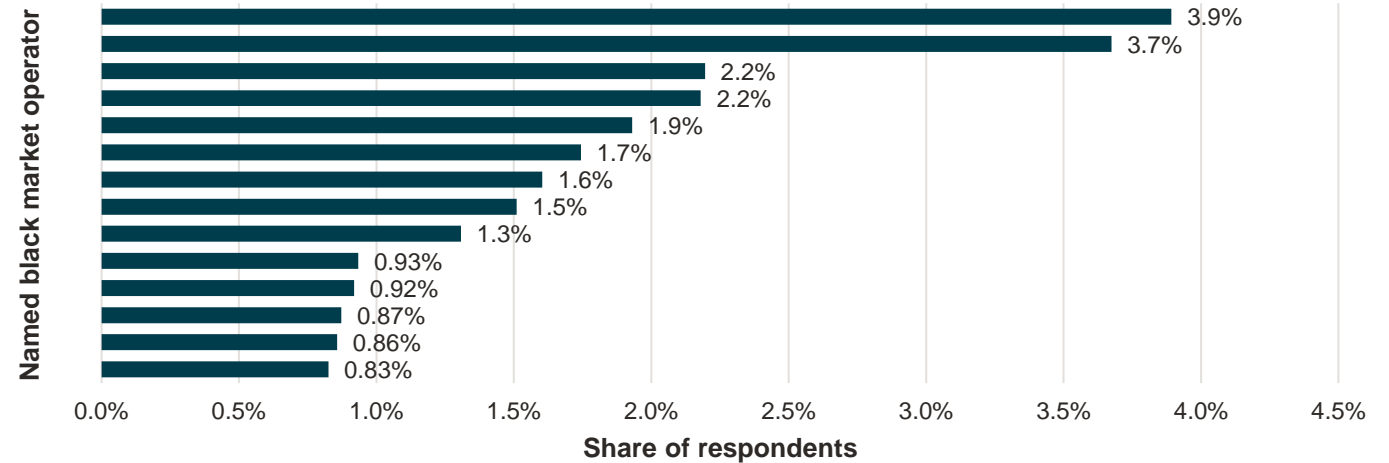
Proportion of respondents that are aware of named black market online operators vs. named GB regulated operators



To assess engagement with the online black market, we first gauged awareness and usage of specific black market operators. These operators were identified through comprehensive desk research and informed by insights from GB regulated operators and industry experts.

The previous section showed that black market sites are not hard to find. This was confirmed by our survey which showed that 15% of gamblers (c.2.8 million people¹) had heard of at least one of the black market sites listed.²

Proportion of respondents aware of named black market online operators



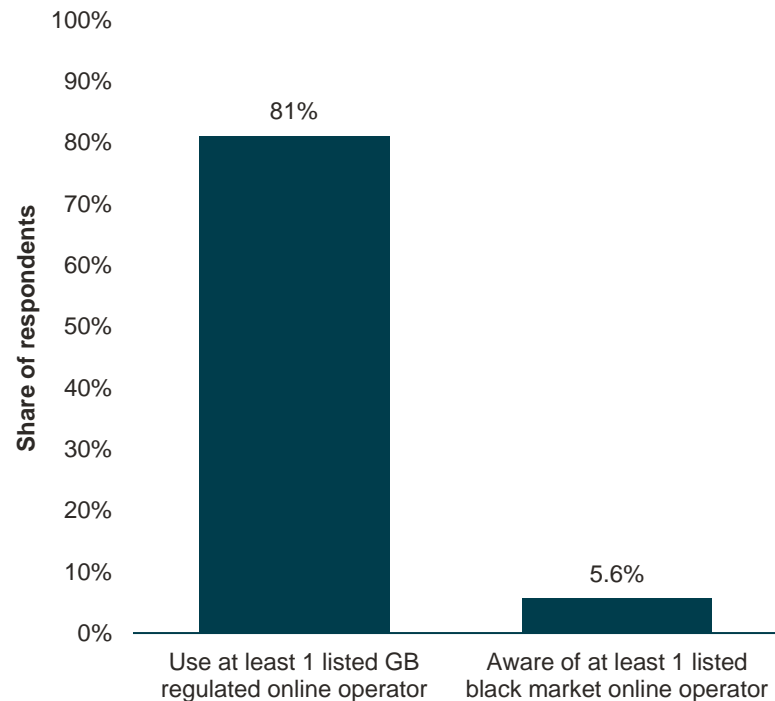
Charts: Frontier analysis of survey data; N=6,423

Note: Figures in the left chart will not individually, or when summed together total 100%. This chart shows the share of respondents aware of specific named online GB regulated and black market operators. Some respondents were aware of at least one operator in both groups.

- Figures for the number of people aware of online black market sites are based on an estimated 18.8m people gambling in Britain over the past year (excluding those playing only lottery draws). These estimates have not been adjusted to reflect the potential over-sampling of higher spending players in our survey.
- This however may understate the true level of black market site awareness, as there is a "long tail" of similar sites not suggested to survey respondents.

...and 1 in 18 surveyed players going on to use these sites for some or all of their gambling

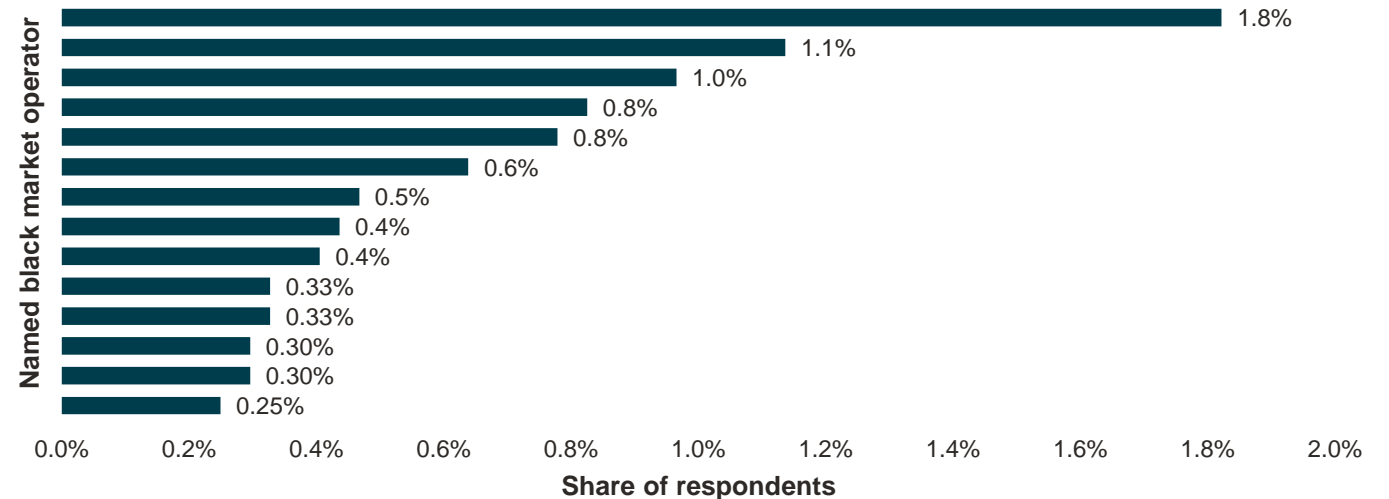
Proportion of respondents that use named black market online operators vs. named GB regulated operators



Our survey went on to show that there was a broad spread of usage across these named sites, with 5.6% of gamblers (c.1.0 million people¹) having used one or more of the named sites below to gamble online over the past 12 months.²

The most widely used black market site was used by 1.8% of all gamblers surveyed. Notably, there were 0.8% of gamblers (c.150,000 people) using “a *cryptocurrency casino*” for some or all of their gambling.

Proportion of respondents using named black market online operators



Charts: Frontier analysis of survey data; N=6,423

Note: Figures in the left chart will not individually, or when summed together total 100%. This chart shows the share of respondents using a listed online GB regulated or black market operator. This does not capture respondents who used regulated in-person channels to gamble..

1. Figures for the number of people aware of online black market sites are based on an estimated 18.8m people gambling in Britain over the past year (excluding those playing only lottery draws). These estimates have not been adjusted to reflect the potential over-sampling of higher spending players in our survey.

2. This however may understate the true level of black market site awareness, as there is a “long tail” of similar sites not suggested to survey respondents.

Higher spending players are far more likely to be aware of and use black market online operators than the ‘average’ player...

Our survey was designed in a way that allowed us to clearly understand any differences in black market awareness and usage between different sub-segments of the broader gambling player base. These relationships are explored further in the following section.

1. The relationship between the amount staked and black market usage

The results show a clear trend: gamblers who stake larger amounts with GB regulated operators are far more likely to be aware of, and engage with, black market online operators.

- **Players staking less than £800 a month¹:** 13% were aware of one or more black market online operators and 4% had used one or more black market online operators.
- **Players staking more than £800 a month¹:** 28% were aware of one or more black market online operators and 13% had used one or more black market online operators.

By dividing usage by awareness, we can also compare the ‘conversion rate’ for black market operators. This shows conversion rates into usage are lower for those staking less than £800 a month (34% of those aware of the black market also used it), compared to those staking more than £800 a month (where 47% of those aware of the black market used it).

Proportion of respondents that are aware of and use named black market online operators, by amount staked a month

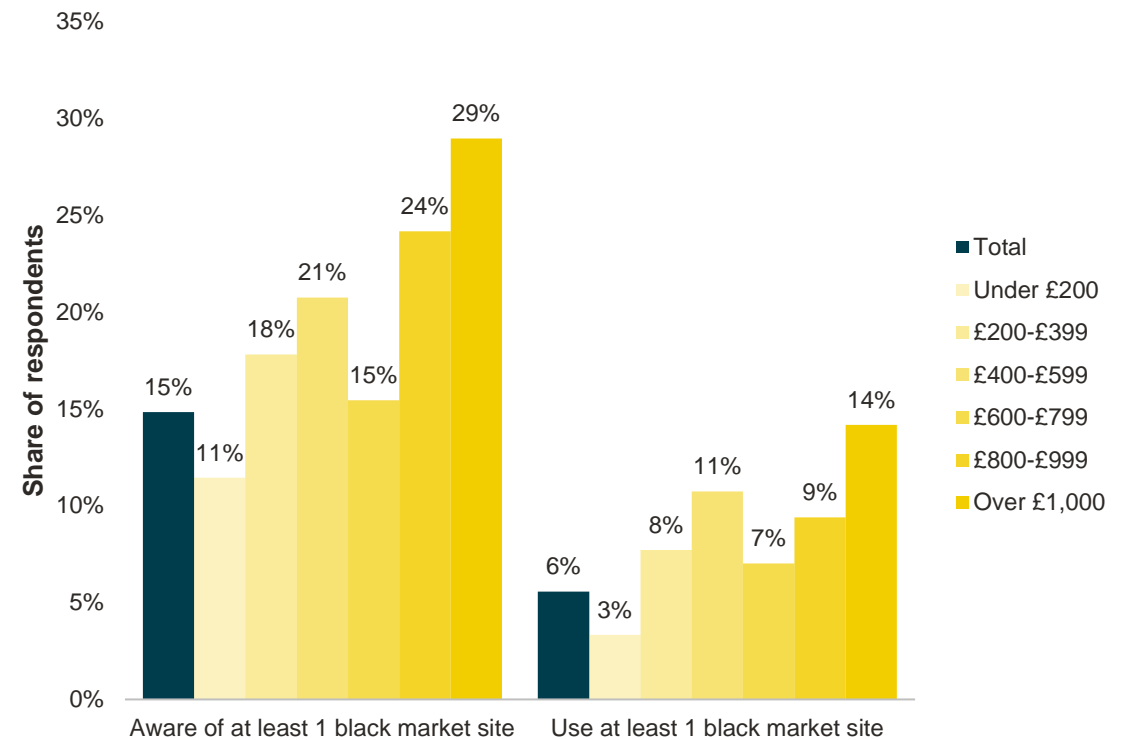
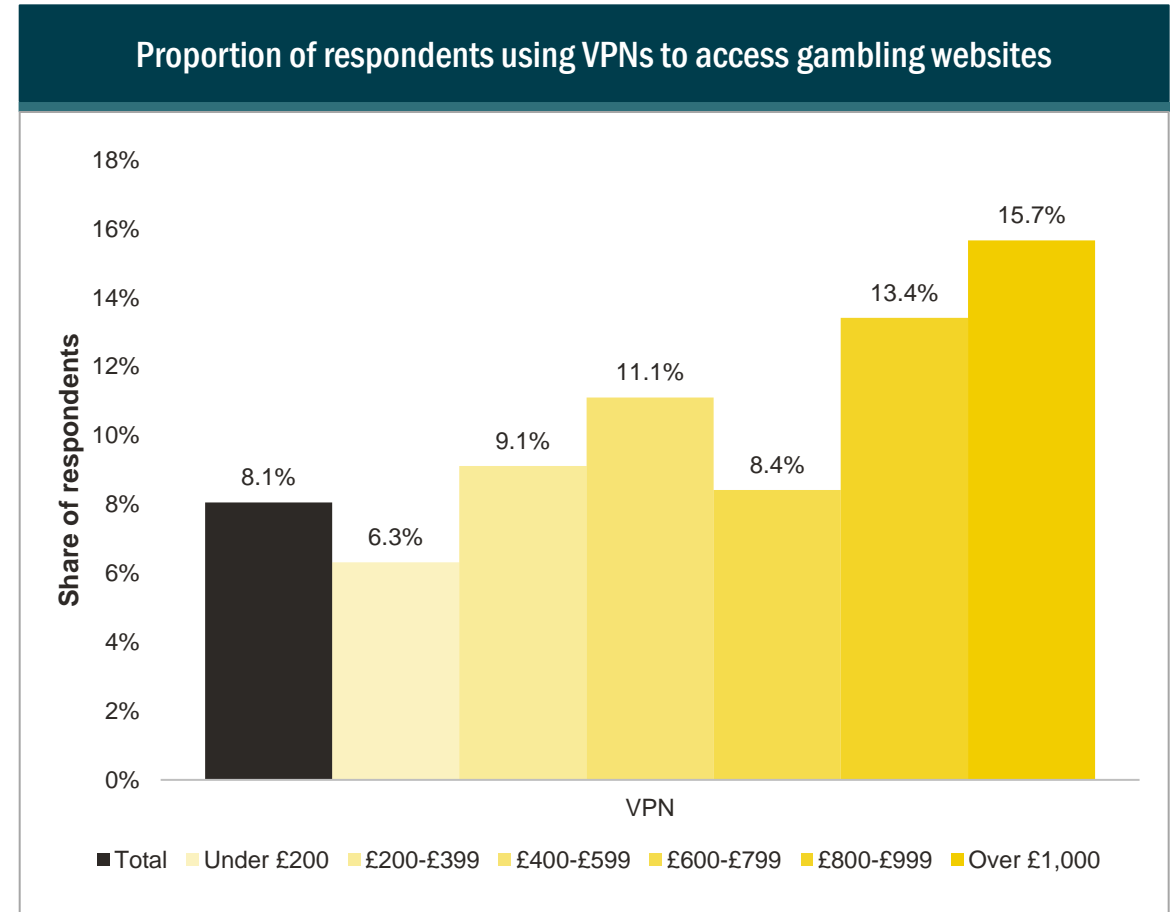
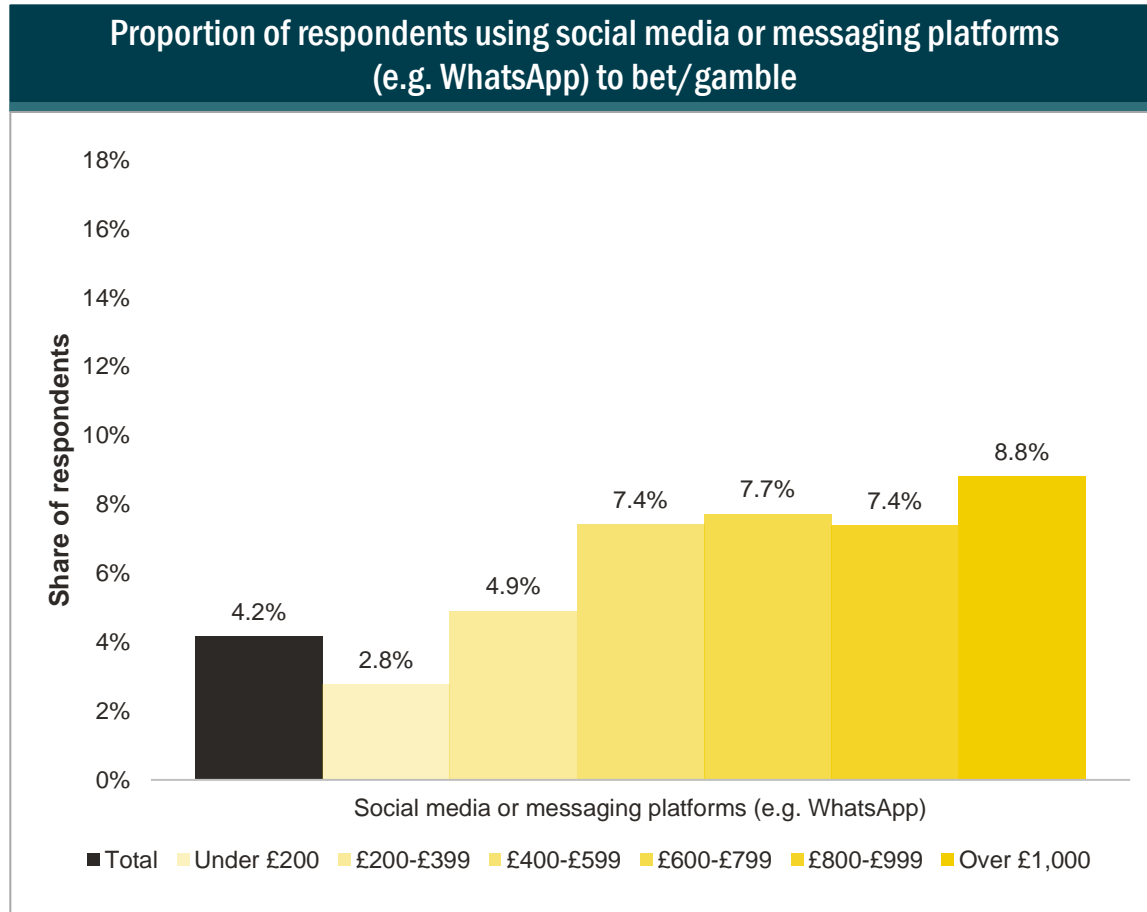


Chart: Frontier analysis of survey data ; N=6,423 (stake breakdown provided in annex)

1. Spending bands and thresholds were chosen to allow a more detailed analysis of the behaviour of the relatively small number of players spending larger amounts (e.g. more than £800 a month), since these players make up a far larger share of overall gambling revenues.

...with the use of other channels less visible to British regulators also highly correlated with higher spend



Charts: Frontier analysis of survey data ; N=6,423 (stake breakdown provided in annex)

Younger players are also much more likely to be aware of and use black market online operators...

2. The relationship between age and black market usage

The results clearly show that younger gamblers are more likely to be aware of and use black market online operators.

- More than 1 in 3 players surveyed aged 18–24 are aware of one or more black market online operators listed in our survey – larger than any other age group.
- 1 in 6 players surveyed aged 18–24 already use one or more of these listed black market online operators to gamble – 3 times greater than the overall prevalence across all age groups.

This suggests important generational shifts, and the scale of the challenge faced by the Gambling Commission and the UK Government in the coming years to prevent the growth of gambling activity that is not regulated in Great Britain.

Proportion of respondents that are aware of/use named black market online operators, by age

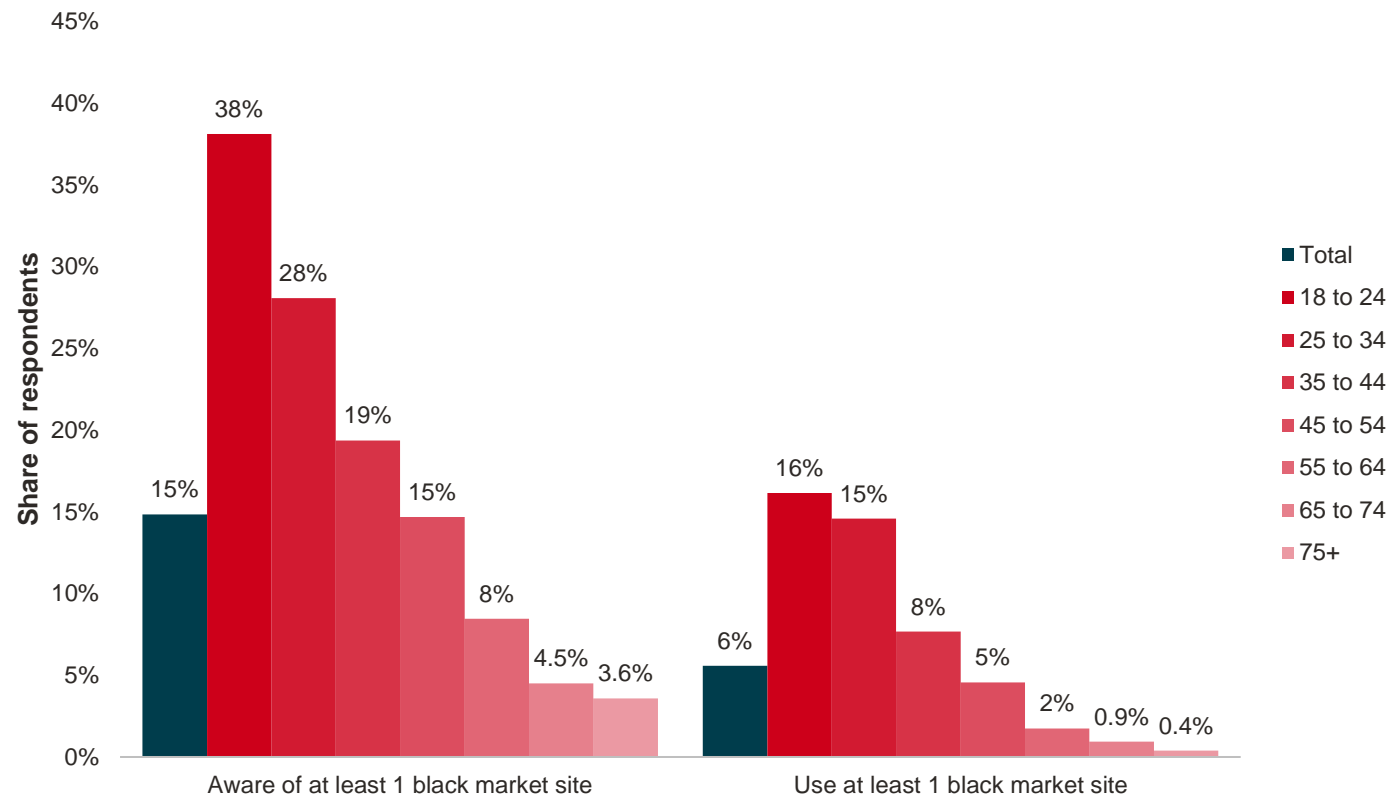
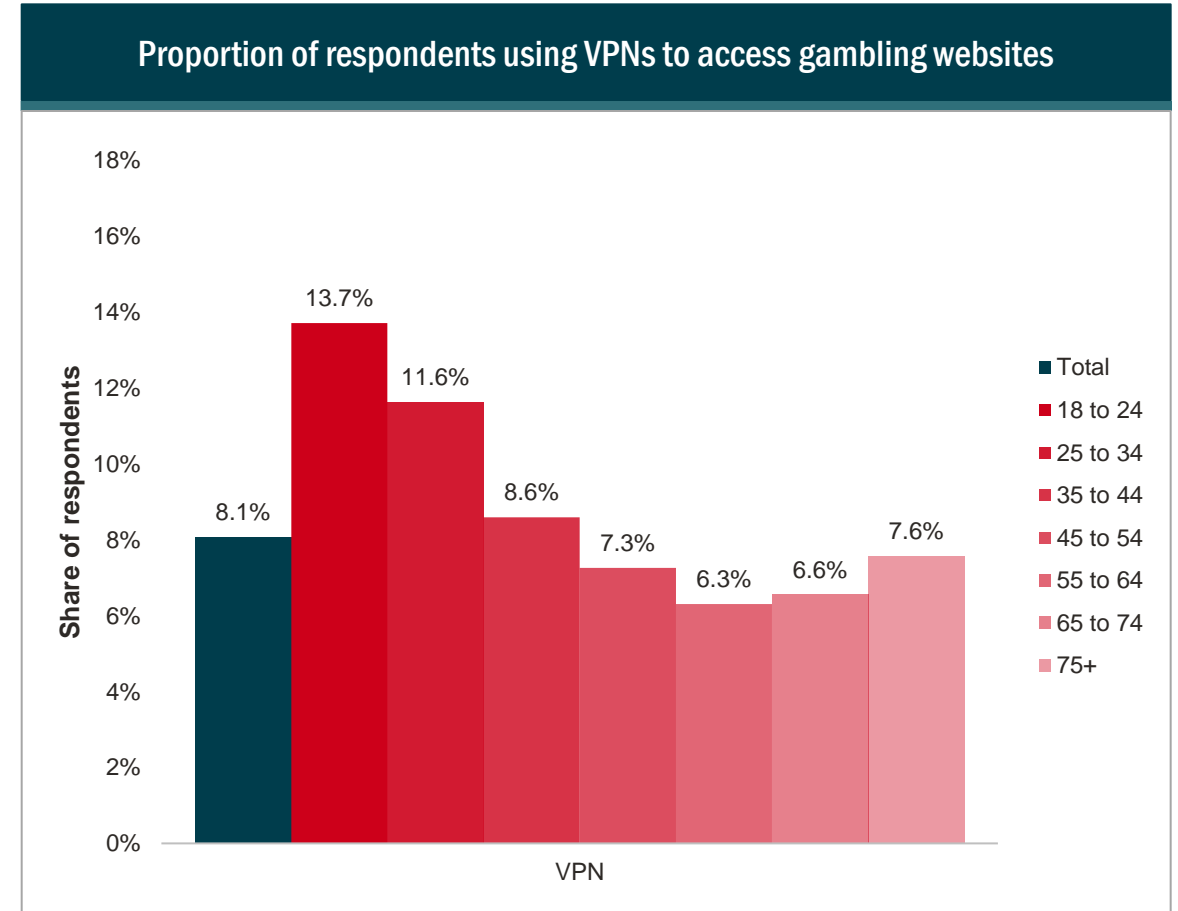
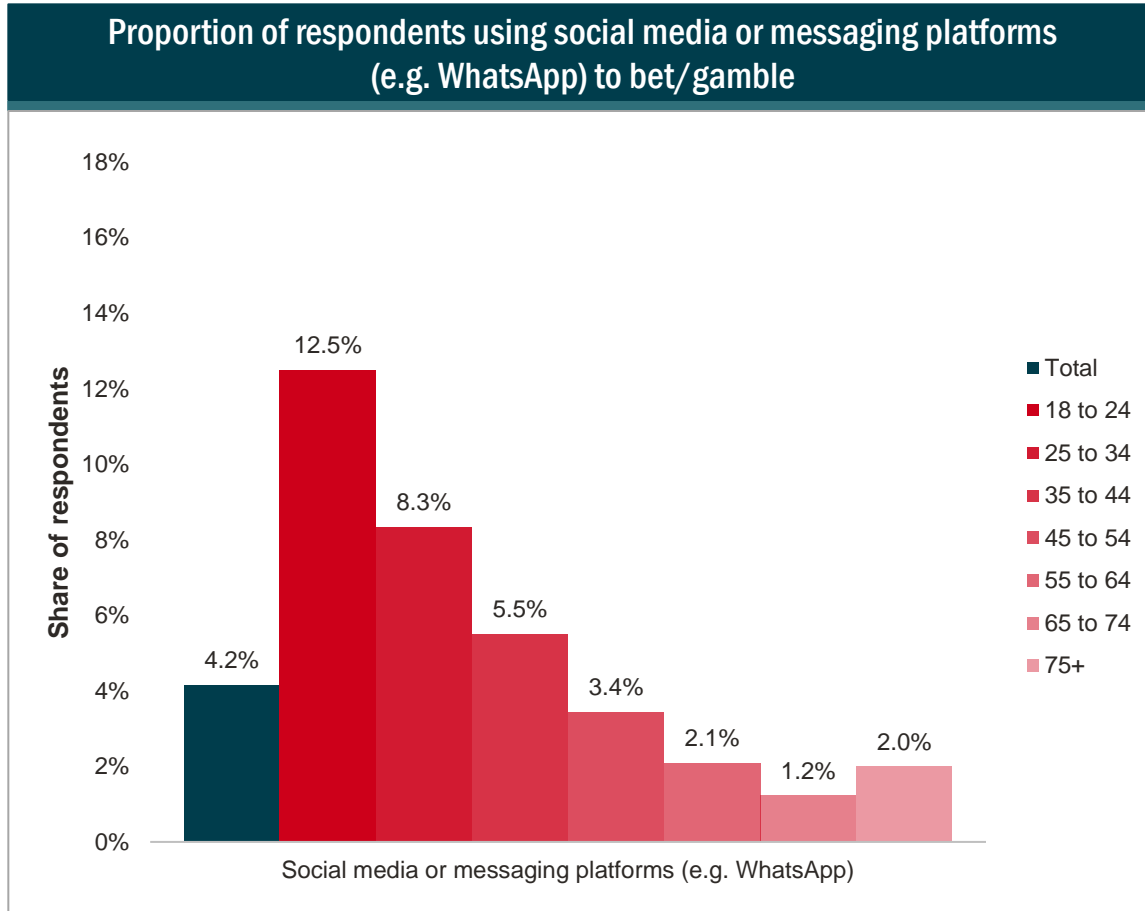


Chart: Frontier analysis of survey data; N=6,423 (age breakdown provided in annex)

...with younger people again more likely to play via social media or messaging platforms and/or use VPNs to gamble



Charts: Frontier analysis of survey data; N=6,423 (age breakdown provided in annex)

Black market online operators appear to compete in all verticals – with a similar proportion of both betting and gaming players using black market online

3. The relationship between different ‘verticals’ and black market usage

Our survey asked players:

- what ‘verticals’ they had played online in the last 12 months; and
- whether they had used a listed black market online operator for any of their online gambling in the last 12 months.

To avoid the survey becoming unmanageably long (with risks to quality of responses and response priming), we did not ask which operators respondents had used in each separate vertical. This means that we can only report the proportion of players of each ‘vertical’ who used a named black market online operator across **any of their online gambling spend**, not just related to that vertical.

Nonetheless, this approach provides some insights on the likely extent of black market use across different verticals. It shows that:

- a larger proportion of poker players (and to a lesser extent casino players) had used a named black market online operator than in any other vertical; but
- a very similar proportion of betting and gaming players had used named black market online operators.

This suggests that black market online operators have been able to appeal to all types of player – not just those focused on slots or gaming.

Proportion of active online players by vertical that use named black market online operators across any of their gambling spend online

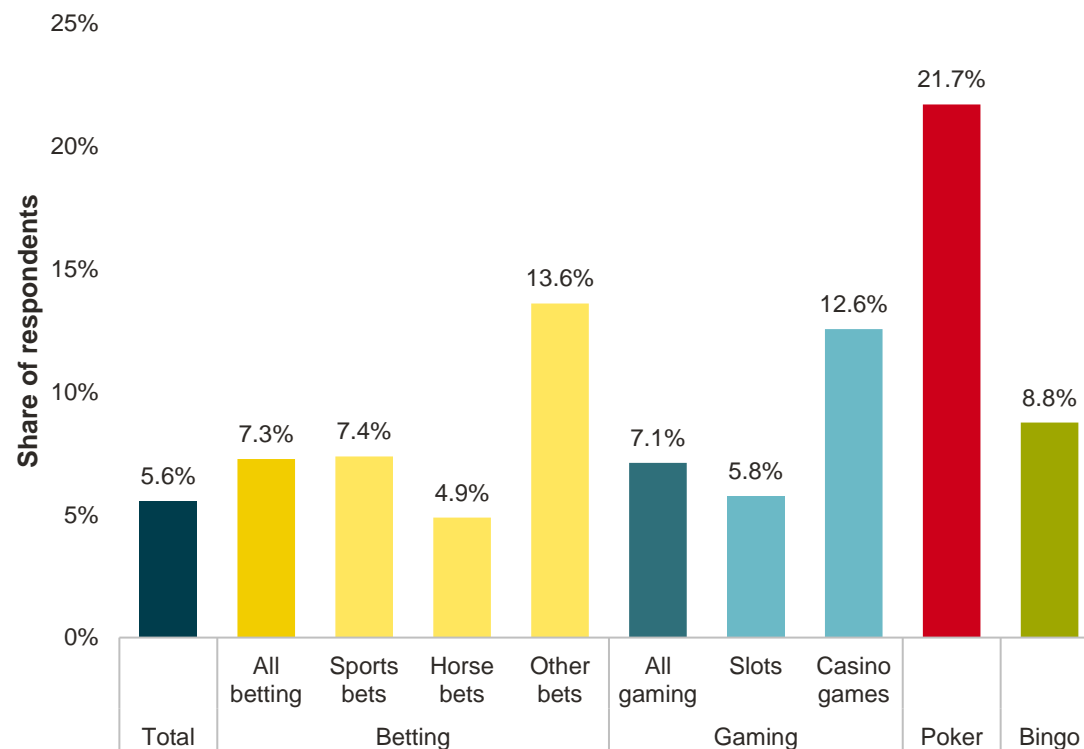
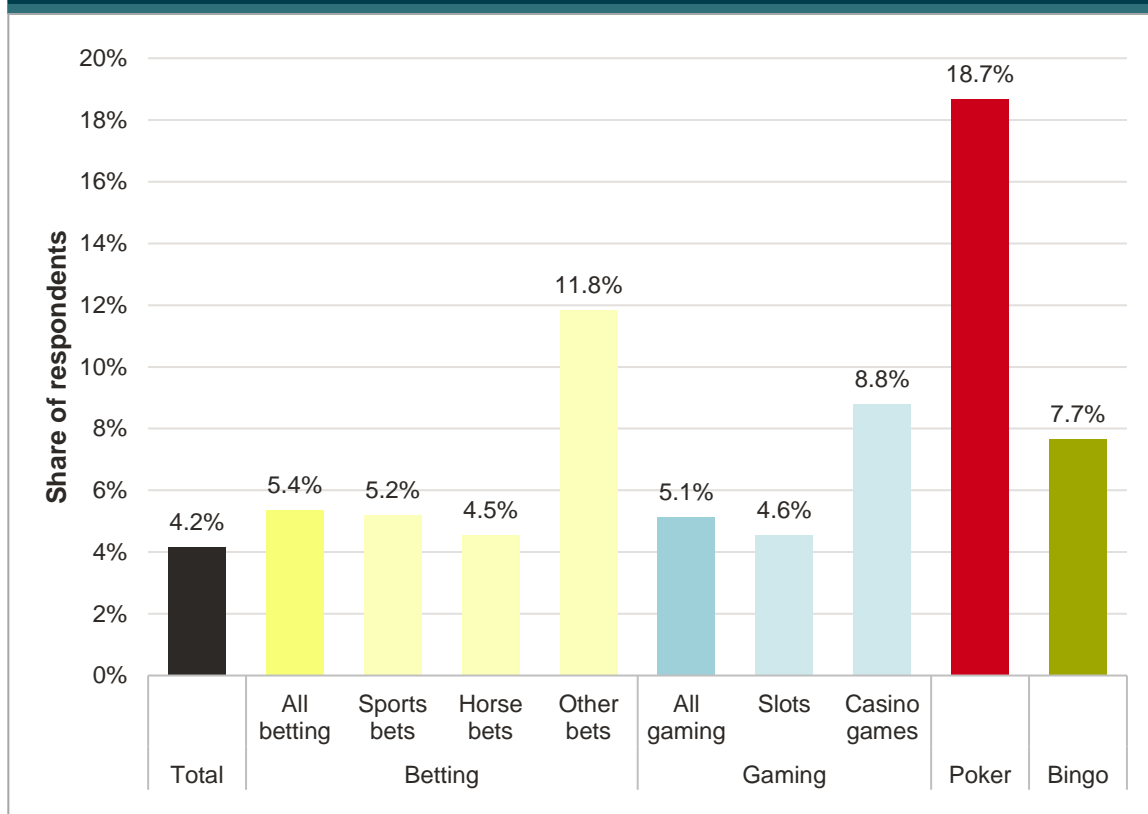


Chart: Frontier analysis of survey data; N=6,423 (vertical usage breakdown provided in annex)

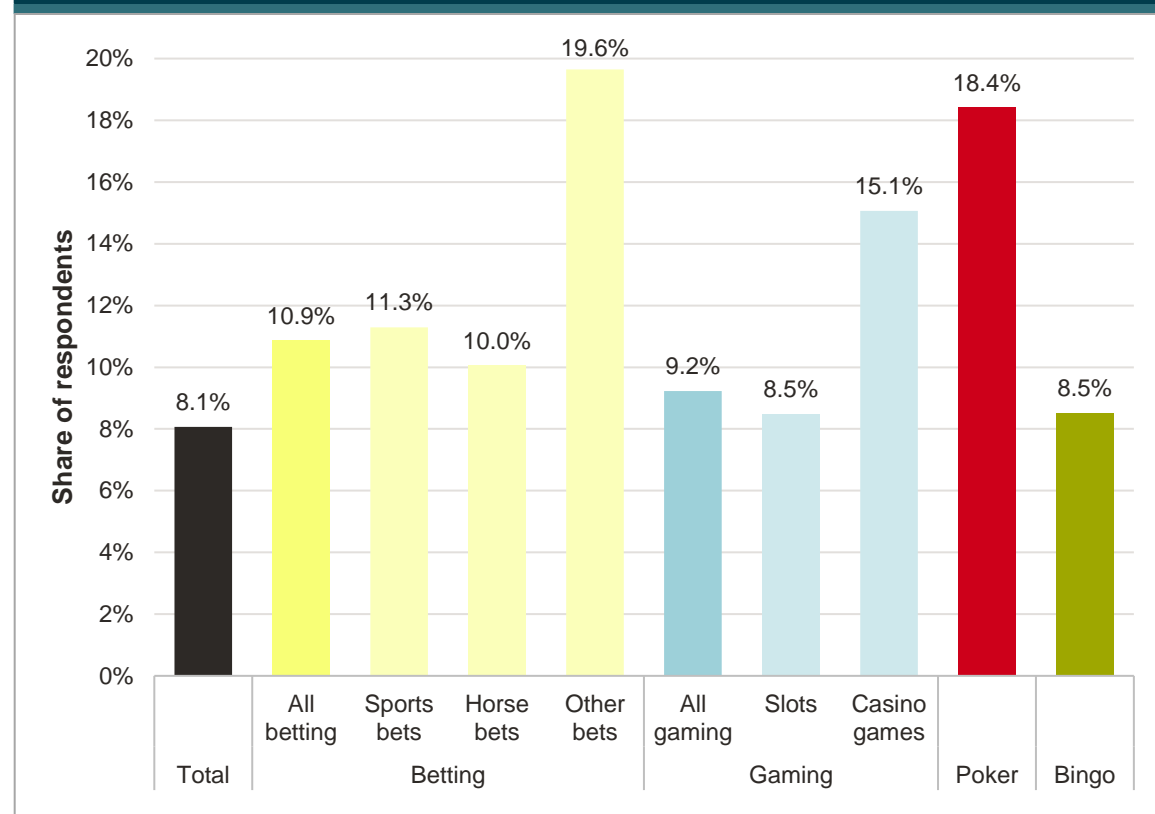
Note: Averages across individual verticals will exceed the total usage across all verticals. This is because we are capturing a smaller active player base in each vertical, but we are capturing black market usage across any vertical.

The use of social media/messaging platforms and VPNs for gambling is also seen for players using all verticals

Proportion of active online players by vertical using social media or messaging platforms (e.g. WhatsApp) to bet/gamble across any of their gambling spend online



Proportion of active online players by vertical using VPNs to access gambling websites across any of their gambling spend online



Source: Frontier analysis of survey data; N=6,423 (vertical usage breakdown provided in annex)

Note: Averages across individual verticals will exceed the total usage across all verticals. This is because we are capturing a smaller active player base in each vertical, but we are capturing black usage across any vertical.

06

How big is the
black market?

We conservatively estimate that £2.7bn is staked annually on the online black market in Britain, equivalent to 2.1% of the amount staked remotely with regulated operators

A conservative estimate of the size and shape of the British online black market

Drawing on our survey, operator data and secondary data, we estimate the overall size of the black market under different assumptions about which channels of play are included.

The conservative definition presented here defines black market gambling as:

- those using one or more named online operators not regulated by the Gambling Commission;
- those using social media or messaging platforms as their only form of online gambling.

As expected, there were not many players who admitted they exclusively use black market channels for their non-lottery gambling. Our estimates show that **only 0.8% of respondents rely exclusively on named black market online operators or social media and messaging platforms** entirely for their gambling.

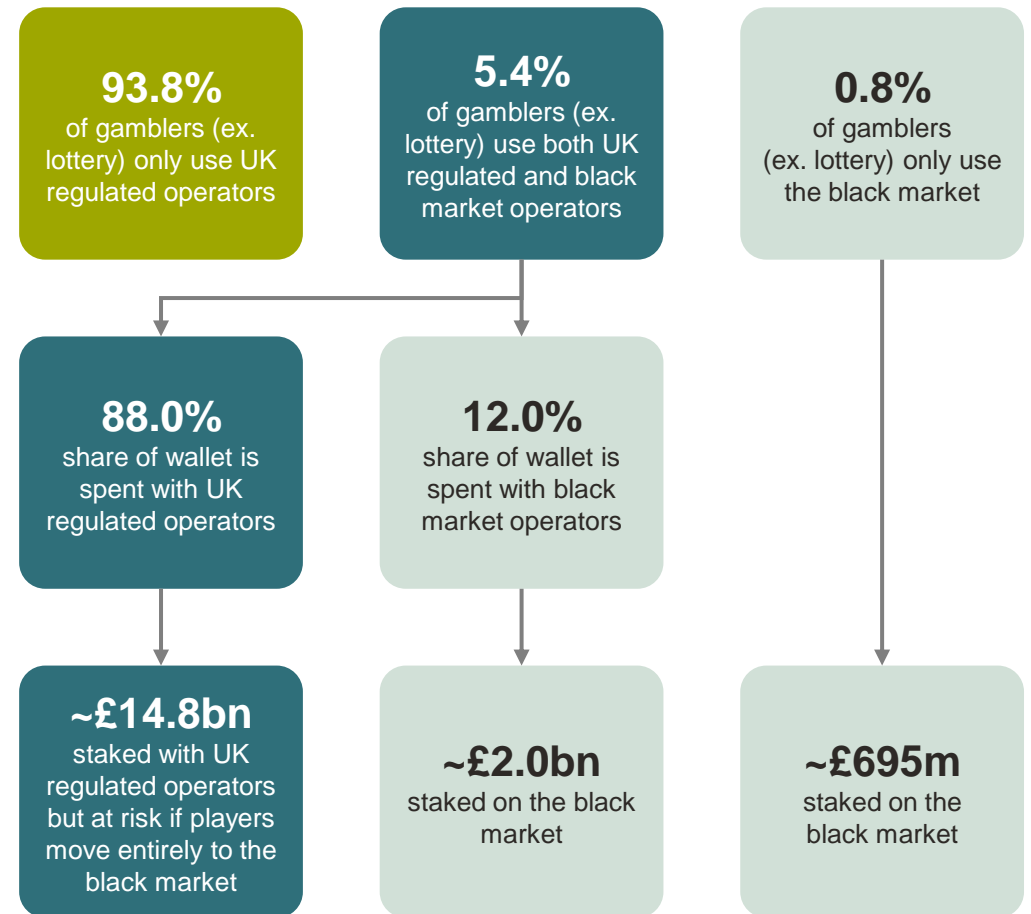
However, a **far higher share of customers (5.4%) use both black market and UK regulated operators**.

- These “multi-homing” users then allocate 12% of their total gambling spend to black market channels.
- The remaining 88% is currently spent on regulated markets – equating to around £14.8bn staked with UK regulated operators that is potentially the most vulnerable to switching to black market if players were to shift a larger share of wallet to unregulated operators.

Under this narrow definition encompassing named online operators and social media / messaging platforms only, **£2.7 billion is staked with black market operators each year**. This translates to 2.1% of the £128 billion staked on the UK regulated remote casino, betting and bingo market in Great Britain.¹

Of this £2.7 billion, around £262 million comes from those that only use black market online operators; £433m from those that only use social media and messaging platforms online; with the remaining £2.0bn from those that “multi-home” with both black market and UK regulated operators.

Details of the method used to calculate these estimates can be found in Annex 1 of this report.



Source: Frontier estimates based on survey and operator provided data.

1. Based on Gambling Commission, Industry Statistics - February 2024 - Correction: Official statistics reporting £128.3bn staked on remote casino, betting and bingo from Apr 2022 - Mar 2024. Available [here](#) (accessed 5 August 2024)..

Most spend in online black markets comes from players staking higher amounts, and younger players

Breaking down black market spending by player group and vertical

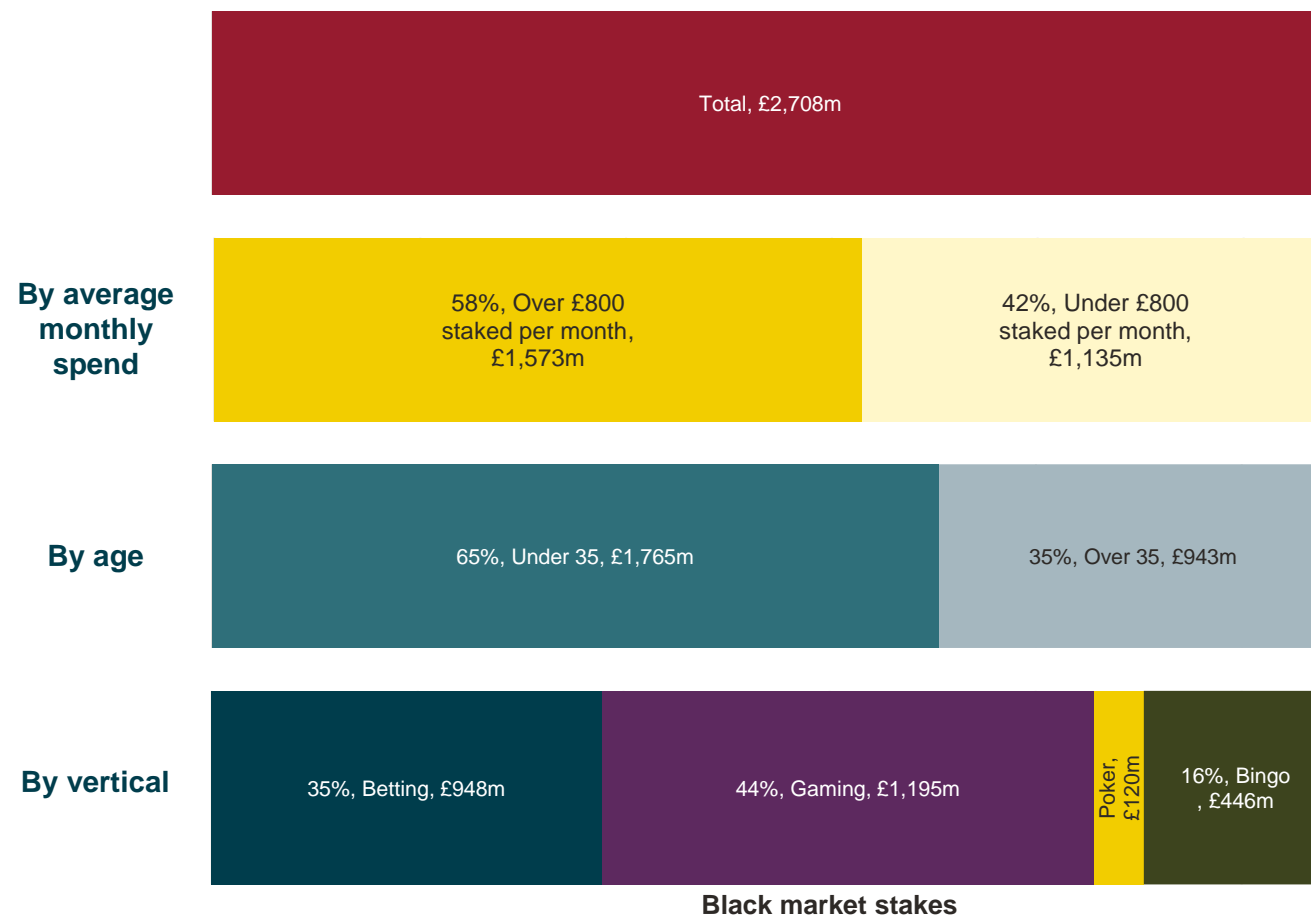
These estimates of the stakes lost to named online black market operators can also be split out by player group and by gambling vertical.

This shows clearly that black market spending today is disproportionately carried out by those groups in the gambling population who are likely to require more protection than others.

In particular:

- 65% of online black market spending comes from those aged 18-34; and
- 58% of online black market spending comes from those spending more than £800 per month with UK regulated operators; and

Broken down by vertical, we see this is not a gaming-specific activity. 44% of the stakes are on gaming, 35% on betting and 16% on bingo.



Source: Frontier analysis of survey data

Note: Although a relatively similar share of individuals playing bingo used black market operators, the black market bingo stakes by vertical in this chart is far larger. Whilst being not simply down to one response, we do note that one survey respondent was a very high spending bingo player exclusively using a black market online operator for their play. We are also able to observe from the survey that this particular individual had previously voluntarily excluded themselves from gambling activity (e.g. using GAMSTOP), but continued to play using a black market operator. This is precisely the type of behaviour that will be of particular concern to gambling regulators in Great Britain.

We believe these estimates understate the true extent of gambling activity that is not completely visible and regulated in Great Britain

The reasons why our estimates should be considered conservative

There are two broad categories of explanation for why we believe our estimates of gambling activity not regulated in Great Britain could be even larger.

- Our conservative approach** to the way in which we have interpreted the data from our survey and adjusted the figures that come from it, in particular the extent to which we have scaled down the reported amounts spent by players in our survey to account for the fact that our survey (by design) over-sampled high staking players.
- Our definition of black market gambling**, which in our conservative case assumes the black market to include (i) stakes with an operator named and listed in our survey, and operating without regulation from the Gambling Commission; and (ii) online stakes by those using social media or messaging platforms to gamble, and who did not gamble with any other online operators.

This definition could be expanded in future to include:

- a broader set of named black market online operators, in addition to those suggested in our survey;
- an assumption on the additional spend taking place on social media or messaging platforms (e.g. WhatsApp) by players who use these alongside other regulated and unregulated online operators¹;
- an estimate of the incremental black market spend by those using VPNs to access gambling websites²; and
- the in-person black market, as captured in our survey by players who said they placed a real money bet *“in person other than at a casino, betting shop/kiosk, corner shop, arcade or bingo hall”*.

Each of these assumptions or exclusions from our conservative estimate is potentially individually significant – as shown in the following slides – and together suggest that the true extent of gambling activity that is not completely visible and regulated in the UK could be far larger than the headline figures we present.

Source: Frontier estimates based on survey and operator provided data.

- Since it is not possible to allocate, we conservatively assume for these players that *none* of their online spend is on social media/messaging platforms.
- It is also not possible in our survey to determine what share of a player’s spend took place via a VPN, and so we are unable to quantify the amount staked via VPNs.

Alternative estimates of the size of the British gambling black market

		Adjustments to survey results	
		Unadjusted survey estimate	Scaled down for over-sampling of high staking players
Definitions of black market gambling	Just listed black market online operators	£3.0bn	£2.3bn
	Listed black market online operators + estimated stakes on social media or messaging platforms (e.g. WhatsApp)	£3.6bn	£2.7bn
	+ “other in-person”	+£2.0bn	+£1.6bn

We adjust downwards the reported amount spent by players in our survey to more closely reflect the behaviour of British gamblers overall, not just those we sampled

Adjustments to reflect our over-sampling of high spending players

Our sampling approach in our survey (by design) focused on the behaviour of higher spending players. We sought to do this, since the small number of higher spending gamblers in Britain (and any gambling market around the world) account for a significant share of the value (in terms of their amount staked or GGY).

Since our survey over-represented high spenders, compared to their true prevalence, we chose to adjust these figures to be more in line with the overall gambling population. To do this, we also collected data from operators to understand the split between lower and higher spending players **across the gambling population overall**.

- Of the **players who responded to our survey**, 12.8% of players said they spent more than £800 per month on average with GB regulated operators.
- Of the **millions of player accounts summarised for us by leading regulated operators**, 8.5% of players spent more than £800 per month on average with a specific GB regulated operator.

By adjusting the proportion of higher and lower spenders, we thereby change the amount staked. This brings both the absolute size of both the regulated and black markets down, compared to an “unadjusted” estimate based entirely on our sample.

As shown, lowering the proportion of higher spending players from 12.8% (of the sample), to 8.5% (of the population) has the effect of lowering estimated black market stakes from **£3.6bn**, to **£2.7bn**.

However, since operator provided data (again by definition) relates to the amount spent with their own brands, it will now **understate** the share of heavy gamblers, as individual operators will not account for spend their GB regulated competitors.

In practice, this means the true estimate of the amount staked on black market is likely to lie between these unadjusted and adjusted estimates.

Share of players by monthly staked amount Comparison of survey data with broader operator data

		Survey respondents	Operator provided data
Average monthly stake	Less than £800	87.2%	91.5%
	More than £800	12.8%	8.5%

Estimated stakes with named black market online operators Comparison of unadjusted and adjusted approaches

	Unadjusted survey estimate	Scaled down for over-sampling of high staking players
Estimated size of the black market	£3.6bn	£2.7bn

Source: Frontier analysis based on survey and operator provided data.; Frontier estimates based on survey and operator provided data.

In-person channels could also considerably increase the estimated size of the black market in Britain – to £4.3bn including stakes in land-based black market premises

A broader definition of the black market that includes “other in-person” gambling

As we have seen, the black market can encompass many different channels and ways of reaching players, and that all definitions contain some shades of grey.

Our conservative case defines black market play as the use of one or more named black market online operators listed in the survey we sent to players; or the exclusive use of social media and messaging platforms to gamble.

This excludes any type of **in-person black market gambling**.

Our survey captures in-person black market gambling by asking respondents if they placed a real money bet *“in person other than at a casino, betting shop/kiosk, corner shop, arcade or bingo hall”*.¹

There were many respondents to our survey that selected this option – 4.4% of all survey respondents, or the equivalent of more than 800,000 gamblers in Great Britain. This in-person black market gambling could add a further £1.6 billion in stakes, taking the total black market size to £4.3 billion staked, equivalent to 3.1% of remote and non-remote turnover in Great Britain across casino, betting and bingo.

This estimate of incremental in-person black market gambling is larger than expected. While the reasons for this are unknown, this may be a result of respondents considering betting in person at (e.g. racecourses) to be outside the definition of a betting shop / kiosk.

So, while some of this additional spending may be in genuine black markets, there is a risk of respondent misattribution when assessing what constitutes an “other” premise”.

We therefore advise treating these estimates of incremental in-person black market spend with caution.

Estimated stakes by “other in-person” players on black market channels

	Black market online operators + stakes on social media or messaging platforms (e.g. WhatsApp)	Black market online operators + stakes on social media or messaging platforms + “in person other...”
Black market players only	£695m	£835m
Black market and UK regulated players	£2.0bn	£3.4bn
Total amount staked	£2.7bn	£4.3bn
as % of GB remote and non-remote regulated stakes		3.1%

Source: Frontier estimates based on survey and operator provided data.

1. Note that this is different from gambling “with friends/family”, so would in theory only capture in-person gambling in land-based black market channels.

Social media and messaging applications have provided a new, and far less visible, way for players to gamble – with many players already using these channels

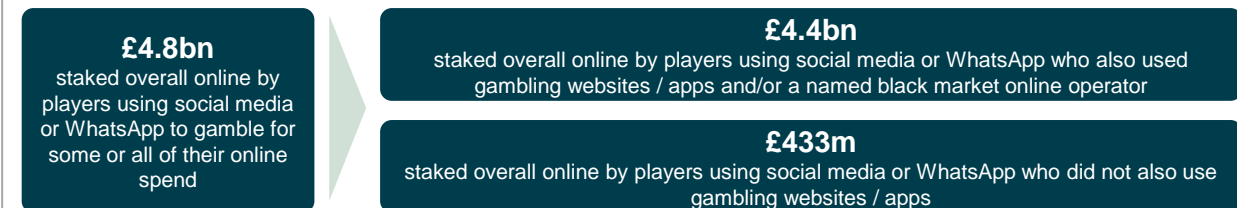
A broader definition of the black market that includes social media and messaging applications

We asked survey respondents whether they had used social media or messaging apps such as WhatsApp to gamble over the past year. **4.2% of gamblers (excluding lottery only players) had used social media or WhatsApp to gamble** – and 2.6% (the majority of this group) were not using a named black market online operator listed in our survey.

We then estimated the amount of spend by these players based on the results of our survey in the following way.

- First, we calculated the amount staked online in total by those who said they had gambled using social media and messaging applications: £4.8 billion in stakes.
- Second, since our survey did not ask respondents to split this online spending between social media / messaging applications and gambling websites/apps, we made some further assumptions that:
 - if the respondent stated that they **did not use** gambling websites / apps in their survey response, then **all of their online spending** should be attributed to social media or messaging apps; but
 - if the respondent stated that they **did use** gambling websites / apps in their survey response, then **none of their online spending** should be attributed to social media or messaging apps.

The implied amount staked on social media and messaging applications was therefore conservatively estimated at £433m, as shown below.



Share of GB gamblers¹ using named black market online operators; social media or messaging platforms (e.g. WhatsApp); and/or VPNs to gamble

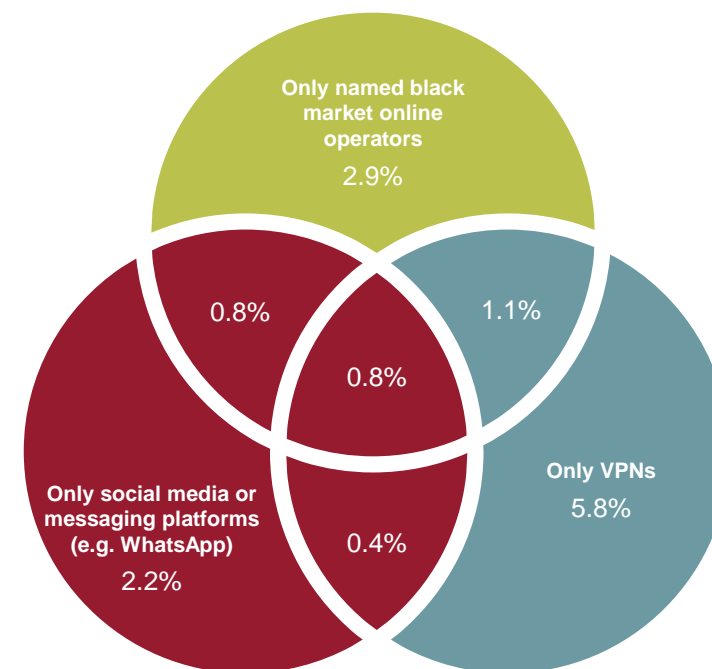


Chart: Frontier analysis of survey data; N=6,423

1. The survey included some responses from players living in Northern Ireland. We have assumed these are representative of British players

VPNs are widely used by players to access gambling websites, with their use strongly correlated with the use of online black market gambling sites

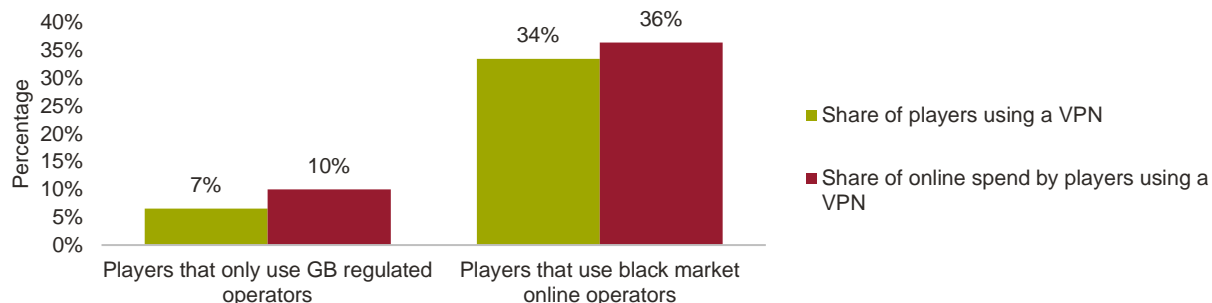
Additional evidence on the use of VPNs to access gambling websites in GB

VPNs allow users to mask their IP address, effectively hiding their true location and online activity. While VPNs are commonly used for privacy and security, their use in online gambling can be linked to attempts by players to bypass geographical restrictions to access black market sites that are restricted or illegal in their region.

Results from the survey suggest both high numbers of VPN users, and that VPN usage correlated with black market usage:

- 8.1% of gamblers (excluding lottery only players) had used VPNs to gamble, and 6.2% (the majority of this group) were not using a named black market online operator listed in our survey; and
- those using named black market online operators for some or all of their gambling were more than four times more likely to have also used a VPN to access gambling websites than those who did not name black market online operators.

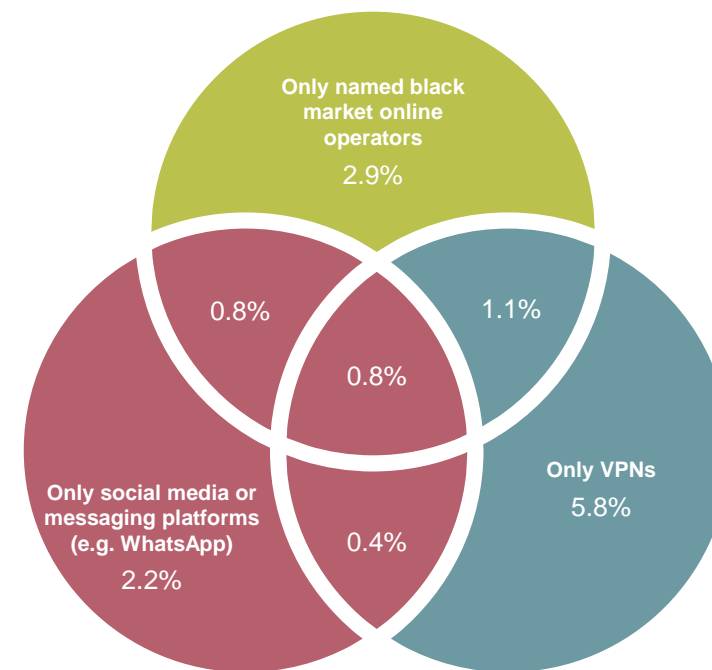
The different use of VPNs between regulated only and black market players



Left chart: Frontier analysis of survey data, N=6,065 for players that only use GB regulated operators; N=358 for players that use black market online operators; Right chart: Frontier analysis of survey data; N=6,423.

1. The survey included some responses from players living in Northern Ireland. We have assumed these are representative of GB based players.

Share of GB gamblers¹ using named black market online operators; social media or messaging platforms (e.g. WhatsApp); and/or VPNs to gamble



07

What are the costs associated with black market use?

Black market gambling is already impacting revenues from excise duties on betting and gaming, with losses conservatively estimated at around £36.9 million per year

The potential loss in betting and gaming excise duties

Betting and gaming in Great Britain is subject to a range of excise duties, which vary by vertical, and whether gambling takes place in person or online. Duties are levied based on GGY. Tax rates vary: For example, fixed odds bets are taxed at 15%, online gaming (inc. bingo) is taxed at 21% of GGY, and in-person bingo is taxed at 10%.

Together, these taxes raised almost £2.5 billion in 2023/24.

Black market gambling is not subject to these excise duties. As players switch spend from regulated to black market operators, tax receipts will also fall. This represents a net loss to the Exchequer with revenues unable to be spent on public services, or other taxes needing to be higher to plug the gap.

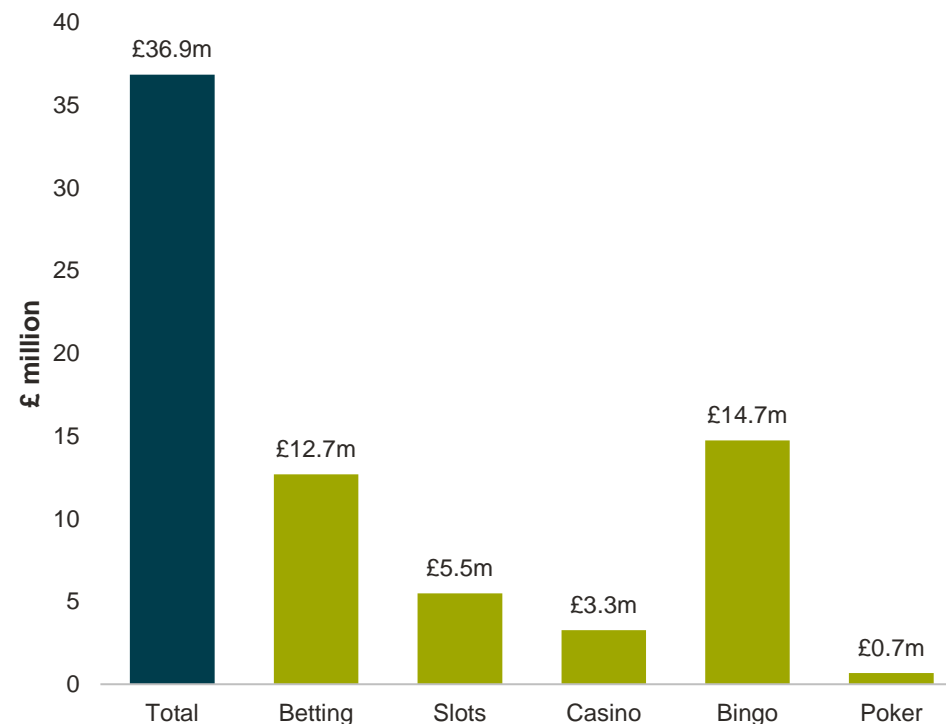
Our estimates of the size of the black market suggest this effect is already being felt.

- If we consider those using named online black market operators and only using social media, our estimate of the current hit to betting and gaming duties is **£36.9 million** per year. This impact comes mainly from online betting and bingo (see chart).¹ Slots, casino and poker make up a smaller share of the loss.
- If we also include those using 'other' in-person channels as black market, our estimate increases to **£67.0 million** per year.

These may be conservative estimates, as discussed previously in relation to black market gambling via social media, messaging apps or VPNs.

Over a five-year Parliament, our figures imply a loss of gambling-related excise duties of around £185 million to £335 million, if black market gambling remained at current levels.

Lost betting and gaming excise duty from black market gambling (named online operators and social media/messaging platforms only)



Source: Frontier estimates

Notes: Estimated duty losses are based on vertical-specific estimates of black market GGY in different scenarios and the appropriate tax rates for each vertical.

1. Betting and bingo make up a larger share of the duty loss partly since the remote GGY percentage across these verticals on which taxes are levied (15.7% GGY for remote bingo and 9.1% for remote betting) is higher than on casino verticals (4.3% for slots, and 2.7% for other casino verticals). All figures based on latest published GC turnover and GGY by vertical.

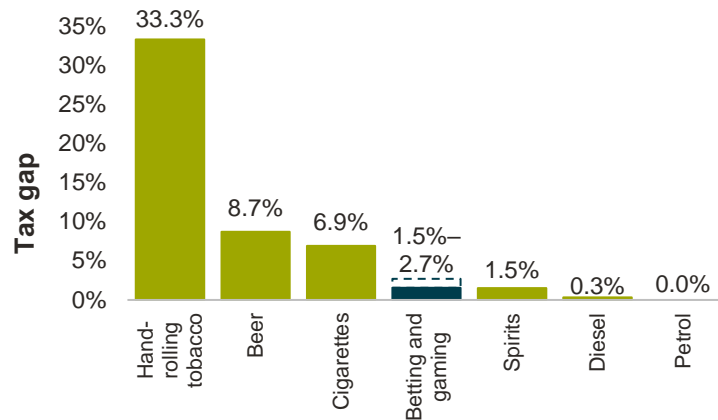
The loss of gambling excise duty to black market is new evidence of an important ‘tax gap’

The tax gap associated with black market gambling is higher than some other duties

The loss of gambling activity to the black market represents a gap between how much gambling excise duty the government receives, and how much should be received if all gambling activity were taxed as intended. This is the tax gap.

HM Revenue and Customs publishes annual estimates of the size of the tax gap for many different taxes.¹ However, HMRC does not attempt to model the tax gap for gambling excise duties separately. This reflects the difficulties of estimating the scale of untaxed gambling activity, including black market.

Our findings represent significant new evidence on the scale of the tax gap for gambling-related excise duties.



Given betting and gaming duty receipts in 2023/24 of £2.455 billion,² the tax losses from black market of £36.9–67.0 million per year suggests a tax gap for betting and gaming of **1.5% to 2.7%**.

The tax gap for betting and gaming excise is therefore larger than the estimated 2022/23 gap for spirits, petrol and diesel (see chart) although still lower than other duties such as tobacco where illicit markets are more entrenched.

Lost excise duties to the black market could pay for additional public services

Our estimate of £36.9–67.0 million lost excise duty per year to the black market is equivalent to:^{3,4}



965 to 1,750 nurses' salaries for one year

660,000 to 1.2 million extra GP consultations



840 to 1,530 teachers' salaries for one year

The public service implications are larger if we consider:

- VPN-based black market gambling or social media/messaging app gambling by those who also used named black market operators; and
- the potential growth of black market gambling if, for example, those who use both black market and regulated channels now shift more of their spend to the black market.

Source: HMRC, Frontier estimates

1. Tax gaps data are taken from HMRC estimates for 2022/23. Available [here](#) (accessed 5 August 2024).
2. Total receipts for all betting and gaming duties were £3.389 billion of which £934 million was Lottery Duty.
3. Estimated costs for salaries and GP consultations taken from King's Fund data relating to NHS facts and figures. Available [here](#) (accessed 5 August 2024).
4. Average annual teacher salaries for England taken from DfE (both relate to 2023 estimates). Available [here](#) (accessed 5 August 2024).

08

**Annex 1:
Details of
methodology**

Survey methodology

Details of our survey and sampling approach

Participants for the survey were drawn from two sources:

- a nationally representative sample sourced from a panel provider (“**the panel survey**”); and
- customers of gambling industry operators (“**the industry operator survey**”).

The two sources were combined into one database representing one final sample. Further details of sample composition from each source are set out below.

The survey was targeted at gamblers, with respondents first asked “*Have you participated in any gambling activity in the last 12 months?*” with the clarification “*When we talk about gambling, we mean any activity which involves risking money (or something of value) in a game or a bet in the hope of winning money or a prize. Please note that this excludes social / free money games.*”

The results set out in this report are based only on the responses of those who said they had gambled in the last 12 months.

The “panel survey”

Adult participants (aged 18 years and above) from across the UK (England, Scotland, Wales and Northern Ireland) were recruited using an online panel provided by Purespectrum.¹ Quotas in the sample were designed to be nationally representative and set by age, gender, nation, and within nation – i.e. quotas set for age targets in England reflected the England population. Additionally, monitoring quotas were set by socio-economic status and urban/rural split.

- Within the nationally representative panel sample, monitoring quotas were set for heavy gamblers, defined as those who spend over £500 a year on gambling.
- Participants under the age of 18 and those living outside the UK were screened out and excluded from participating in the survey.
- In total, 2,206 panel participants completed the survey against a target of 2,200 completed surveys. A 5% tolerance was added to the overall target to allow for removals of poor-quality responses. The tables in this section indicate how quotas were set by age and gender and geography, and shows the number of completes for each quota.²

1. An online panel is defined as an online group of recruited people willing to conduct social and market research surveys in return for a small financial incentive for each survey completed.

2. If the overall total number of completed interviews does not match the total number of interviews for any given quota, this is because participants chose not to disclose information e.g., their gender.

Survey methodology (cont.)

The “industry operator survey”

Operators in the gambling industry distributed open links to the survey among their customers on behalf of BMG.

- 10 operators were given two unique links to the open survey: one survey link for their customers with an annual net deposit above £500, and another link for customers with an annual net deposit below £500.
- To incentivise respondents and maximise survey responses, an option to take part in a prize draw worth £200 in Love2Shop vouchers was included in the industry operator survey. Respondents who wished to enter the prize draw were given the opportunity to opt-in after completing the survey. BMG randomly selected one participant from the open link survey who entered the prize draw as the designated winner.
- In line with the nationally representative sample, participants under the age of 18 and those living outside the UK were screened out and excluded from participating in the survey.

In total, four industry operators distributed links to their customers, with 5,297 participants completing the survey: 1,735 customers with annual net deposits above £500, and 3,562 customers with an annual net deposits below £500. The below table shows the number of responses received to the open link survey according to the operators who distributed the unique links shared by BMG.

Overall survey approach

- Survey design was led by Frontier Economics, with BGC and BMG reviewing survey drafts before fieldwork started.
- The average survey length was 11 minutes.
- A single-mode approach was used for the survey, with participants only invited to complete the survey online. Fieldwork took place between 22 and 31 July 2024.
- We assume that there is no difference between players living in Northern Ireland and Great Britain.

Survey methodology (cont.)

Table 1: Quotas for nationally representative sample by region

Region	Quota	Completes
England	1,854	1,853
North East	88	93
North West	243	250
Yorkshire and the Humber	180	183
East Midlands	161	169
West Midlands	193	199
East	207	202
London	286	290
South East	304	272
South West	191	195
Wales	103	105
Scotland	182	187
Northern Ireland	60	61
Total	2,200	2,206

Table 2: Quotas for nationally representative sample by age and gender

Age	Female	Female	Male	Male	Total	Total
	Quota	Complete	Quota	Complete	Quota	Complete
18 - 24	113	110	118	104	231	214
25 - 34	189	189	180	185	370	374
35 - 44	187	191	176	180	363	371
45 - 54	180	178	176	164	356	342
55 - 64	183	182	174	177	356	359
65+	284	259	240	237	524	496
Total	1,136	1,109	1,064	1,047	2,200	2,156

Survey sample sizes

Table 1: Overall survey sample

	Total
Respondents	7,503
Gamblers	6,820
Gamblers ex. Lottery only	6,466
Gamblers ex. Lottery only and fake operators selected	6,423

Table 2: Total sample, surveys completed by age

	Number of respondents
Total	6,423
18 to 24	328
25 to 34	816
35 to 44	1,198
45 to 54	1,225
55 to 64	1,538
65 to 74	1,067
75+	251

Table 3: Total sample, surveys completed by amount staked on regulated operators

	Number of respondents
Total	6,423
Under £200 staked a month	4,336
£200-£399 staked a month	713
£400-£599 staked a month	270
£600-£799 staked a month	285
£800-£999 staked a month	149
Over £1000 staked a month	670

Table 4: Total sample, surveys completed by vertical used

	Number of respondents using
Total	6,423
Betting	3,593
Sports bets	2,887
Horse bets	2,619
Other bets	397
Gaming	3,726
Slots	3,418
Casino games	1,274
Poker	364
Bingo	1,565
National Lottery	1,947
Other lotteries	422

Methodology to estimate the value of the British black market

Details of our approach to calculating the size of the British black market

1. **Screen out survey respondents to focus only on the gambling population:** We did this by screening out from our sample:
 - a) respondents that had only bet / played lotteries over the past 12 months, and no other betting or gaming verticals;
 - b) the small number of respondents who replied to our survey saying that they had used one of the “fake” operators suggested to them; *[Note: We gave respondents the opportunity to say they had used two fake operators (“Flying Monarchy”; and “2000 Aces Casino”) – options chosen by 47 respondents who we then screened out of our analysis.]*

2. **Identify black market users:** Our survey data contains three criteria we can use to identify whether players use different potential black market channels:
 - a) whether the survey participant has placed a real money bet / gambled in the last 12 months with one or more listed black market operators.
 - b) whether the survey participant has placed a real money bet / gambled in the last 12 months “in person other than at a casino, betting shop/kiosk, corner shop, arcade or bingo hall”;¹
 - c) whether the survey the survey participant has placed a real money bet / gambled in the last 12 months “online using a social media or messaging platform (e.g. WhatsApp)”.
These criteria can and were varied depending on how broadly we chose to define black market gambling.

3. **Segment the gambling population by their ‘channel mix’ across GB regulated and black market channels,** splitting the surveyed population into three groups:
 - a) those that only gambled with GB regulated operators;
 - b) those that used both GB regulated operators and black market operators / channels; and
 - c) those that only gambled with black market operators or in black market channels.

1. Note: The survey sought to list all known ways someone can participate in gambling in person through GB regulated channels. And provide this other option which excludes regulated in-person channels in order to just capture black market gambling activity. However, its success depends on respondents’ interpretation.

Methodology to estimate the value of the British black market (cont.)

Details of our approach to calculating the size of the British black market

4. Segment the GB regulated gambling population by amount staked:

We then segmented these players based on their total gambling spend with GB regulated operators.¹ We did this as we expected the behaviours of higher and lower staking players to be different. We considered two distinct groups:

- a) those that stake more than £10,000 annually (c.£800 a month); and
- b) those that stake less than £10,000 annually (c.£800 a month).

This segmentation allows our estimate of black market usage to be more granular (rather than assuming all gamblers behave in the same way).

5. Calculate the total amount staked by each player segment^{1,2}: Given the steps above, spending was calculated for each player group across the following dimensions:

- a) the “channel” used (i.e. black market only, mixed, or GB regulated only) – and then for the “mixed” group how much was spent in black markets vs. in GB regulated channels
- b) the “staking band” in which they fell – i.e. whether they were a player spending more or less than £800 a month with GB regulated operators.

1. Note: Our survey asked players to estimate the amount they staked in a typical month, on each of the products they used (both online and in person), grouped into bands (<£1-£20; £21-£50; £51-£100; £100-£200; £201-£500; £501-£1000; £1001-£2000; and more than £2000). We use the midpoints of spending bands to assign a single value. For amounts exceeding £2,000, we assumed a midpoint of £7,100, based on data provided by operators which enabled us to calculate an average amount staked for this group.

2. Each respondent in our survey was asked to provide the proportion of their spend on each product that was assigned to each operator. Our calculations are based only on respondents who were able to accurately identify their spending proportions across different operators. We use this to estimate a) the amount spent monthly on the regulated market – and therefore which group (over/under £800 a month) they should be assigned to; and b) the share of total stakes allocated to each market for those that use both the GB regulated and black market. Note that the segmentation of players into different spending categories was based solely on their spend in the GB regulated market, not considering their total spend across both markets.

Methodology to estimate the value of the black market (cont.)

Details of our approach to calculating the size of the British black market

6. **Scale up to an annual amount staked:** Since our survey asks respondents about the average amounts they staked in a month over the past 12 months, we multiply spending estimates by 12.
7. **Estimate the gambling population (excluding lottery only players):** The Gambling Survey for Great Britain (GSGB) estimates that 40% of the adult population engage in non-lottery gambling annually.¹ However, given concerns about the reliability of this estimate and the small survey sample it is based upon, we decided to adopt a more conservative approach and used data from the Health Survey for England (HSE). The latest HSE from 2021 estimates that 36% of the adult population gambles annually.² We assume that data for England can reasonably apply to the rest of Great Britain. Based on the latest ONS figures, there are 52.2 million adults aged 18+ in Great Britain³, and we therefore estimate that approximately 18.8 million people participate in non-lottery gambling each year.
8. **Scale up the spending estimates in our survey results to the size of the overall gambling population:** Take our survey estimate of the amount spent in each channel by each different player group, and scale this up to be commensurate with the size of the gambling population.
Note: This produces the “unadjusted” estimates of the amount staked on the black market, as reported in this pack.
9. **Adjust the spending estimates to reflect the over-sampling of higher spending players in our survey.**⁴ Our survey (by design) over-represented high spenders, compared to their true prevalence in the gambling population. To address this, we:
 - a) compared the proportion of higher spending players (over £800 a month) in our sample (12.2% of respondents);
 - b) ...with data from operators that shows a lower proportion (8.5%) of higher spending players (over £800 a month with that single operator); and
 - c) ...adjusted the value of spend accordingly to reflect this in our calculations of the overall amount staked in black markets vs. GB regulated channels.

1. Gambling Commission, *Statistics on gambling participation – Annual report Year 1 (2023): Official statistics*, Table B.1. Available [here](#) (accessed: 5 August 2024).

2. Health Survey for England, 2021 part 2, published May 2023. Available [here](#) (accessed: 5 August 2024).

3. ONS, *Estimates of the population for the UK, England, Wales, Scotland, and Northern Ireland, Mid-2022 edition*, data for Great Britain. Available [here](#) (accessed: 5 August 2024).

4. To do this, we used data collected from 5 of the largest GB operators, together accounting for approximately 60% of the market. They provided data on the number of customer accounts, their contribution to total GGY, and the risk profile (where available) by net deposits and by amount staked per month.

Methodology to estimate the value of the black market (cont.)

Details of our approach to calculating the size of the British black market

10. Convert staked figures to a GGY estimate: After estimating the total amount staked by each group, we converted these figures into Gross Gambling Yield (GGY) by applying a figure for the GGY% reported by the Gambling Commission in its latest set of industry reported returns, to each vertical. Since the GGY% reported by the Gambling Commission can differ widely between remote and non-remote gambling channels, we also applied separate GGY percentage to online and in-person stakes.

The table below shows the GGY percentages we applied to the amounts staked online and in-person, and the source of these estimates.

GGY as a % of turnover – based on Gambling Commission Industry Statistics for April 2022 – March 2023

Vertical	Remote GGY %	Non-remote GGY %	Notes and sources
Sports bets	10.2%	10.8%	<ul style="list-style-type: none"> Remote GGY% based on remote totals summed across “cricket”, “football”, “golf”, “tennis”, “dogs” and “virtual” (Table 10b). Non-remote GGY% based on non-remote total summed across off course betting (Table 6a); on course betting (Table 6b); and pool betting (Table 6c) – exc. “horses”.
Horse bets	8.0%	13.3%	<ul style="list-style-type: none"> Remote GGY% based on remote total for “horses” (Table 10b). Non-remote GGY% based on non-remote total for “horses” summed across off course betting (Table 6a); on course betting (Table 6b); and pool betting (Table 6c).
Other bets	7.4%	10.8%	<ul style="list-style-type: none"> Remote GGY% based on remote total for “financials” and “other” (Table 10b). Non-remote GGY% based on non-remote total summed across off course betting (Table 6a); on course betting (Table 6b); and pool betting (Table 6c) – exc. “horses”.
Slots	4.3%	14.6%	<ul style="list-style-type: none"> Remote GGY% based on remote total for “slots” (Table 10a). Non-remote GGY% based on non-remote casino totals (Table 8), as more granular splits by game are not reported.
Casino games	2.7%	14.6%	<ul style="list-style-type: none"> Remote GGY% based on remote total for “blackjack”, “roulette” and “other” casino (Table 10a). Non-remote GGY% based on non-remote casino totals (Table 8), as more granular splits by game are not reported.
Poker	2.7%	14.6%	<ul style="list-style-type: none"> Remote GGY% assumed equal to that of other remote casino games (see above), since poker peer-to-peer turnover is not reported in GC figures. Non-remote GGY% based on non-remote casino totals (Table 8), as more granular splits by game are not reported.
Bingo	15.7%	31.9%	<ul style="list-style-type: none"> Remote GGY% based on remote total for “bingo” (Table 10c). Non-remote GGY% based on non-remote “bingo games” (Table 7).

Source: Gambling Commission, *Industry Statistics - February 2024 - Correction: Official statistics*. Available [here](#) (accessed: 5 August 2024)

Notes: All figures relate to the period from April 2022 – March 2023, and are expressed as Gross Gambling Yield as a proportion of turnover.

Methodology to estimate the duty losses associated with the black market

Details of our approach to calculating duty losses

- 1. Calculate the black market GGY by vertical:** Our methodology for estimating this is detailed on slides 56–60.
- 2. Estimate the duty losses from online gaming:** Where our calculations involve online spending only, we apply the General Betting Duty of 14.5% (effective tax rate explained in table below) to all remote betting and the remote gaming duty of 21% to other remote verticals.
- 3. Estimate the potential additional in-person impact:** We also consider what the impact on betting and gaming duties are when those using ‘other’ in-person channels are included as part of the black market. The table below summarises the approach taken for each in-person vertical.

In-person vertical	Type of duty	Effective tax rate	Notes and sources
Betting	General Betting Duty / Pool Betting Duty	14.5% / 15%	<ul style="list-style-type: none"> Applied to GGY. General Betting Duty applies different tax rates to ‘Fixed odds and totalisator bets’, ‘Financial spread bets’ and ‘Other spread bets’. For those bets subject to General Betting Duty, we assume the proportion of GGY that comes from each bet type – we have used Gambling Commission data to estimate this.¹ Pool Betting Duty is applied to bets that are not at fixed odds and are not on horse or dog racing – we assume the proportion of pool betting bets based on Gambling Commission data.¹
Slots	Machine Games Duty	19.6%	<ul style="list-style-type: none"> Applied to GGY. Machine Games Duty applies different tax rates to machines based on their maximum cost of play and maximum cash prize. We assume the proportion of GGY that comes from each machine type mimics the regulated sector – we have used gambling Commission data to estimate this¹ and use the Gambling Commission’s definition of machine categories to determine which tax rate would apply.²
Casino games	Gaming Duty	18.1%	<ul style="list-style-type: none"> Applied to GGY. Gaming duty is applied at the premise level with different tax rates based on a 6-month accounting period. We apply the effective tax rate – calculated using Gambling Commission data on Gaming Duty receipts³ and industry GGY¹ – to black market spend.
Poker	Gaming Duty	14.6%	<ul style="list-style-type: none"> Applied to GGY. Gaming duty is applied at the premise level with different tax rates based on a 6-month accounting period. We apply the effective tax rate – calculated using Gambling Commission data on Gaming Duty receipts³ and industry GGY¹ – to black market spend.
Bingo	Bingo Duty	10.0%	<ul style="list-style-type: none"> This is paid on operators’ profits from bingo in GB – we use GGY as a proxy for this.

1. Gambling Commission, *Industry Statistics - February 2024 - Correction: Official statistics*. Available [here](#) (accessed: 5 August 2024).

2. Gambling Commission, *Gaming machine categories*. Available [here](#) (accessed: 5 August 2024)

3. Gambling Commission, *Betting and Gaming Duty receipts*. Available [here](#) (accessed: 5 August 2024)

09

**Annex 2:
Additional survey
findings**

Annexe: How the estimated size of the British black market breaks down

Estimated black market stakes and GGY - split by player groups and verticals

	Just named black market online operators			
	Unadjusted stakes	Adjusted stakes	% of black market total (adjusted)	Estimated GGY (adjusted)
Staking more than £800 per month with UK regulated operators	£2,187m	£1,456m	64%	£116m
Staking less than £800 per month with UK regulated operators	£793m	£819m	36%	£65m
Online	£2,981m	£2,275m	100%	£181m
In-person	£0m	£0m	0%	£0
Betting	£1,122m	£833m	37%	£78m
Gaming	£1,228m	£910m	40%	£33m
Poker	£132m	£98m	4%	£3m
Bingo	£499m	£434m	19%	£68m
18-34	£2,145m	£1,654m	73%	£132m
35+	£836m	£622m	27%	£50m
Total	£2,981m	£2,275m		£181m

Source: Frontier estimates based on survey and operator provided data.

Note: Although a relatively similar share of individuals playing bingo used black market operators, the black market bingo stakes by vertical in this chart is far larger. Whilst being not simply down to one response, we do note that one survey respondent was a very high spending bingo player exclusively using a black market online operator for their play. We are also able to observe from the survey that this particular individual had previously voluntarily excluded themselves from gambling activity (e.g. using GAMSTOP), but continued to play using a black market operator. This is precisely the type of behaviour that will be of particular concern to gambling regulators in Great Britain.