Public control of the gambling market

Final report

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Contents

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Summary

In its appropriation directions (FI2023/03130), the Swedish Gambling Authority (Spelinspektionen) has been commissioned to develop a method for calculating the level of channelling on the Swedish gambling market. The Swedish Gambling Authority must also work to increase public awareness about channelling, e.g., how it applies to different forms of gambling. The Swedish Gambling Authority must also propose an indicator for reporting the level of channelling in the Budget Bill.

The term ‘level of channelling’ lacks an established definition.
The level of channelling is calculated in this report as the proportion of gambling by Swedes on the competitive part of the gambling market that takes place within the licence system. Several methods have been used to estimate the level of channelling: surveys of gamblers, measurement of internet traffic, turnover data from operators with permit for gambling software and data from the analytics company H2 Gambling Capital. The results show that levels of channelling vary depending on the method and form of gambling, with generally higher levels of channelling for betting compared to online casinos. An overall assessment by the Swedish Gambling Authority has found that a survey of gamblers, measurement of internet traffic, estimated turnover from internet traffic and data from H2 Gambling Capital are the methods which provide the most reliable indicators. Based on these indicators, the Swedish Gambling Authority deems that the level of channelling for 2023 was 86 per cent.

1 Commission

An important aim of the reregulation of the gambling market was to grant the State control over gambling that previously took place at gambling companies without a permit in Sweden.

One way of measuring public control of the licence system is to investigate the proportion of gambling by Swedes that takes place with gambling companies with a Swedish gambling licence, known as the level of channelling.

In its appropriation directions (FI2023/03130), the Swedish Gambling Authority has been commissioned to develop the method for calculating the level of channelling on the Swedish gambling market. The Swedish Gambling Authority must also work to increase public awareness about channelling, e.g., how it applies to different forms of gambling. The Swedish Gambling Authority must also propose an indicator for reporting the level of channelling in the Budget Bill. The commission must be reported by
1 October 2024 to the Government Offices. This report concludes the commission.

2 Definitions

2.1 What is level of channelling?

Prior to the reregulation of the Swedish gambling market, the Government at that time defined the level of channelling as the proportion of total turnover on the competitive market that is generated by gambling companies with a Swedish licence[1]. No distinction is made in this definition between online gambling and gambling in person, such as retail gambling. In terms of turnover, the absolute majority of the competitive gambling market in Sweden consists of betting and commercial online gambling.[2]

In 2023, the total net turnover (gamblers' stakes less disbursed winnings) for licence holders with a Swedish gambling licence amounted to SEK 27.1 billion. The competitive portion of the gambling market had a turnover of SEK 17.3 billion[3]. Throughout this report, the term turnover refers to net turnover.

The commission also includes measuring the level of channelling for individual forms of gambling, such as online casino and betting, as the level of channelling can differ between different forms of gambling. The Swedish Gambling Authority's overall furthermore deems online casino and betting, particularly online, to be the forms of gambling where gambling outside the licence system is particularly widespread.

While there is no established definition of level of channelling, it often refers to the proportion of online gambling that takes place within the licence system.

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[1] Govt. bill 2017/18:220 *En omreglerad spelmarknad.* p. 285.

[2] In 2023, almost 99 per cent of turnover in the competitive gambling market was generated by betting and commercial online gambling. The competitive gambling market includes betting, commercial online gambling, land-based commercial gambling, tournament card games, gambling on international shipping and slot machines.

[3] Based on gambling tax data from the Swedish Tax Agency.

In addition to the level of channelling in money, an investigation of the level of channelling in terms of gambler share is also relevant, to better understand gambling outside the licence system.

It is important to note that all measurements of levels of channelling are estimates, as there is no comprehensive data regarding the extent of gambling by Swedes outside of the licence system.

2.2 Measurements from other stakeholders

Through contacts with gambling authorities in other countries, industry organisations and gambling companies, the Swedish Gambling Authority has identified various indicators for the level of channelling. One method for developing these indicators is gambler surveys. Another method used is the measurement of internet traffic.

One potential method that is highlighted is the analysis of payment transactions to gambling companies. Non-use of this method is explained, inter alia, by the lack of classification of payment transactions, the use of payment intermediaries in transactions and the absence of a global register of transactions.

Few gambling authorities regularly publish data on levels of channelling. Among the measurements that have been published are occasional gambler surveys.[4] Some gambling authorities use estimates of internet traffic to measure the distribution of visits to websites without the necessary licence.[5] Several authorities have hired UK-based analyst firm H2 Gambling Capital[6] to estimate the extent of gambling outside the licence system. In Sweden, the industry organisation *Branschföreningen för onlinespel* (BOS)[7] and the betting company

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[4] Spillemyndigheden. *Danskerne spiller i høj grad på spilsider med dansk tilladelse.* (2024).
[5] Kansspelautoriteit. *Monitoringsrapportage online kansspelen.* (2024).
[6] Spillemyndigheden. *Spilmarkedet i Tal 2023.* (2024).
[7] SKOP. *Rapport om kanalisering på den svenska spelmarknaden.* (2023).

ATG[8] have also commissioned measurements of the level of channelling for the Swedish market.

After examination of the methods used by different stakeholders and the indicators that have been developed, the Swedish Gambling Authority finds that the various assumptions implicit in the methods have a major impact on the result of the indicator.

One example is how to treat the proportion of gamblers answering "I don't know" when asked whether they gambled on a website with or without a Swedish licence in gambler survey. These responses may be included in the category of gamblers who have gambled with a Swedish licence, they may be included in the category gambling without a Swedish licence, or they may be excluded from the survey altogether.

In the methodology of measuring internet traffic, the amount of money spent per visit is an important assumption that makes a large difference in the level of channelling. Another important variable in the methodology is which websites have been included in the measurement.

It is not always clear from the methods used by other stakeholders how they justified their methodological assumptions and how those assumptions were used.

[8] ATG. *Olicensierat spel – En analys av webbtrafik till olicensierade spelsajter*. (2024).

3 Gambling outside the Swedish licence system

Given the Swedish Gambling Authority's knowledge of the gambling market and the availability of gambling on the Internet, it is reasonable to assume that most gambling involving companies without a Swedish licence takes place online, and the Swedish Gambling Authority has focused primarily on online gambling. However, it is reasonable to assume that a smaller proportion of gambling outside the Swedish licence system takes place through the use of non-digital gaming machines and poker clubs. In its measurements, the Swedish Gambling Authority has not included in-person gambling outside the licence system.

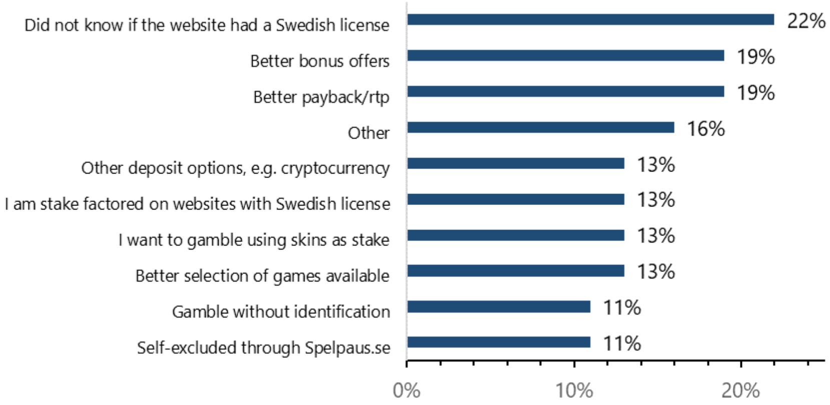
Unauthorised forms of gambling, such as pyramid schemes and skin gambling, are generally not included in the Swedish Gambling Authority's measurements of gambling outside the Swedish licence system.

The unlicensed online gambling market consists of websites lacking the necessary licence (the company permits customers from Sweden and seeks customers in Sweden) as well as companies not focused on customers in Sweden. When the Swedish Gambling Authority measures the level of channelling, it does not take into account whether or not a company without a Swedish gambling licence targets customers in Sweden and thus lacks the necessary licence.

3.1 Reasons to gamble outside the licence system

There may be several different reasons why gamblers have gambled on websites without a Swedish gambling licence. The Swedish Gambling Authority's survey of gamblers (Figure 1) shows that the most common reasons include better bonus offers and better odds.

Figure 1. Reasons for gambling on websites without a Swedish gambling licence



Source: Enkätfabriken
Note: Multiple response options can be chosen. Total number of responses: 134.

3.2 Skin gambling

Skin gambling is a form of gambling where so-called 'skins' serve as stakes and/or winnings. Such gambling takes place mainly in the form of betting on e-sports, lotteries or casino games. 'Skins' are cosmetic items in computer games. They originally come from loot boxes, but they can also be sold on various digital marketplaces. Certain websites buy and sell skins for real money.

While the essential content of skin-gambling sites appears to be gambling, most of the websites include content that cannot be considered gambling. This includes, for example, information on different skins, bartering of skins, video-game news, and trading of cryptocurrencies and non-fungible tokens (NFTs). The proportion of visits attributable to gambling is therefore difficult to estimate.

Skin gambling is not licensed, partly because bets cannot be placed in Swedish currency.

4 Methods for developing level-of-channelling indicators

The Swedish Gambling Authority has developed several indicators to estimate the level of channelling on the Swedish gambling market. These indicators are based on data collected through gambler surveys, internet traffic measurement, turnover data from gambling software operators with permit and data on gambling by unlicensed (in Sweden) companies from the research firm H2 Gambling Capital. The Swedish Gambling Authority has also supplemented these indicators with information on certain gambling data, obtained from licence holders. This section describes the different methods and the advantages and limitations of each.

4.1 Gambler surveys

Asking gamblers whether they have gambled on a website with or without a Swedish gambling licence, and how much money they have wagered, can be a way of estimating levels of channelling.

The Swedish Gambling Authority has engaged the market-research company Enkätfabriken to conduct a survey of gamblers. All persons surveyed are aged 18 or over and reside in Sweden. The survey is a quantitative measurement with 4,000 responses and was conducted in June – July 2024.

Survey participants were asked where/how they gambled and how much money they had bet on their most recent gambling occasion. Those who gambled online were also asked whether they gambled on websites with or without a Swedish gambling licence. It is important to note that the terminology of the questions may be interpreted differently by respondents. For example, the 'most recent (gambling) occasion' can be interpreted as a single wager or as the aggregate of all wagers made during a longer, continuous gambling session. These various interpretations may impact the responses and should be taken into account when assessing the reliability of the results.

The survey was conducted via Norstat's web panel, which is for the most part randomly recruited by telephone, ensuring representativeness of panellists and high quality of collected data.

A survey of gamblers is relatively easy to conduct and can be carried out for different forms of gambling. Another advantage is that the method is easy to repeat over time.

Many gamblers are not aware of whether the website they are gambling on has a Swedish gambling licence, which is a limitation of surveys as an indicator to measure levels of channelling. One way to verify whether the gambler has gambled on a website with or without a Swedish licence is to ask the gambler to indicate which website they have gambled on. At the same time, it can be difficult for a gambler to remember which website or app they last gambled on. There are currently 216 websites[9] holding Swedish gambling licences for betting and commercial online gambling. If you include websites without a Swedish gambling licence, the number of websites becomes very large. Survey responses have been corrected in cases where the respondent has clearly answered incorrectly to the question of whether they have gambled on a website with or without a Swedish gambling licence. For example, if a gambler states that they have gambled on a website without a Swedish licence, but when asked which website they have gambled on, they clearly state a site that has a Swedish licence, the answer is categorised as gambling with a Swedish licence.

A well-known problem in surveys targeting gamblers is the difficulty for gamblers to correctly estimate sums related to gambling.[10] Asking gamblers to provide information related to the last time they gambled - rather than a longer period - is likely to increase the likelihood of correct answers, both in terms of the website where they gambled and the amount of money wagered. One disadvantage of phrasing the question in this way is that it only captures how much is wagered and not frequency, i.e., how often wagers are made on sites with and without a Swedish gambling licence.

Another problem is the risk of typos, e.g., that the respondent has entered an extra zero when stating the amount wagered. One way of addressing this is so-called soft validation, where the respondent is asked to confirm their answer

[9] Data retrieved June 2024.
[10] Salonen, A.H., Kontto, J., Perhoniemi, R., Alho, H. & Castrén, S. *Gambling expenditure by game type among weekly gamblers in Finland.* (2018).

when the amount wagered on the most recent gambling occasion exceeds SEK 10,000.

Another significant limitation of surveys targeting gamblers is the difficulty of collecting a sufficiently large sample of gamblers who have gambled on websites without a Swedish gambling licence. This makes it difficult to draw statistically reliable conclusions for that particular group. The problem is compounded by the fact that the sample size affects the results, meaning that, in a small group, a single response from a respondent can have a disproportionate impact on the results. In order to obtain a robust and representative data set, a significantly larger sample of respondents is needed, which increases the costs of conducting the survey.

4.2 Measurement of internet traffic

One indicator that can provide information on the level of channelling is to measure the proportion of visits from Sweden to websites that provide gambling with or without a Swedish gambling licence. Another indicator that can provide similar information is measuring time spent on web pages. There are various companies that provide so-called SEO (Search Engine Optimisation) tools, which produce visit estimates[11].

In order to measure estimates to unlicensed websites, the Swedish Gambling Authority must first identify the websites whose traffic it wishes to measure. Given the large number of websites that offer gambling without a Swedish gambling licence, not all of them necessarily accept Swedish customers or have traffic from Sweden. However, it cannot be ruled out that a website with traffic from Sweden may be missed in such a survey.

One of the advantages of using internet traffic as an indicator is the possibility to continuously monitor measurements over time, as well as the frequency with which they can be carried out.

[11] An estimate does not measure actually measured traffic to a web page, but is rather an estimate based on a model.

One limitation of using traffic to websites is that the estimates are based on models that the Swedish Gambling Authority does not have full insight into. Furthermore, estimates for a website can vary significantly depending on the supplier of the estimate being used.

An additional limitation of the estimates is that they do not measure visits traffic via apps[12]. However, the Swedish Gambling Authority considers that traffic to companies that do not have a Swedish gambling licence is almost exclusively through visits to websites, since apps for websites that do not have a Swedish licence are not available in, e.g., the App Store or Google Play. Since part of the turnover of licensed companies is via apps, an indicator based on internet traffic necessarily underestimates the licensed share of gambling.[13]

There may be differences between websites in the proportion of traffic that leads to actual gambling For example, betting websites may have visitors who only watch streaming of, e.g., a football match or a horse race. In general, however, it is reasonable to assume that a longer visit to a website leads to a higher turnover than a shorter visit.

Furthermore, it is the assessment of the Swedish Gambling Authority that there may be difference in the average turnover size of gambling on an unlicensed website compared with a licensed website, which the estimate of traffic does not take into account.

4.2.1 Validation of internet traffic as a level-of-channelling indicator

Using estimates of internet traffic as an indicator of level of channelling is based on an assumed correlation between the number of visits to a website and the turnover generated by the website's gambling activities. To investigate this relationship, the Swedish Gambling Authority has calculated the correlation between the turnover, based on gambling tax, reported by licence holders for 2023 and the number of measured visits to the websites registered by the

[12] App refers to a downloadable app, e.g., via the App Store or Google Play.
[13] A survey by the Swedish Gambling Authority of companies with a licence for commercial online gambling and/or betting shows that 25 per cent of turnover comes from gambling on apps.

companies during the same period. The Swedish Gambling Authority has found a strong correlation between turnover and visits.

This supports the use of internet traffic as an explanatory variable for the size of turnover.

4.2.2 Identification of websites providing gambling without a Swedish gambling licence

In order to measure internet traffic from gamblers in Sweden to unlicensed websites that conduct gambling activities, these websites need to be identified. In carrying out its commission, the Swedish Gambling Authority has used several different sources to identify these websites.

Some of the websites that the Swedish Gambling Authority has included in its measurement come from injunctions issued by the Swedish Gambling Authority banning companies from offering gambling in Sweden. The injunctions include websites that, according to the information of the Swedish Gambling Authority, are used by the companies to run gambling businesses.

The Swedish Gambling Authority has also reviewed the most recent supervision cases involving illegal gambling that were dismissed or closed without further measures and has identified additional websites from these cases. From ongoing supervision cases against illegal gambling, additional websites have been added.

In the Swedish Gambling Authority's external monitoring to prevent illegal gambling (e.g., via monitoring of gambling forums), websites have been identified which, for various reasons, have not resulted in a case being opened.

The Swedish Gambling Authority also receives tips from the public regarding websites that provide gambling without a licence. The Swedish Gambling Authority has included the websites received through tips 2020-2024[14].

[14] Tips received 12 June 2020-13 June 2024.

Industry organisations BOS and Sper (Spelbranschens Riksorganisation) were asked regarding any member websites they consider relevant to include in the survey. The tips related to websites that have been received by the Swedish Gambling Authority were also included.

In total, 738 websites without a Swedish licence were identified through 5 August 2024.

4.2.3 Distribution of websites without a Swedish licence

Of the 738 websites identified by the Swedish Gambling Authority as belonging to companies without a Swedish licence, 170 are banned from offering gambling in Sweden.[15]

143 of the websites only offer games that the Swedish Gambling Authority has categorised as commercial online gambling (e.g. online slots, online bingo, online poker). Two of the websites only offer games that the Swedish Gambling Authority has categorised as betting.

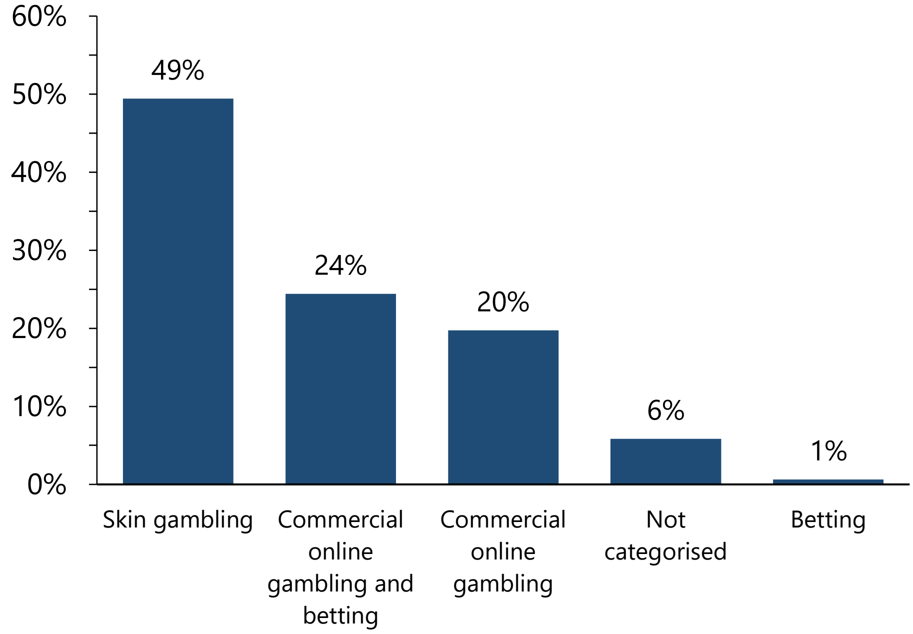
143 of the websites offer both games that we have categorised as commercial online gambling (e.g. online slots, online bingo, online poker) as well as betting.

44 of the websites have been categorised by the Swedish Gambling Authority as games with stakes in the form of skins, so-called skin gambling. The remaining 406 websites have not been categorised[16].

[15] Injunctions through 4 July 2024.
[16] 94 per cent of the traffic measured comes from categorised websites. A website may not have been categorised because, for example, the website was unavailable at the time of the review.

Figure 2 shows the breakdown of measured visits for each category.

Figure 2. Breakdown of measured visits



Source: SEO tools, January 2023 - May 2024.

Figure 2 shows that the majority of unlicensed visits in 2023 were to websites engaged in skin gambling. In general, there are few betting-only sites. Betting is commonly offered alongside commercial online gambling.

4.3 Estimation of turnover from internet traffic

Turnover in the competitive market was SEK 17.3 billion in 2023. This turnover accrues to licence holders via a web browser, app or via non-digital gambling apparatuses at, for example, retail gambling sites.

Internet traffic measurement only shows visits that take place via a web browser. The indicator therefore does not capture gambling via apps or non-digital gambling apparatuses at retail gambling sites.

The Swedish Gambling Authority has collected data from licence holders on the proportion of turnover that comes from visits to their website(s). This share of the turnover is used to calculate the turnover per visit.

Using this ratio, the Swedish Gambling Authority has estimated the turnover of the unlicensed market by combining this ratio with the number of measured visits to unlicensed websites. The Swedish Gambling Authority thus assumes that the ratio between turnover and visits is the same for a licensed website and for a website without a Swedish licence.

4.4 Turnover from operators with a gambling software permit

Another way to estimate the level of channelling is to collect turnover data from operators with permit for gambling software.

An operator with a permit for gambling software manufactures, provides, installs and/or modifies gambling software. An example of an operator with a gambling software permit is a company that provides computer-simulated slot machine software to operators. Licence holders may also include providers of, for example, random number generators and liquidity management software. Some operators with a gambling software permit are able to track the turnover from gambling on the software products that they create or manage, for example by linking turnover from gambling on their products to IP addresses.

180 operators with permits for gambling software[17] have been contacted by the Swedish Gambling Authority and asked about the turnover of the gambling software they handle. These permit holders have been asked to break this turnover down between operators with a Swedish gambling licence and operators without a Swedish gambling licence. 69 permit holders have indicated that they are able to track turnover from Sweden.

Although several of the operators that submitted turnover data are large companies with many operators as customers, both in Sweden and internationally, it is difficult to assess how much of the total gambling from

[17] Permit operators in May 2024.

Sweden is covered by the operators that reported data to the Swedish Gambling Authority. There may also be double reporting of some turnover, for example where several permit holders have managed the same gambling software at different stages, which further complicates the interpretation of the results. It is also difficult to attribute turnover to different forms of gambling.

It should also be noted that this methodology is unlikely to measure turnover from gambling software of operators targeting Sweden without the necessary Swedish licence.

In conclusion, this indicator should be interpreted with great caution.

4.5 Data from analytics company H2 Gambling Capital

Another way to measure the level of channelling is to use estimates of the extent of gambling outside the licence system from analytics companies. H2 Gambling Capital is a UK-based analytics company specialising in gambling market data and gambling industry consulting services. The company is used by, for example, industry organisations, gambling companies and gambling authorities. The Swedish Gambling Authority has also previously used data from H2 Gambling Capital to calculate the level of channelling for the Swedish market.

H2 Gambling Capital's estimates of gambling outside the Swedish licence system are based on a model that uses, among other things, gambling market data, internet traffic and direct contacts with operators. The Swedish Gambling Authority does not have insight into the model used by H2 Gambling Capital, which entails some uncertainty. One advantage of H2 Gambling Capital's data is that they conduct measurements for multiple markets, permitting comparisons.

5 Results of the measurement of indicators

5.1 Gambler survey

The results of the gambler survey for competitive gambling are presented in Table 1.

In total, 1,511 respondents answered that they had gambled on the competitive market. Of these, 1,404 stated that their most recent wager was made with a company holding a Swedish licence. 48 of the respondents stated that their most recent wager was on a website that did not hold a Swedish licence. 59 of the respondents stated that they do not know whether their most recent wager was made on a website holding a Swedish licence.

Table 1 shows that 97 per cent of all gamblers state that they gambled within the Swedish licence system on their most recent gambling occasion. On the most recent gambling occasion, the share of total wagers within the Swedish licence system is 83 per cent.

The Swedish Gambling Authority has corrected manifestly incorrect answers to the question of whether the gambler has gambled within or outside of the licence system. Respondents who stated that they did not know whether they gambled with or without a Swedish licence are not included in the calculation after correction

Table 1. The competitive market[18]

	Swedish gambling licence	**No Swedish gambling licence**
Share of money	83%	17%
Share of gamblers	97%	3%

Source: Enkätfabriken, Swedish Gambling Authority

[18] The competitive market here refers to online casinos, online poker and betting.

Table 2 shows that, for betting, 99 per cent of all gamblers state that they gambled within the Swedish licence system on the most recent occasion. On the most recent gambling occasion, the share of total wagers within the Swedish licence system is 97 per cent.

It is reasonable to assume that, even within betting, there are differences in the level of channelling between different events. For example, the Swedish Gambling Authority makes the overall assessment that a larger proportion of the turnover from trotting occurs within the licence system, compared with other sports.

Table 2. Breakdown of number of gamblers and amounts wagered for online betting

	Swedish gambling licence	No Swedish gambling licence
Share of money	97%	3%
Share of gamblers	99%	1%

Source: Enkätfabriken, Swedish Gambling Authority

Table 3 shows that for commercial online gambling, 96 per cent of all gamblers state that they gambled within the Swedish licence system on their most recent occasion. Of money wagered at the most recent gambling occasion, the share of total wagers within the Swedish licence system is 79 per cent.

Table 3. Breakdown of number of gamblers and money wagered for online casino

	Swedish gambling licence	No Swedish gambling licence
Share of money	79%	21%
Share of gamblers	96%	4%

Source: Enkätfabriken, Swedish Gambling Authority

5.2 Estimate of internet traffic

Table 4 shows the breakdown of measured visits to websites with and without a Swedish gambling licence in 2023 and the total time spent on websites with a Swedish licence and without a licence[19].

Table 4. Breakdown of internet traffic to gambling websites (excluding skin gambling) in 2023

	Swedish gambling licence	No Swedish gambling licence
Percentage of visits	84%	16%
Percentage of time spent	86%	14%

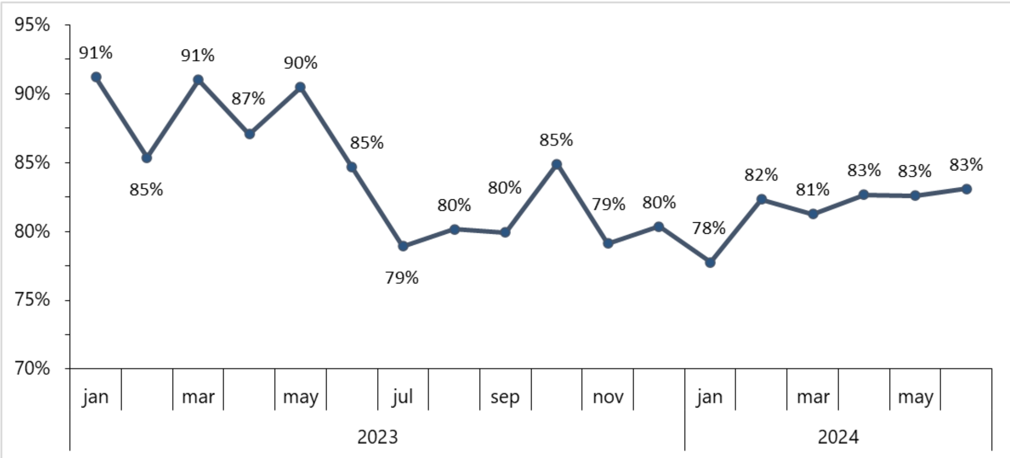
Source: SEO tools

Figure 3 shows the monthly growth of the share of visits to websites with a Swedish licence. The latest survey from June 2024 shows a share of 83 per cent.

The websites included in the measurement have been chosen, among other things, by means of external monitoring in 2024. This may mean that the group of websites without a Swedish does not include websites receiving visits in 2023, since external monitoring conducted in 2023 might have identified additional websites. Thus, the measurement may overestimate the indicator the further back in time it is measured. However, most of the web pages are taken from the Swedish Gambling Authority's injunctions and from tips received from 2020 onwards.

[19] All data retrieved on 5 August 2024.

Figure 3. Growth in the share of visits to websites with a Swedish licence (excluding skin gambling) January 2023 - June 2024



Source: SEO tools

Table 5 shows the breakdown of internet traffic when including websites offering skin gambling. When the Swedish Gambling Authority includes websites offering skin gambling in the measurement, the proportion of visits to websites with a Swedish licence is lower than when visits to websites offering skin gambling are excluded.

Table 5. Breakdown of internet traffic to gambling websites (including skin gambling) in 2023

	Swedish gambling licence	No Swedish gambling licence
Percentage of visits	73%	27%
Percentage of time spent	76%	24%

Source: SEO tools

5.2.1 Internet traffic for different forms of gambling

The Swedish Gambling Authority has also estimated the level of channelling for online casino and betting, based on internet traffic. As regards websites with a Swedish gambling licence that offer both commercial online gambling and betting, the Swedish Gambling Authority has collected data on the licence holders' distribution of turnover between these forms of gambling. The Swedish Gambling Authority has then made the assumption that the distribution of visits to the websites reflects turnover per form of gambling for each company.

The breakdown in turnover for these companies is 46 per cent for commercial online gambling and 54 per cent for betting. It should be noted, however, that the largest operators in the market have a significantly higher share of betting than the remaining companies. Therefore, the median turnover (79 per cent of turnover from commercial online gambling) for all companies with a licence for commercial online gambling and betting provides a more representative picture of a company on the market.

The Swedish Gambling Authority has made the assumption that a website lacking a Swedish gambling licence which offers both commercial online gambling and betting has the same distribution between the two forms of gambling as the median company on the Swedish market. This assumption does not necessarily reflect the turnover of a company without a Swedish licence.

5.2.1.1 Internet traffic for online casinos

The companies that have a licence for commercial online gambling only had 38 million visits distributed over 137 websites in 2023. For those companies licensed for both commercial online gambling and betting, the total visits attributable to commercial online gambling are estimated at 120 million. In total, 158 million visits can therefore be attributed to commercial online gambling.

For those websites that do not have a Swedish licence, 143 websites only offer gambling options equivalent to the gambling options that may be offered under a licence for commercial online gambling. These had 22 million visits in

2023. A further 143 websites offer gambling options equivalent to those that may be offered under a licence for commercial online gambling and betting. On these websites, 22 million visits can be attributed to commercial online gambling. A total of 44 million visits can therefore be attributed to commercial online gambling on websites without a Swedish licence.

Table 6 shows the breakdown of internet traffic for online casinos in 2023.

Table 6. Breakdown of internet traffic for online casino in 2023

	Swedish gambling licence	**No Swedish gambling licence**
Percentage of visits	78%	22%

Source: SEO tools

5.2.1.2 Internet traffic for betting

In 2023, the companies with a licence for betting only had 2 million visits spread over 13 websites. For those companies licensed for both commercial online gambling and betting, the total visits attributable to betting are 142 million. In total, 144 million visits can therefore be attributed to betting.

For those websites that do not have a Swedish licence, 2 websites only offer gambling options equivalent to the gambling options that can be offered with a betting licence. In 2023, these had 0.7 million visits. A further 143 websites offer gambling options equivalent to those that may be offered under licences for both commercial online gambling and betting. On these websites, 5.7 million visits can be attributed to betting. In total, 6.4 million visits can therefore be attributed to betting.

Table 7 shows the breakdown of internet traffic for betting in 2023.

Table 7. Breakdown of internet traffic for betting in 2023

	Swedish gambling licence	**No Swedish gambling licence**

Percentage of visits	96%	4%

Source: SEO tools

5.3 Estimate of turnover from internet traffic

The results for the estimate of turnover from internet traffic are uncertain because they are based on assumptions with significant uncertainty at several stages, where small differences in these assumptions can have a large impact on the estimate of the level of channelling.

One such assumption is that there is a difference between how much a gambler spends between licensed and unlicensed gambling per visit. Based on this assumption, the Swedish Gambling Authority has also developed an alternative scenario for calculating this indicator where the turnover per visit is twice as high when visiting a website without a licence.

The turnover of companies licensed for commercial online gambling and/or betting is estimated at SEK 17.3 billion in 2023.[20] The turnover of the unlicensed companies is estimated at SEK 2.5 billion for 2023, assuming equal turnover per visit to websites with and without a Swedish licence. Assuming twice the turnover per visit to a website without a Swedish licence compared to a website with a Swedish licence, the turnover is estimated at SEK 5.0 billion.

[20] Information obtained by the Swedish Gambling Authority from the Swedish Tax Agency

Table 8 shows estimates of the share of turnover for 2023.

Table 8. Estimates of share of turnover in 2023

	Swedish gambling licence	No Swedish gambling licence
Turnover	87%	13%
Turnover (twice the turnover per visit to website without a Swedish licence)	78%	22%

Source: Enkätfabriken, SEO tools, Swedish Gambling Authority.

5.4 Turnover from operators with a gambling software permit

Table 9 shows the breakdown of turnover from operators with a gambling software permit.

Table 9. Turnover from operators with a gambling software permit in 2023

	Swedish gambling licence	No Swedish gambling licence
Share of turnover	99%	1%

Source: Survey conducted by the Swedish Gambling Authority.

SEK 10.1 billion, or 99 per cent, of the turnover reported by operators with a gambling software permit in connection with the survey can be attributed to gambling by Swedes with operators holding a Swedish gambling licence. SEK 119 million can be attributed to companies not holding a Swedish licence.

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5.5 Estimate from H2 Gambling Capital

In a report[21] from the Danish gambling authority, the levels of channelling for the ten countries with the highest levels of channelling for online gambling in Europe in 2023 (according to H2 Gambling Capital) are presented. Sweden's level of channelling is the fourth highest, at 92 per cent, which is slightly higher than Denmark (90%), but lower than, for example, the UK (97%).

A summary of how Swedes' gambling was distributed among companies with and without a Swedish licence, according to data from the Swedish Gambling Authority and the analytics company H2 Gambling Capital, is presented in Tables 10 - 12.

Table 10 shows that for the competitive gambling market in 2023, companies with a Swedish licence accounted for 91 per cent of turnover.

Table 10. Breakdown of turnover in the competitive market in 2023

	Swedish gambling licence	No Swedish gambling licence
Share of turnover	91%	9%

Source: The Swedish Gambling Authority (turnover of companies with Swedish licences) and H2 Gambling Capital (turnover of companies without Swedish licences).

[21] Spillemyndigheden. *Spilmarkedet i Tal 2023.* (2024).

Table 11 shows that for online betting in 2023, companies with a Swedish licence accounted for 93 per cent of turnover.

Table 11. Breakdown of turnover for online betting in 2023

	Swedish gambling licence	No Swedish gambling licence
Share of turnover	93%	7%

Source: The Swedish Gambling Authority (turnover of companies with Swedish licences) and H2 Gambling Capital (turnover of companies without Swedish licences).

For online casinos, companies with a Swedish licence accounted for 87 per cent of turnover in 2023.

Table 12. Breakdown of turnover for online casinos in 2023

	Swedish gambling licence	No Swedish gambling licence
Share of turnover	87%	13%

Source: The Swedish Gambling Authority (turnover of companies with Swedish licences) and H2 Gambling Capital (turnover of companies without Swedish licences).

5.6 Summary of results for indicators

A summary of the results of the main measurements from the different methods is presented in Table 13.

Table 13. Level-of-channelling indicators

Indicator	Total	Online betting	Online casino
Gambler survey, amount wagered	83%	97%	79%
Internet traffic, visits	84%	96%	78%
Estimation of turnover from internet traffic*	87%	ND	ND
Turnover from operators with a gambling software permit	99%	ND	ND
H2 Gambling Capital	91%	93%	87%
Level of channelling**	**86%**		

Source: Enkätfabriken, H2 Gambling Capital, SEO tools and the Swedish Gambling Authority.
Note: *Assuming that the turnover per visit is the same on a website with and without a Swedish licence. **Refers to an average of the indicators excluding the indicator "Turnover from operators with a gambling software permit". Where no data were available, ND is entered.

As shown in Table 13, the indicators show different results for level of channelling, and the differences between the indicators are in some cases significant.

Regarding the methods developed by the Swedish Gambling Authority, the Authority's overall assessment is that a survey of gamblers, measurement of internet traffic, estimation of turnover from internet traffic and data from H2 Gambling Capital are the methods that provide the most reliable indicators. The main reason for not using the methodology of measuring turnover from gambling software permit holders is the lack of relevant data.

However, there is no evidence that any of these indicators would better show the level of channelling. In order to choose a percentage that is most representative of the four indicators (gambler survey, money, 83 per cent; internet traffic, 84 per cent; estimate of turnover 87 per cent and H2 Gambling Capital, 91 per cent), it is reasonable to choose the average of these measurements. The mean is a good measure of central tendency, as it takes into account all values and gives an average percentage. This value is close to most of the individual measurements, making it a reasonable choice to represent the level of channelling. This average is 86 per cent.

6 Conclusions

During 2019-2023, the Swedish Gambling Authority has calculated the level of channelling based on data on the extent of gambling outside the licence system from H2 Gambling Capital. Based on this data alone, the level of channelling would be 91 per cent for 2023.

The Swedish Gambling Authority has been tasked with developing a methodology for calculating the level of channelling. The Swedish Gambling Authority has developed several methods to produce indicators for the level of channelling. The difference in results between the indicators can be explained by the fact that they are uncertain and based on assumptions and estimates. This uncertainty poses some difficulties in ranking the indicators according to reliability, as each of them has advantages and limitations.

The Swedish Gambling Authority notes that the level of channelling differs between different forms of gambling. Betting generally has a higher level of channelling than online casinos. In addition, the Swedish Gambling Authority observes that a small proportion of gamblers gamble on websites without a Swedish licence, but that they gamble for more money than those who gamble under licence. The Swedish Gambling Authority has also observed that a large proportion of visits to websites without a Swedish licence consist of visits to websites that offer skin gambling.

The Swedish Gambling Authority can confirm a general lack of awareness regarding whether a website has a Swedish licence, since many respondents who answered "I don't know" to the question of whether they had gambled on a website with or without a Swedish licence had actually gambled on a website with a Swedish licence.

In conducting its survey of gamblers, the Swedish Gambling Authority found that gamblers who reported gambling on websites without a Swedish gambling licence gave several different reasons for doing so. The most common reasons were the better bonus offers and better odds at websites without a Swedish licence.

The Swedish Gambling Authority's overall assessment is that the survey of gamblers, measurement of internet traffic, estimation of turnover from internet traffic and data from H2 Gambling Capital are the methods that provide the most reliable indicators for reporting the level of channelling to the Budget Bill. The main reason for not using the methodology of measuring turnover from gambling software permit holders is the lack of relevant data.

The results for the Swedish Gambling Authority's indicators suggest that the lowest possible level of channelling is 78 per cent (estimate of turnover through internet traffic, with the assumption that turnover per visit is twice as high on a website without a Swedish licence compared to a website with a Swedish licence).

The main indicators from the Gambling Authority's methodology show that the level of channelling varies between 83 and 91 per cent. It is proposed that the average value of the Swedish Gambling Authority's four main indicators be used as an indicator for reporting the level of channelling in the Budget Bill. The level of channelling for 2023 is thus estimated at 86 per cent.

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