



The Maltese Gaming Industry

*Interim Report
January–June 2019*

Contents

1	Introduction	6
2	Key Highlights.....	7
3	A Review of the First Six Months of 2019	9
3.1	Updates within the Regulatory Functions	9
3.1.1	Fit & Proper Considerations.....	9
3.1.2	Criminal Probity Screening.....	9
3.1.3	Executing an Effective Authorisations and Compliance Functions.....	9
3.1.4	Supervision in Terms of Anti-Money Laundering / Combating Financing of Terrorism	11
3.1.5	Enforcement and Investigations	12
3.1.6	Inspections of Land-Based Activities	13
3.2	Updates in the Legislative and International Sphere.....	13
3.2.1	Developments within the Sandbox Framework	13
3.2.2	Establishment of a Policy and International Affairs Directorate	13
3.2.3	Signing of Memoranda of Understanding	14
3.2.4	Developments at European and International Levels	14
3.2.5	Policy Initiatives Undertaken	15
3.3	Developments within the Operational Activities.....	16
3.3.1	Offering the Necessary Support to Players.....	16
3.3.2	Self-exclusion Programme	16
3.3.3	Information Management	17
3.3.4	Human Resources	17
3.3.5	Corporate Affairs	18
3.3.6	Management of the Information Technology Systems	18
3.3.7	Programme Management.....	18
3.3.8	Quality Management	19
3.3.9	Risk Management	20
3.4	The Upcoming Six Months of 2019	21

4	The Maltese Gaming Statistics for the First Half of 2019	22
4.1	Preface	22
4.2	Methodology.....	22
4.3	Overview of the Maltese Gaming Industry	26
4.4	Gaming Industry Outlook.....	28
5	Detailed Interim Statistical Report on the Performance of the Maltese Gaming Industry between January and June 2019.....	29
5.1	Gaming Premises - Casinos	29
5.1.1	Gaming Premises - Casinos: Game Types	29
5.1.2	Gaming Premises - Casinos: Number of Gaming Devices.....	29
5.1.3	Gaming Premises - Casinos: New Players' Registrations.....	29
5.1.4	Gaming Premises - Casinos: Players' Visits	30
5.1.5	Gaming Premises - Casinos: Players' Profile.....	30
5.1.6	Gaming Premises - Casinos: GR	32
5.1.7	Gaming Premises - Casinos: Compliance Contribution.....	32
5.1.8	Gaming Premises - Casinos: Employment	33
5.2	Controlled Gaming Premises	34
5.2.1	Controlled Gaming Premises: Number of Outlets	34
5.2.2	Controlled Gaming Premises: Game Types	34
5.2.3	Controlled Gaming Premises: Number of Gaming Devices	35
5.2.4	Controlled Gaming Premises: Players' Visits	35
5.2.5	Controlled Gaming Premises: New Players' Registrations	36
5.2.6	Controlled Gaming Premises: Players' Profile	36
5.2.7	Controlled Gaming Premises: GR.....	37
5.2.8	Controlled Gaming Premises: Compliance Contribution.....	37
5.2.9	Controlled Gaming Premises: Employment.....	38
5.3	Gaming Premises - Commercial Bingo	39
5.3.1	Gaming Premises - Commercial Bingo: Number of Establishments.....	39

5.3.2	Gaming Premises - Commercial Bingo: Game Types	39
5.3.3	Gaming Premises - Commercial Bingo: New Players' Registrations	39
5.3.4	Gaming Premises - Commercial Bingo: Players' Visits.....	39
5.3.5	Gaming Premises - Commercial Bingo: Players' Profile.....	39
5.3.6	Gaming Premises - Commercial Bingo: GR	41
5.3.7	Gaming Premises - Commercial Bingo: Compliance Contribution	41
5.3.8	Gaming Premises - Commercial Bingo: Employment	41
5.4	National Lottery	43
5.4.1	National Lottery: Turnover by Game Category.....	43
5.4.2	National Lottery: Gaming Tax	44
5.4.3	National Lottery: Points of Sale	44
5.5	Other Games	45
5.5.1	Low Risk Games	45
5.5.2	Non-Profit Games	45
5.5.3	Commercial Communication Games	45
5.5.4	Limited Commercial Communication Games	45
5.5.5	Cruise Casino.....	46
5.6	Online Gaming	47
5.6.1	Online Gaming: Number of Companies	47
5.6.2	Online Gaming: Distribution of Licences by Category	47
5.6.3	Online Gaming: Distribution of B2C Licences by Game Types.....	48
5.6.4	Online Gaming: Customer Accounts.....	48
5.6.5	Online Gaming: Players' Profile	49
5.6.6	Online Gaming: GR from Customer Gaming Activities (B2C licensees).....	50
5.6.7	Online Gaming: Compliance Contribution.....	52
5.6.8	Online Gaming: Employment.....	53
6	List of Tables	54
7	List of Charts	54

8	List of Figures	55
9	Annex 1 - Statistical Regions and Districts of Malta	56

1 Introduction

The Malta Gaming Authority (MGA/Authority) is the regulatory body responsible for the governance and supervision of all gaming activities in and from Malta. The Authority oversees within its jurisdiction the provision of fair, responsible, safe and secure gaming services, with particular emphasis on the prevention of crime, fraud and money laundering, together with the protection of minors and vulnerable persons.

The Authority's key functions include:

- regulating gaming;
- supervising licensees and overseeing gaming operations;
- ensuring the fitness and properness of individuals and companies in possession of a licence issued by the MGA;
- ongoing monitoring and ensuring licensees are in compliance with the laws and regulations;
- acting as supervisory authority in accordance with the Prevention of Money Laundering and Funding of Terrorism Regulations;
- assessing licence applications and issuing approvals in line with the MGA's requirements;
- supporting and investigating player complaints;
- advising the Government on new developments and risks in the sector; and
- submitting legislative proposals to address changes within the sector.

It is the Authority's mission to regulate competently the various sectors of the gaming industry that fall under the Authority by ensuring that gaming is fair and transparent to the players, preventing crime, corruption and money laundering, and protecting minors and vulnerable players.

The Authority's vision is to:

- sustain Malta's position as one of the most reputable jurisdictions in the gaming industry;
- raise standards within the gaming sector globally to make gaming fairer and safer, protecting the interests of consumers;
- ensure gaming is kept free from crime by intensifying international collaboration efforts; and
- adapt Malta's gaming regulatory framework to evolving market needs, aiming for excellence.

2 Key Highlights

- During the period under review, the Authority deepened its Anti-Money Laundering and Combating the Funding of Terrorism efforts through intelligence gathering and knowledge-sharing with relevant authorities;
- The MGA's Fit & Proper Committee held 19 meetings throughout the first six months of 2019 with a total of 107 decisions taken. The Committee issued a total of 13 refusals, six at onboarding and seven through ongoing monitoring, on the basis that either the company itself or the individuals connected to it were not deemed fit and proper. Furthermore, the Committee issued 48 conditional verdicts whereby further information and/or documentation was required to proceed with the final decision;
- Between January and June 2019, following information which emerged from compliance audits, compliance reviews, and formal investigations, the Authority issued 11 Notices of Reprimand, suspended 11 licences and cancelled another seven. In addition, the MGA issued a total of eight administrative fines;
- The Authority entered into a Memorandum of Understanding (MoU) with the Malta Police Force to further increase and improve the efficacy of their co-operation and exchange of information;
- In order to strengthen its relationship with its international counterparts, the MGA has hosted several delegations from Ireland, Lagos and Ghana, with the aim of sharing information and increasing co-operation with such authorities;
- During the first six months of 2019, the MGA signed an MoU with the Swedish Gambling Authority in order to facilitate on-going communications between the authorities, and to support the effective sharing of information on matters of mutual interest and policy areas;
- The Authority has received 23 international co-operation requests and has sent 33 of such requests. These covered various areas, including sports integrity, criminal activity by players, adverse media reports, locally licensed operators and entities not holding a licence as well as the Authority's authorisation process and the regulatory regime;
- During the period under review, a total of 597 criminal probity screening tests were carried out covering both land-based and remote gaming activities;
- Between January and June 2019, the Player Support Unit received a total of 1,753 requests for assistance and resolved 1,915 queries (with the latter covering some requests which were still pending at the end of 2018). Furthermore, the Unit took on an additional role in examining the monthly Alternative Dispute Resolution reports submitted by the operators;

- The gaming industry contributed around 13.6% of the total value added of the Maltese economy during the first half of 2019;
- The number of companies licensed by the MGA, including both online and land-based entities, stood at 283 as at the end of June 2019; and
- By June 2019, the gaming industry was directly generating 7,011 full-time equivalent jobs (6,794 as at the end of December 2018) with 6,142 employees working in the online gaming industry (5,950 as at the end of December 2018) and additional 869 in the land-based sector (844 as at the end of December 2018).

3 A Review of the First Six Months of 2019

3.1 Updates within the Regulatory Functions

3.1.1 Fit & Proper Considerations

The Authority gives due consideration to the ‘fitness & properness’ of both its applicants and licensees in order to ensure that operators have the necessary requirements to carry out gaming business activities. Such assessments are corroborated by the MGA’s Fit & Proper Committee, which held 19 meetings during the first six months of 2019 through which a total of 107 decisions were taken. Out of these decisions, there were a total of 13 refusals by the Committee, on the basis that either the company itself or the individuals connected to it were not deemed fit and proper. Furthermore, it was decided that 48 of the requests that had been brought to the Committee’s attention necessitated further information in terms of documentation and/or declarations from the applicant prior to being given approval for further processing. This ensured integrity and consistency in the decisions undertaken by the Authority within the context of onboarding as well as throughout the lifecycle of the MGA’s gaming licences and approvals. Other decisions taken by the said Committee referred to the procedural decisions that were relevant to the Authority’s fit and proper processes.

3.1.2 Criminal Probity Screening

The Authority considers the undertaking of criminal probity screening as one of the fundamental first steps in ensuring that gaming operations are not used as a façade for money laundering or terrorist financing. Upon applying for a gaming licence, and where deemed necessary thereafter, the established checks are performed to ascertain the criminal probity of any persons or legal entities associated with the prospective licensee or license holder.

During the period under review, a total of 597 criminal probity screening tests were carried out, covering both land-based and remote gaming activities.

3.1.3 Executing an Effective Authorisations and Compliance Functions

During the first six months of 2019, the Regulatory function at the MGA was split into two distinct directorates, Authorisations and Compliance, to ensure the appropriate focus in the respective areas.

3.1.3.1 *The Authorisations Function*

The licensing and authorisations activities remain one of the core functions of the MGA. Its main focus remains to ensure that all licensed and certified entities are approved in accordance with their obligations mandated by law and the relevant conditions imposed upon issuance of the licence, through:

- 'fit and proper' assessment;
- financial analysis;
- reviews of other operational and statutory requirements; and
- system reviews of the technical documentation describing the business setup.

With the introduction of the new Gaming Act in 2018, a considerable number of changes were introduced. To this end, the Licensee Relationship Management System (LRMS) has been maintained to cater for additional new services, such as new types of applications, submissions, and notifications that can be accessed directly through the MGA's online Portal.

During the first six months of 2019, the Authority received 51 gaming applications and issued 29 licences to remote gaming companies. In addition to the issuing of gaming licences, the Authority is recognising other EU/EEA licences held by operators in accordance with Article 22 of the Gaming Authorisations Regulations. To this end, the MGA issues a Recognition Notice Certificate. During the period under review, 29 applications were received, and 33 certificates were issued. Furthermore, the new legislative framework also introduced the issuance of a certificate to personnel holding key functions, which must be obtained through an MGA licensed operator. Material Gaming Supply certificates are also issued to any person offering specific services to an authorised entity. During the period under review, the Authority received five applications for such certificate.

3.1.3.2 The Compliance Function

One of the first priorities following the establishment of the Compliance Directorate was the coming into force of the Compliance and Enforcement Committee to evaluate and approve enforcement measures to be taken against authorised persons that commit breaches of regulatory instruments which are deemed sufficiently serious as to require the Committee's direct attention, as recommended by the Compliance and Enforcement directorates.

Through the setting up of the Commercial Communications Committee in 2018, the Authority has continued to strengthen its compliance efforts in the sphere of player protection and responsible gaming. The main functions of the Committee lie in reviewing commercial communications which are brought to its attention by the public and assessing any possible breaches. In addition, the Compliance Directorate continuously focuses on the areas which required the most attention. In this regard, the compliance function launched compliance audits for licensees that have been in operation for a year and others that presented a higher risk. The team also executed several desktop checks, including website checks to ensure that licensees are in line with the new regulations and other checks focused on ensuring that any licence conditions and issues that emerged from the audits carried out were

resolved in a timely manner. Failure to resolve such issues resulted in a referral to the Enforcement Directorate for any possible action by the Committee.

The Regulatory Supervision function's main objective is to ensure that sufficient funds are held by licensees to cover the dues owed to their players. This was ascertained through the review of the 1,298 monthly player funds reports that had been received during the period January to June 2019. The robustness of this assessment was further ameliorated through the review of a number of player balance data extractions carried out by the MGA as well as the forging of new relationships with financial institutions holding player funds on behalf of licensees. Other internal examinations performed included periodic financial health checks and compliance-related thematic reviews focused on financial sustainability and the successful implementation of additional player protection measures which required implementation following last year's legal overhaul.

The new regulatory framework for the land-based sector was introduced in January 2019. This requires the Authority to provide regulatory and supervisory efforts that provide quality outcomes on par with those pertaining to the online gaming sector.

3.1.4 Supervision in Terms of Anti-Money Laundering / Combating Financing of Terrorism

The MGA's Anti-Money Laundering (AML) unit serves as the extended arm of the Financial Intelligence Analysis Unit (FIAU) and acts as a 'Supervisory Authority' for both the remote and land-based gaming sectors under the 2017 Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR). Thus, its functions are to conduct AML/CFT examinations independently or jointly with the FIAU and to apply compliance methodologies by way of a risk-based approach, particularly on AML/CFT. To this end, during the first six months of 2019, the AML unit embarked on three new initiatives encapsulating adverse media monitoring, the setting up of a dedicated team for ML/TF suspicious cases and the supervision and interviewing of a new Subject Person's Money Laundering Reporting Officer (MLRO). No licence authorisations are issued unless the said interview is performed and endorsed by the AML unit. In addition, in May 2019, the MGA has also signed a Memorandum of Understanding (MoU) with the Asset Recovery Bureau, which will facilitate the sharing of information pertinent to gaming assets upon court freezing orders.

During the early months of 2019, the AML unit continued to coordinate the Risk Evaluation Questionnaire with the FIAU, which was issued for the first time for both the land-based and remote gaming sectors. The main intention of this questionnaire was to collate data pertinent to AML/CFT, covering the four major risk pillars, namely products and services, transactions and funding methods, customers and geographical threats. Additionally, the questionnaire covered 14 AML/CFT categories

through numerous data points, including Subject Person's information, Governance, Policies and Procedures, AML/CFT training, the Business Risk Assessment, Customer Acceptance Policies, Ongoing Monitoring, Independent Testing, Reporting and Record-Keeping. The data from the Risk Evaluation Questionnaire will serve as a road map of examinations with Subject Persons together with additional data obtained from another set of data blocks, including supervisory findings, results or findings from Suspicious Transaction Reports, results from Previous Examinations, and results or findings from any Supranational or National Risk Assessments. This is also referred to as the Supervisory Plan.

As part of the ongoing collaboration between the Authority and the FIAU, the first of a series of joint training sessions aimed at sharing sector-specific knowledge, industry typologies and the best practices, was held at the MGA's offices. These training sessions are considered crucial in strengthening the synergies between the two regulating entities, as they both endeavour in their mutual objective to keep strengthening the fight against crime and prevent criminal infiltration of legitimate business, money laundering and financing of terrorism by ensuring that licensed entities are operating in compliance with their obligations.

Also, during the month of May 2019, the FIAU published a draft version of its new Implementing Procedures Part 1, which was aimed at gathering feedback from sectors performing relevant activity under the PMLFTR. The gaming sector contributed to this consultation, and in July 2019, the FIAU published an amended version of the Implementing Procedures Part 1, with changes taking effect from 19 July 2019. These Amendments intend to provide Subject Persons with more in-depth qualitative guidance to assist them in better fulfilling their AML/CFT obligations.

3.1.5 Enforcement and Investigations

In light of the systemic changes to the compliance and enforcement processes introduced in the new legislative regime which came into force on 1 August 2018, the Enforcement and Investigations teams continued to enhance their internal procedures to achieve their set objectives more effectively and in line with the developments in the Maltese jurisprudence in relation to sanctioning by public authorities.

Between January and June 2019, following information which emerged from compliance audits, compliance reviews and formal investigations, the Authority issued 11 notices of reprimand, suspended 11 licences and cancelled another seven. In addition, during the period under review, the MGA issued a total of eight administrative fines.

3.1.6 Inspections of Land-Based Activities

The Authority, through the Inspectorate team, conducts regular inspections in the various land-based establishments licensed by the MGA. The Inspectorate team of the Authority supervises licensed casinos on an ongoing basis, having the presence of the MGA staff at such premises nearly 24/7. The Inspectorate team also oversees draws of games offered by the National Lottery licensee. In addition, inspections are carried out in other land-based gaming premises, namely bingo halls, lotto booths and gaming parlours. Furthermore, the Inspectorate team conducts ad-hoc inspections during non-profit tombola events. During the first six months of 2019, the team carried out around 7,000 inspections.

3.2 Updates in the Legislative and International Sphere

3.2.1 Developments within the Sandbox Framework

One of the main accomplishments during the first six months of 2019 was the implementation of the first phase of the Sandbox Framework for the acceptance of Virtual Financial Assets (VFA) and the use of Distributed Ledger Technology within the gaming industry. The MGA thus started to review proposals from prospective applicants who wish to introduce VFA-related payment methods and to meet relevant stakeholders to hold discussions in this regard.

3.2.2 Establishment of a Policy and International Affairs Directorate

In January 2019, the International Affairs and Policy functions, previously residing in the Legal Directorate, were channelled into a new Directorate specifically dedicated to these matters. This Directorate now manages the relationships with the international counterparts of the MGA, including information exchange and co-operation, while also keeping abreast with the enactment and implementation of foreign laws in relation to gambling regulation, from which it adopts the best practices. The International Affairs Directorate also monitors the implementation of legal instruments emanating from the European Union as well as other instruments of an international law character and advises the MGA and the Government accordingly. The Policy function performs horizon scanning on regulatory affairs for the MGA. It identifies areas which would require additional clarity or revision within the existing regulatory regime, including highlighting the areas that would require continuous improvement. These activities cover responsible gambling, anti-money laundering, information security and data protection, new technologies, technical standards, taxation, advertising, and sports integrity.

3.2.3 Signing of Memoranda of Understanding

3.2.3.1 *Memorandum of Understanding with the Malta Police Force*

On 20 May 2019, the MGA and the Malta Police Force (MPF) entered into a Memorandum of Understanding (MoU) to increase and improve further the efficacy of their co-operation and to strengthen the exchange of information in the field of gaming operations. Since it is in the interest of both parties to adapt efficiently to the constantly evolving transnational, sophisticated gaming industry, this MoU offers an increased level of co-operation and exchange of information in order to consolidate both parties' positions successfully in their respective, but joint undertaking in combatting gaming-related offences.

The MoU governs various matters including the expeditious exchange of urgent information between the parties through a smooth process of interaction and delves into further detail on the constant collaboration between the parties on the prosecution of offences against the gaming regulatory framework. Additionally, both parties have agreed to continuously engage in training sessions relating to land-based operations, remote-gaming operations, economic and cyber-related crimes.

3.2.3.2 *Memoranda of Understanding with Foreign Authorities and Bodies*

During the first six months of 2019, the MGA signed an MoU with the Swedish Gambling Authority at the same time as the creation of a national regulatory regime for online gambling in Sweden. Sweden and Malta mutually license and regulate a significant portfolio of licensed operators, thus facilitating close communications between the regulators, as the sharing of information and assistance in regulatory matters is a priority. The aim of these two MoUs is to facilitate ongoing close communications between the authorities and support the effective sharing of information on matters of mutual interest and policy areas. In addition, in order to strengthen its relationship with its international counterparts, the MGA has hosted several delegations from Ireland, Lagos and Ghana, with the aim of sharing information and increasing co-operation with such authorities.

3.2.4 Developments at European and International Levels

The MGA is an active participant in the Gaming Regulators European Forum (GREF) and the International Association of Gaming Regulators (IAGR). The MGA participated in the various iterations of each of the GREF's Working Groups: eGambling & Technical Standards, Responsible Gambling and InfoStat. The eGambling Working Groups continued working in particular on the project initiated in 2018 on the blurring of lines between gambling and gaming, which led to the publication of a common declaration by gambling regulators on the concerns on the convergence between gambling and other forms of digital entertainment.

In May 2019, the MGA also attended the GREF's annual conference in Limassol, which is attended exclusively by gambling regulators. The main theme of the conference was '*Exploring the boundaries between gambling and financial regulation*', and included topics relating to alternative payment methods, payment blocking measures, the parallels between gambling products and gambling-like financial products, as well as virtual currencies. The MGA was joined by a private practitioner and a representative from the Malta Financial Services Authority to explain the link between gambling and distributed ledger technology, including cryptocurrencies and the risks presented thereby, and how Malta is seeking to regulate the sector. During the GREF's Annual General Meeting, which was held on the third day of the Conference, the MGA's Chief Counsel on International Affairs & Policy was elected to serve as Secretary to the Board of Directors.

The MGA is also currently following a number of files being discussed at various stages within the European Union's legislative process and providing advice to the Government of Malta on the impact of various proposals on the gaming industry. This includes the European Commission's standardisation request to CEN to report standards in the supervision of online gambling, as well as elements of the ePrivacy Regulation amongst other legislative and non-legislative proposals.

During the period under study, the Authority received 23 international co-operation requests and sent 33 such requests. These covered various areas, including sports integrity, criminal activity by players, adverse media reports, locally licensed operators and entities not holding a licence as well as the Authority's authorisation process and the regulatory regime.

3.2.5 Policy Initiatives Undertaken

Following the 2018 overhaul of the gaming legislation in Malta, as well as the changes brought about with the implementation of the 4th Anti-Money Laundering Directive and the General Data Protection Regulation, both at a technical and at a practical level, the Policy Directorate has initiated preliminary work on two fronts: the creation of a new technical standard for regulation, which includes the implementation of the Enhanced Automated Reporting Platform (EARP), as well as a revision and analysis of existing player protection standards.

3.3 Developments within the Operational Activities

3.3.1 Offering the Necessary Support to Players

As more B2C licensees align with the European Parliament and the Council's Directive 2013/11/EU on Alternative Dispute Resolution (ADR) for consumer disputes, the Player Support Unit's role within the MGA has become more defined in terms of the part it will play in this process. As established by law, the MGA clearly demarcates between disputes and complaints. Disputes are understood to be a disagreement between a player and the MGA's B2C licensee with which that player has registered. Complaints are deemed to be a report by any individual, not necessarily a registered player, stating that any aspect of the provision of the gaming service by the B2C licensed operator is unlawful or conducted in an unsafe, unfair or non-transparent manner.

The Player Support Unit takes on an additional role in examining the monthly ADR reports submitted by the B2C licensees in order to ensure that the objective of this activity is fully achieved and higher levels of player support are offered.

Between January and June 2019, the Player Support Unit received a total of 1,753 requests for assistance and resolved 1,915, with the latter covering some requests which were still pending at the end of 2018.

3.3.2 Self-exclusion Programme

As stipulated in the Player Protection Directive, all operators, be they online or land-based, are obliged to offer self-exclusion facilities to their customers. The self-exclusion programme is one of the interventions aimed at minimising the negative impacts of gambling, and it plays an important role in the recovery process of affected individuals. In addition, online players must be given the possibility to set additional limits, thus empowering customers to manage their gaming activity more effectively.

Land-based gaming operators are connected to a unified self-exclusion database hosted by the MGA. Players may exclude themselves from gambling for a definite or indefinite time, and their details are immediately entered into the system, ensuring that this exclusion is implemented across land-based casinos, commercial bingo halls and/or gaming parlours. During the year under review, just above 870 individuals submitted requests to be self-excluded from the land-based gambling outlets in Malta.

In terms of remote gaming activities, all B2C licensees are obliged to make readily available to players, at all times, a procedure whereby players may exclude themselves from playing for a definite or indefinite period of time. Throughout this period, B2C licensees shall have procedures designed to ensure that players cannot gain access to gaming services during the self-exclusion period. During the

period January to June 2019, the total number of self-exclusion requests (sign ups) by players on the remote gaming websites licensed by the MGA amounted to just below 750,000, part of which can represent multiple exclusions by a single player on more than one website.

3.3.3 Information Management

The Information Management function is responsible for the planned and systematic collection of data from its licensed operators and other reliable sources, which enables the Authority to understand the dynamics of the market better and provide the necessary support to the decision-making processes. During the period under review, the Information Management unit concentrated on the preparation of the portal-version of the Industry Performance Return to streamline the Authority's data requests and facilitate the process for the licensees. The Return is now available on the LRMS. The MGA utilises the information obtained through the Return and other sources to assess any changes in the gambling landscape with regard to money wagered, gaming revenue, overall participation in gaming and gambling activities, and responsible gambling measures.

3.3.4 Human Resources

Following the implementation of the Engagement Survey and the Employer of Choice award received in the category of companies employing more than 150 people, the Human Resources function conducted a follow-up exercise throughout the organisation. This exercise was aimed at highlighting areas of improvement and enhancing the collaboration between the various departments and individual teams within the Authority.

A Training Needs Analysis (TNA) was conducted during 2018 with the aim of documenting the needs of every team. The Human Resources function aims to ensure that every employee within the Authority is equipped with the right skills to perform their role effectively.

During the period under review, the Authority obtained a certification from the National Commission for the Promotion of Equality (NCPE). In line with the MGA's spirit of equal opportunity employer, such certification will assist the Authority in maintaining related standards towards the wellbeing of employees. In relation to this, a comprehensive Sexual Harassment policy has been rolled out.

In the Human Resources sphere, the Authority's mission is to ensure that it maintains a high performing culture by providing its staff with the right skill set to perform its job diligently. This provides the basis of the Authority's strategy to achieve its objectives and strategic initiatives.

3.3.5 Corporate Affairs

Being the promotional and corporate affairs management arm of the Authority, this function ensures that the objectives set out by the Authority are duly and effectively reached. Between January and June 2019, the team was primarily responsible for the MGA's participation in one of the major annual events, ICE Totally Gaming Exhibition, which took place in London, UK, in February 2019. In addition, the team was responsible for the preparation and execution of events in relation to the introduction of the new regulatory regime for the land-based gaming sector.

3.3.6 Management of the Information Technology Systems

The Information Technology function is responsible for governing the use of networks and systems while providing all the users with the necessary functionality and support required, as well as the infrastructure for automation.

Following the adaptation of new legislative and regulatory frameworks, the Authority needed to ensure that the existing tools and systems were in line with the requested requirements. In particular, during the first six months of 2019, efforts were made to:

- update the LRMS for the application and reporting of functions by the land-based operators, since the new legislative framework became effective as of 1 January 2019;
- align the document archiving system with the requirements set out in the General Data Protection Regulations (GDPR), whereby all documents have been either digitised or disposed of depending on the document type and date;
- update the systems that support the national self-exclusion system as a result of the requirements of both the new Gaming Act and the GDPR; and
- publish the preliminary market consultation document for the implementation of a Unified Self-Exclusion system.

In addition, continuous efforts were made to set up an active-active highly available solution with load-balanced servers and storage area networks at multiple data centres with the aim of achieving minimum downtime while acting also as a failover.

3.3.7 Programme Management

As a support function, the Programme Management directorate assists all functional elements of the Authority and introduces meaningful changes for the benefit of better regulation and consolidation of the Malta-based gaming industry. During the first months of 2019, this function continued to work

hand in hand with the functional directorates of the Authority with a view to successfully implement strategic projects, namely:

- the applicability of the provisions of the new Gaming Act to the land-based sector, which came into effect in January 2019;
- the introduction of the necessary structures within the Authority to facilitate work related to commercial communications;
- the introduction of structures and processes with the view of laying down the foundations for the Authority to eventually start publishing technical standards for the benefit of the Maltese gaming industry and its operators;
- collaborative work between the Authority and GamingMalta to assist in the launch of its Student Placement Programme;
- the launching of the platform (via MGA's portal) allowing operators to submit their monthly tax return declaration;
- the establishment of the business requirements needed to develop the online capability that would allow operators to submit their Industry Performance Return via the portal. This development was launched in the third quarter of 2019;
- the implementation of the EARP for the land-based sector;
- preparatory work in conjunction with the Regulatory and Policy directorates of the Authority to start drafting a directive on key functions in line with the Gaming Act for the benefit of the operators licensed with the MGA; and
- the launching of a project that would see the Authority set out and document its strategic vision covering the next three years.

3.3.8 Quality Management

The Quality Management directorate supports and pushes all functional elements to product quality outputs and questions them in order to improve their performance and efficiencies. In so doing, the domino effect would result in improved regulation and service to the operators. During the first half of 2019, the team continued to educate and raise internal awareness on how to generate quality outputs through efforts governed by quality-at-source and continued to promote a culture of continuous improvement. In addition, a number of generic as well as thematic templates were developed with the aim of promoting the standardisation of the Authority's outputs. An Authority-wide initiative for the review of operational policies and procedures, inclusive of performance measurement indicators, was also launched. To this end, more than 200 internal policies and procedures were reviewed.

3.3.9 Risk Management

During the first six months of 2019, the MGA established separate layers of risk management and controls with the organisation. The MGA also enhanced good governance systems to avoid conflicts of interest and establish a level of independence between the risk owners and the risk assessors. The Risk Management function aims to provide:

- assistance to the Board of Governors in formulating the Authority's risk appetite;
- a more informed decision-making tool for the senior management and governing bodies to identify the Authority's risks and eventually report them to the executive management and the Board of Governors;
- avoidance of any unintended risks and gaps in controls;
- assistance to the Authority's operational management in developing processes and controls to manage risks and alerts such as emerging issues and changing regulatory and risk scenarios;
- effective identification of emerging opportunities; and
- an improved overall culture within the Authority.

3.4 The Upcoming Six Months of 2019

During the second half of the year 2019, the Authority will continue to build and consolidate further on what has been commenced in the opening half of the year. One of the key priorities from the policy side is the creation of a dedicated Sports Integrity function, as well as a review of the MGA's technical standards and the regulatory regime applicable to responsible gambling. Increasing the information available to regulated entities and the general public, especially in relation to providing guidance on the regulatory regime, is another key objective, especially in areas such as anti-money laundering, enforcement, responsible gambling and commercial communications. In regards to the latter, the Authority shall be publishing a set of commercial communication guidelines to provide the necessary assistance to operators when it comes to advertising.

Efforts are also underway in the sphere of player support and protection since the Authority's unrelenting commitment to safeguarding players' rights is prompting the team to develop a new system which proposes a diversity in terms of communication channels and improving case resolution efficiencies. It is envisioned that this platform will also be a knowledge-sharing space where players can learn about their rights as a consumer when using the services of MGA licensed entities.

Developments are also envisaged in the implementation of the second phase of the Sandbox Regulatory Framework, which is expected to lead to an increase in business proposal submissions and prospective applicants approaching the MGA as well as continue the implementation of the EARP system in the land-based sector. To this end, all casino and gaming parlour operators will be requested to submit daily and monthly reports in an automated, secure and standardised manner. Furthermore, the Industry Performance Returns will be available on the MGA's online portal in July 2019. This will enable operators to submit the industry's statistics via the portal.

From an international collaboration perspective, the MGA will foster and strengthen the existing ties with its international counterparts and will also take measures whereby it may further benefit from the expertise of international counterparts in select areas such as sports integrity, responsible gambling and anti-money laundering.

4 The Maltese Gaming Statistics for the First Half of 2019

4.1 Preface

The following section presents the performance of the gaming industry regulated by the MGA during the first half of 2019. This is presented in terms of the economic value added, employment and other results attained by the operators licensed under the Maltese jurisdiction.

A number of changes to this year's report were effected to reflect the introduction of the new regulatory framework for the gaming sector in Malta. This became applicable for online gaming operators as of 1 August 2018, whereas land-based operators became subject to these new laws as of 1 January 2019. The new Gaming Act had important impacts on the operations of the MGA and of its licensees, and reporting practices implemented by the Authority were changed accordingly. For this reason, some of the variables presented in this assessment have no comparable data sets from the previous reporting periods. The methodological notes that precede the statistical review present full details in this regard.

4.2 Methodology

1. These statistics relate to the gaming industry in Malta licenced by the MGA. The sources used for statistical compilation are:
 - Industry Performance Returns submitted by operators in terms of Article 7(2)(d) of the Gaming Act (Chapter 583 of the Laws of Malta);
 - information provided by operators through specific questionnaires and correspondence with the MGA; and
 - financial information provided by operators to the MGA.
2. Unless otherwise stated, figures are representative of the position as at the end of June 2019.
3. The data presented in this report are based on the Industry Performance Return, which had been disseminated amongst all the companies that are licensed by the MGA. In order to collect this data, licensed companies were asked to answer a set of questions pertaining to the Malta-licensed activity. The response rate at the cut-off date for processing the records for this review was 93%. The remaining data has been estimated by the Authority to provide a clear picture of the Maltese gaming industry.

One of the main aims of this research is to acquire an accurate snapshot of the activity being generated by all the companies that are licensed by the MGA. Hence, several imputation methodologies and weighting techniques were adopted to 'fill in' missing information. In order to ensure better data representation, companies were divided into two groups, namely companies operating with a Business-to-Consumer (B2C) - Gaming Service licence and those that operate with a Business-to-Business (B2B) - Critical Gaming Supply licence.

The data collection exercise was followed by a data cleaning process to ensure consistency of results. In a number of cases, operators were contacted to clarify their responses. Omitted data was imputed through the appropriate techniques, and answers to each question were analysed. Initial sample results were grossed up to obtain population data for all Malta-licensed activities through the appropriate weighting techniques.

4. The new regulatory framework replaced the multi-licence system with a system which distinguishes between a B2C licence and a B2B licence, covering different types of activities across multiple distribution channels. In order to provide comparable data sets for the online gaming sector, all licences of a B2C nature under the previous legislative framework, namely Class 1, Class 2, Class 3 and Skill Game B2C were grouped into the "B2C - Gaming Service Licence" category whilst the licences containing B2B activity elements, namely Class 4 and Skill Game B2B, were grouped into the "B2B - Critical Supply Licence" category.
5. Under the new licensing regime, operators are no longer required to apply for multiple licences to offer different games, unless they wish to offer both B2C and B2B services. Licensees are required to apply for the game type approval. The Gaming Act established four game types, as follows: (1) Type 1 - Games of chance played against the house, the outcome of which is determined by a random generator, which includes casino type games, such as roulette, blackjack, baccarat, poker played against the house, lotteries, secondary lotteries and virtual sports games; (2) Type 2 - Games of chance played against the house, the outcome of which is not generated randomly, but is determined by the result of an event or competition extraneous to a game of chance, and whereby the operators manage their own risk by managing the odds offered to the player; (3) Type 3 - Games of chance not played against the house wherein the operator is not exposed to gaming risk, but generates revenue by taking a commission or other charge based on the stakes or the prize, and which include player versus player games such as poker, bingo, betting exchange, and

- other commission based games; and/or (4) Type 4 - Controlled skill games as per Regulation 8 of the Gaming Authorisations Regulations.
6. In view of the replacement of the multi-licence system with a two-licence system, the MGA moved away from the collection of player account data (i.e. the number of active and new active player accounts) by licence type towards the collection of data at the level of the reporting entity.
 7. The horizontal approach to the licensing of gaming services also extends to the manner in which such services are subject to taxation. Under the new law, dues are based on the Gaming Revenue (GR) generated by the operators, thus abolishing any dues previously payable as a fixed fee. The new law also caters for a compliance contribution. Furthermore, B2B operators (previous holders of Class 4 and/or controlled skill game B2B licences) pay an annual licence fee in lieu of compliance contributions and gaming taxes.
 8. The MGA moved towards a standardised concept of GR for the computation of gaming tax and compliance contribution. The gaming operators were requested to submit Gaming Revenue data as defined by the [Gaming Licence Fees Regulations \(S.L. 583.03\)](#) and the [Directive on the Calculation of Compliance Contribution \(Directive 4 of 2018\)](#), instead of Gross Gaming Revenue (GGR).
 9. The employment figures detailed in this report refer to full-time equivalent (FTE) jobs as at the end of each reporting period provided by the gaming operators (including both land-based and online companies holding B2C and B2B licences) in the Industry Performance Return submitted to the MGA. The online gaming figures relate to employees working directly on MGA licensed activities. The methodology for the collection of the employment figures for the online gaming sector has been revised as of 2018. For this reason, the employment figures should not be compared with those of the previous years since the number of online gaming employees reported prior to 2018 includes the number of outsourced/self-employed individuals directly engaged by the gaming companies.
 10. The contribution of the gaming industry to the Maltese economy relates solely to gambling and betting activities (NACE 92) in accordance with the European industrial activity classifications. At the industry level, gambling and betting activities in Malta comprise land-based casinos, gaming

parlours, lotto receivers, the National Lottery operator and online gaming companies (excluding activities of B2B operators).

11. The statistical figures reported for the previous periods have been revised to reflect any changes reported after their publication.

4.3 Overview of the Maltese Gaming Industry

The gaming industry sustained its contribution to the growth of the Maltese economy during the first half of 2019. The value added of the industry expanded by nearly 10%, with its share in the economy total edging to 13.6%, thus confirming the gaming sector as the third-largest productive sector in the private economy in Malta. The gaming industry directly accounted for 7,011 jobs in FTE terms by the end of June 2019, with 88% of these employees engaged in the online sector. A survey carried out by the MGA for the year 2018 indicated that when taking indirect employment into account, the total employment in the gaming industry was estimated to be around 9,800 FTE jobs. The sustained growth in employment further attests to the sector’s significant contribution to the Maltese economy.

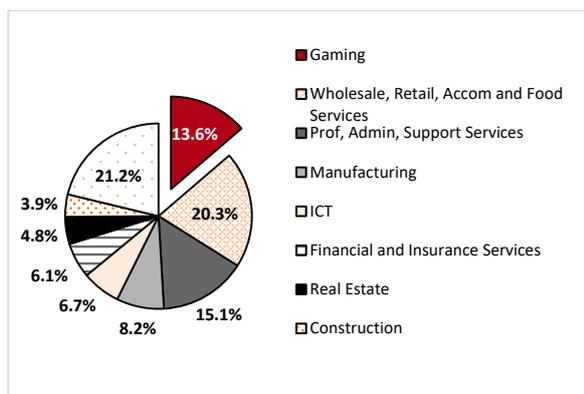


CHART 1: CONTRIBUTION OF THE GAMING INDUSTRY TO VALUE ADDED

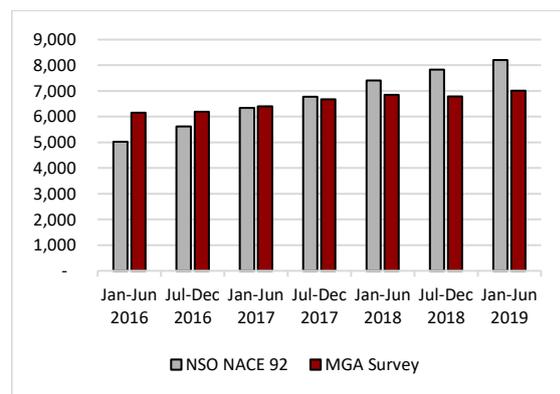


CHART 2: GAMING INDUSTRY EMPLOYMENT (FTEs)

NSO NACE 92 data refer to period mid-point. MGA survey data refer to the end-of-period point. Enterprise coverage varies slightly between the two sources.

As at the end of June 2019, the number of companies licensed by the MGA, including both online and land-based entities, stood at 283. The Gaming Act introduced the concept of a corporate group licence, which allows multiple companies to be covered by one group licence. This reclassification resulted in a minor decrease in the number of companies when compared with the previous years, as shown in Table 1. By the end of June 2019, gaming companies held a total of 287 gaming licences and 328 approvals to offer various types of games under the B2C licence.

During the first six months of 2019, the MGA collected €39.9 million in terms of compliance contribution fees, levies and consumption tax.

During the reporting period, 54.4% of the GR was generated through gaming classified under the Type 1 group. The GR generated from gaming falling under Type 2 and Type 3 accounted for 38% and 7.6% respectively.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Number of licences	500	523	568	635	672	286	287
Number of companies in operation	259	268	284	296	301	283	283
Gross Value Added (€m)	574.3	578.2	634.6	637.5	710.6	713.2	779.6
Employment - full-time equivalent (FTE) jobs	6,150	6,193	6,407	6,673	6,849	6,794	7,011
Online	5,295	5,327	5,542	5,861	6,021	5,950	6,142
Land-Based	855	866	865	812	828	844	869
Compliance contribution, licence fees, levies and consumption tax (€m)	30.8	31.0	31.9	33.4	31.3	42.6	39.9

Note: The number of licences, companies in operation (incl. both online and land-based) and employment figures relate to stock as at the end of June and December and refer solely to MGA licensed entities.

TABLE 1: HEADLINE INDICATORS OF GAMING INDUSTRY ACTIVITY

From a more detailed market behaviour perspective, there was a growth in the land-based gaming sector during the first six months of 2019, with total players’ visits to outlets increasing by 2.2%, as shown in Chart 3. Both segments, land-based casinos and commercial bingo sector, registered a decline in visits of 1.6% and 8.6% respectively. During the period January to June 2019, the gaming parlour sector reported an increase of nearly 10% when compared with the corresponding period of 2018.

Despite the decrease in the number of players’ visits to casinos, the GR per visit has increased by 8%. The most notable growth was reported for the gaming parlours, as shown in Chart 4. The commercial bingo sector reported a minor increase of 1% in the GR per visit.

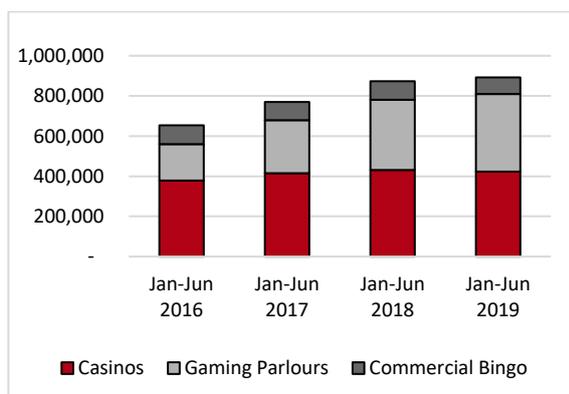


CHART 3: LAND-BASED - VISITS TO OUTLETS

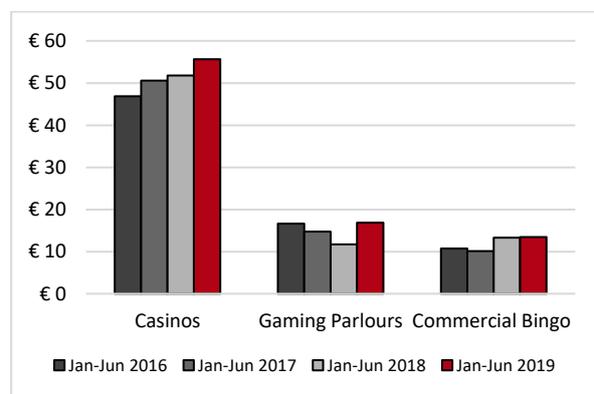


CHART 4: LAND-BASED - GR PER VISIT

4.4 Gaming Industry Outlook

The gaming sector continues to consolidate its standing within the Maltese economy. The strategy of the Maltese Government, in view of the current realities of the fragmented European gambling market, is that Malta remains an attractive place of primary establishment by having a high standard of regulation that would allow operators who are established and regulated in Malta to extend their reach and acquire other licences to operate in other regulated jurisdictions with relative ease.

The MGA strives to ensure that the industry in Malta remains compliant with an evolving set of regulations that cater for newly emerging risks and maintains a strong reputation. Through these efforts, as well as other initiatives by the Maltese Government aimed at enhancing the availability of skills and the cost-effective operation of gaming activities from Malta, there is higher confidence in the ability to sustain the growth registered by the sector. The results registered during the period under review are all the more noteworthy within the context of the challenges faced by the sector over the past years, which have, to an extent, intensified in the course of 2018. These include the challenges to comply with evolving international requirements, including an ever-increasing regulatory burden in Europe spurred by the fragmented and conflicting regulation in 28 Member States and the uncertainties associated with Brexit.

The outlook for the gaming sector in Malta features continued growth within the context of a substantial demand expansion at the global level driven by demographic shifts across major economic blocks and reinforced by technological advancements. The opening of markets in the US and South America will provide similar significant opportunities for global market expansion. Malta is expected to benefit from these trends and experience quality growth founded on its regulatory environment, particularly through the regulatory overhaul enacted in 2018 and its innovative outlook. However, it will be essential for the industry to continue operating in a stable environment that provides the required human resources, support and operational infrastructures in a cost-competitive manner. This is important to overcome the headwinds posed by the regulatory developments in a number of EU Member States whose domestic markets are served by businesses currently located in Malta.

5 Detailed Interim Statistical Report on the Performance of the Maltese Gaming Industry between January and June 2019

5.1 Gaming Premises - Casinos

There were four licensed casinos operating in Malta during the first six months of 2019: Dragonara Casino, Portomaso Casino and Casino Malta, located in the central part of the country, and Oracle Casino located in the north.

5.1.1 Gaming Premises - Casinos: Game Types

The new licensing regime categorises all games that can be offered by the licensees into four different game types¹. An operator can offer one or multiple game types. As at the end of June 2019, all casino licensees were in possession of an approval to offer Type 1, Type 2 and Type 3 games, as presented in Table 2 below.

	Type 1	Type 2	Type 3	Type 4
Total	3	3	3	0

TABLE 2: GAMING PREMISES - CASINOS - GAME TYPES (END-JUNE 2019)

5.1.2 Gaming Premises - Casinos: Number of Gaming Devices

As at the end of June 2019, the total number of gaming devices in the casinos stood at 934, including 916 slot-type gaming machines and 18 sports betting machines, as shown in Table 3 below.

	2016	2017		2018		2019
	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Slot-type gaming machines	915	915	900	916	909	916
Sports betting machines	19	18	27	19	17	18
Total	934	933	927	935	926	934

TABLE 3: GAMING PREMISES - CASINOS - NUMBER OF GAMING DEVICES

5.1.3 Gaming Premises - Casinos: New Players' Registrations

Casino operators are required to register every new-to-the-casino player who enters their premises. During the period January to June 2019, operators reported a total of 72,807 registrations in their establishments, part of which represent multiple registrations by a single player in more than one casino. When compared with the first six months of 2018, the number of registrations had increased by 18.9% during this reporting period.

¹ For more information on the game types, please refer to Point 5 of the Methodology.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	44,336	92,520	56,563	84,262	61,241	86,433	72,807

TABLE 4: GAMING PREMISES - CASINOS - NEW PLAYERS' REGISTRATIONS

5.1.4 Gaming Premises - Casinos: Players' Visits

During the first six months of 2019, the total number of visits to local casinos stood at 424,026, a minor decrease of 1.6% when compared to the corresponding period of 2018.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	379,344	525,068	415,994	494,208	430,859	503,753	424,026

TABLE 5: GAMING PREMISES - CASINOS - PLAYERS' VISITS

5.1.4.1 Junket players²

During the period under review, local casinos hosted 740³ junket players, 41% of whom referred to in-house junkets whilst the rest were brought to the casinos by junket leaders.

	2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
In-house	395	679	241	570	300
With junket leader	393	608	613	887	440
Total	788	1,287	854	1,457	740

TABLE 6: GAMING PREMISES - CASINOS - NUMBER OF JUNKET PLAYERS

5.1.5 Gaming Premises - Casinos: Players' Profile

5.1.5.1 Nationality

Visits by non-Maltese accounted for 52.9% of the total visits recorded during the first six months of 2019, in line with the levels reported during the corresponding period of 2018. The predominance of foreign players, which typically characterises the second half of the calendar year, is also permeating to the first six months—indicative of the buoyant tourism industry characterising the Maltese economy also in the shoulder season.

² The arrangement, the purpose of which is to induce any person residing outside Malta, selected or approved for participation therein, to come to a gaming premises in possession of a concession issued by the Government for the purpose of playing licensable games and pursuant to which, and as a consideration for which, any or all of the costs of transportation, food, lodging and entertainment for the said person is directly or indirectly paid by the authorised person operating the gaming premises.

³ Figures for the years 2017– 2018 were revised.

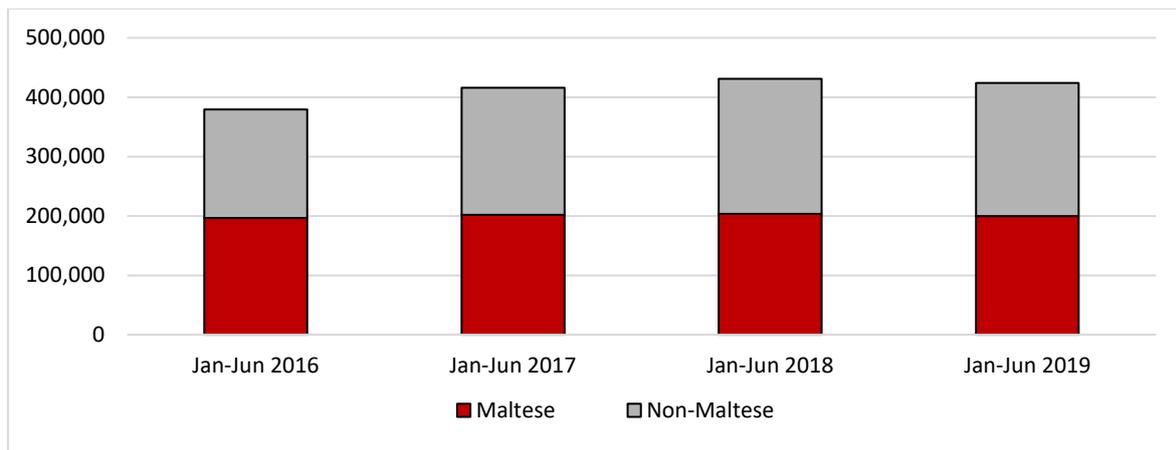
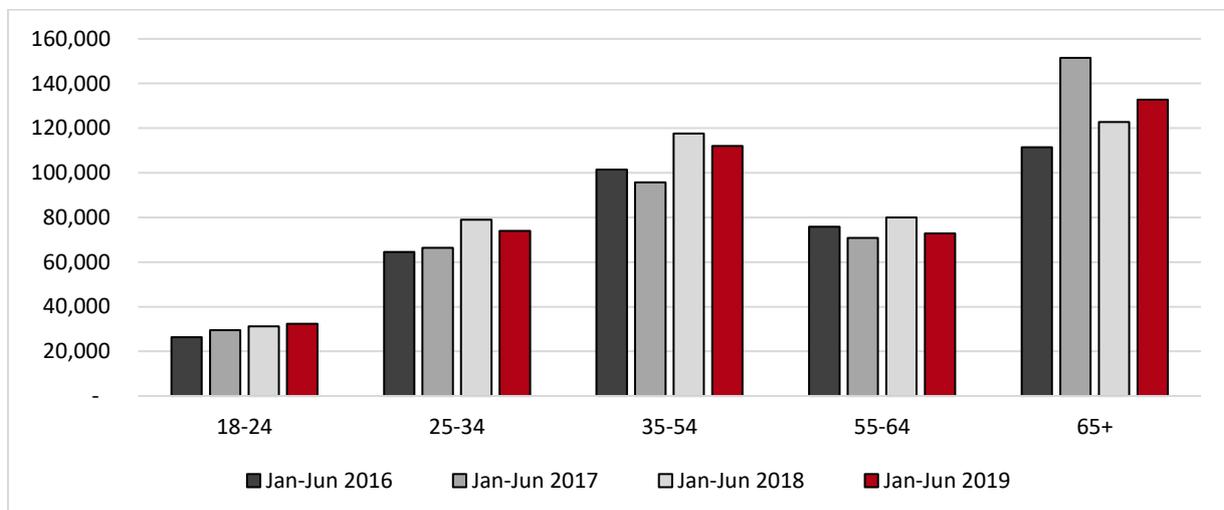


CHART 5: GAMING PREMISES - CASINOS - PLAYERS' PROFILE BY NATIONALITY

5.1.5.2 Demographic Group

During the first half of 2019, persons aged 65 and over continued to constitute the largest demographic category of visitors to casinos, accounting for around one-third of the total visits. Visitors from the 35–54 age bracket constituted for 26.4% of the visits. During the period under review, visits by players from the 25–34, 35–54 and 55–64 age brackets declined by 6.2%, 4.7% and 8.8% respectively. Increases in visits were only registered for the 18–24 and 65+ age brackets, by 3.3% and 8.2% respectively.



Note: The legal age to enter casinos in Malta is 25 for Maltese and 18 for non-Maltese players.

CHART 6: GAMING PREMISES - CASINOS - PLAYERS' PROFILE BY AGE GROUP DISTRIBUTION

It is worth noting that visits by female players accounted for 45.5% of all visits. This ratio has increased by seven percentage points when compared with the first six months of 2018.

5.1.6 Gaming Premises - Casinos: GR

During the period January to June 2019, the GR generated by the casino sector increased by 5.8% when compared with the corresponding period of 2018. Almost all of the GR was generated from Type 1 games, which constituted for 96.5% of the GR generated by the casinos, followed by the GR generated from Type 3 (2.4%) and Type 2 (1.1%) games as shown in Chart 7 below.

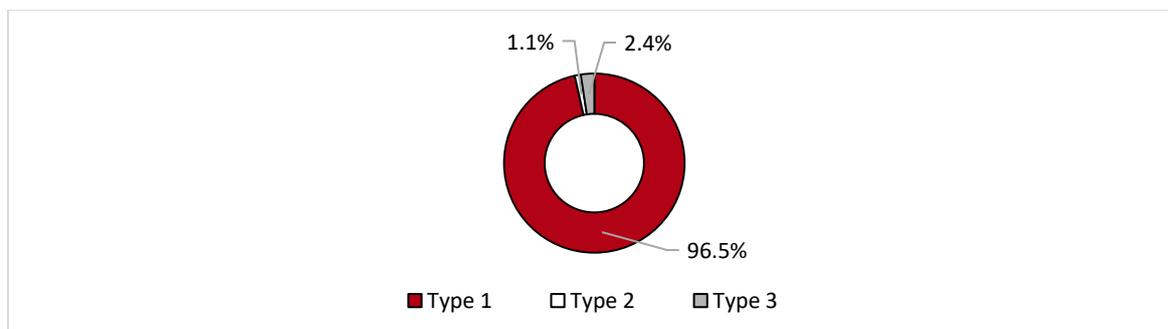


CHART 7: GAMING PREMISES - CASINOS - GR DISTRIBUTION BY GAME TYPE

Junkets activity increased substantially over the last years to stand at 12% of the total GR reported in the first half of 2019. The GR generated from junket activities grew by 62.7% during this period.

5.1.6.1 Average GR per Visit

The average GR per visit rose from €51.7 to €55.6 from the first half of 2018 to the comparable period of 2019, as shown in Table 7 below.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	46.9	41.8	50.5	49.1	51.7	49.9	55.6

TABLE 7: GAMING PREMISES - CASINOS - AVERAGE GR PER VISIT

5.1.7 Gaming Premises - Casinos: Compliance Contribution

The Gaming Licence Fees Regulations (S.L. 583.03) that introduced the concept of the commercial contribution fee became applicable to casinos as of 1 January 2019. During the first six months of 2019, the MGA collected from casino operators dues owed in terms of the applicable legislation totalling €7.9 million.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	6,781,736	7,919,451	7,962,777	9,356,371	8,249,559	9,331,992	7,980,082

Note: The figure for the period January to June 2019 includes the compliance contribution fee, licence fees, levies and 5% consumption tax paid by the casino licensees in line with the Gaming Tax Regulations (S.L. 583.10). For the years 2016–2018, the gaming tax and licence fees were reported in line with the Schedule of the Gaming Act (1998).

TABLE 8: GAMING PREMISES - CASINOS - COMPLIANCE CONTRIBUTION

5.1.8 Gaming Premises - Casinos: Employment

As at the end of this reporting period, the total number of FTE direct employees working in casinos stood at 629, an increase of 2.8% compared to the end of 2018.

	2016		2017		2018		2019
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	638	648	632	584	597	611	629

TABLE 9: GAMING PREMISES - CASINOS - EMPLOYMENT (FTE)

The proportion of male employees increased by nearly four percentage points from the levels reported as at the end of 2018, to reach 63.4% as at the end of June 2019. Furthermore, an increasing dependence on a foreign workforce was observed in the casino sector during the first half of 2019 when the share of non-Maltese employees rose by three percentage points to 67.5%.

5.2 Controlled Gaming Premises

5.2.1 Controlled Gaming Premises: Number of Outlets

By the end of June 2019, the number of approved controlled gaming premises⁴ in Malta totalled 54. They are spread across 29 localities in Malta and Gozo. The highest number of outlets are located in the Southern Harbour and Northern Harbour Districts (as defined in Appendix 2), which have 22 and 16 approved premises, respectively. These regions also feature a relatively high population value and density, and a significant commercial activity that is also of a touristic nature. A new gaming operator started its operations in May 2019 by opening two outlets during the first half of the year.

There are no specific limits of controlled gaming premises per locality, but the Authority ensures that approvals of licences and premises are in line with legal restrictions to safeguard and protect minors and the general public.

Table 10 below presents the number of controlled gaming premises per operator.

	2016		2017		2018		2019
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Gaming Operations Ltd	26	27	28	29	29	30	30
Bestplay Gaming Ltd	6	6	6	7	7	7	7
Media Games Malta (EU) Ltd	5	5	5	5	5	5	5
Fairbet Ltd	6	7	7	7	6	5	5
Bingo Ltd	3	3	3	4	4	4	4
SmartBet Operations Ltd	-	-	-	-	1	1	1
Meridian Gaming Ltd	-	-	-	-	-	-	2
Total	46	48	49	52	52	52	54

TABLE 10: CONTROLLED GAMING PREMISES - NUMBER OF OUTLETS

5.2.2 Controlled Gaming Premises: Game Types

As at the end of June 2019, all controlled gaming premises licensees were in possession of an approval to offer Type 1 games⁵. Furthermore, operators were in possession of Type 2 and Type 3 approvals, as presented in Table 11 below.

	Type 1	Type 2	Type 3	Type 4
Total	7	6	2	0

TABLE 11: CONTROLLED GAMING PREMISES - GAME TYPES (END-JUNE 2019)

⁴ Controlled gaming premises are premises intended to host or operate one or more gaming devices. These do not include premises in which gaming is carried out in virtue of a concession by the Government, or premises in which the only gaming that is carried out consists of tombola games.

⁵ For more information on the game types, please refer to Point 5 of the Methodology.

5.2.3 Controlled Gaming Premises: Number of Gaming Devices

The number of licensed gaming devices has increased to 439 as at the end of June 2019. This implied an average of eight gaming devices per gaming outlet. This needs to be viewed in the context of the regulations, which limit the number of devices per outlet to no more than 10.

Table 12 below presents the number of licensed gaming devices per operator.

	2016		2017		2018		2019
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Gaming Operations Ltd	201	214	218	223	237	246	262
Bestplay Gaming Ltd	44	48	49	59	59	59	59
Media Games Malta (EU) Ltd	40	40	40	38	42	40	48
Fairbet Ltd	43	52	51	41	39	37	40
Bingo Ltd	30	30	30	40	36	30	16
SmartBet Operations Ltd	-	-	-	-	4	4	6
Meridian Gaming Ltd	-	-	-	-	-	-	8
Total	358	384	388	401	417	416	439

TABLE 12: CONTROLLED GAMING PREMISES - NUMBER OF GAMING DEVICES

5.2.4 Controlled Gaming Premises: Players' Visits

Visits to gaming parlours rose by 9.8% to 384,941 on a year-on-year basis in the first half of 2019. This is consistent with the increase in the number of controlled gaming premises registered between these two reporting periods.

5.2.4.1 Number of visits by locality

For statistical purposes, the Maltese Islands are divided into six districts, namely Southern Harbour, Northern Harbour, South Eastern, Western, Northern, and Gozo and Comino (see Appendix 2).

Of all players' visits registered during the first half of 2019, one-third took place in the Southern Harbour District where the highest number of outlets, 22, are located. This is consistent with the patterns observed in earlier years. Visits to controlled gaming premises grew in the Southern Harbour, Northern Harbour, South Eastern and Northern Districts at rates between 8% and 17% in the first half of 2019. Two districts—Western, and Gozo and Comino—reported a decrease in the number of players' visits of 2.4% and 6.5% respectively.

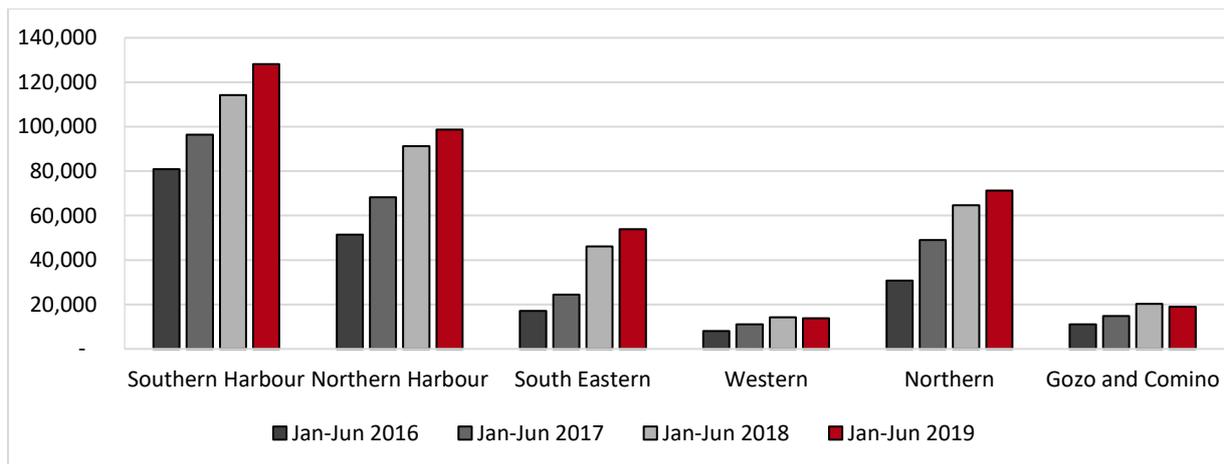


CHART 8: CONTROLLED GAMING PREMISES - NUMBER OF VISITS BY DISTRICT

5.2.5 Controlled Gaming Premises: New Players' Registrations

The controlled gaming premises sector reported 4,675 new registrations of players in the first half of 2019. This number was significantly lower than those registered over the past years, as shown in Table 13.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	8,049	2,826	5,165	6,980	5,737	6,824	4,675

TABLE 13: CONTROLLED GAMING PREMISES - NEW PLAYERS' REGISTRATIONS

5.2.6 Controlled Gaming Premises: Players' Profile

5.2.6.1 Nationality

The share of visits to gaming parlours by Maltese players continued to decline to 58.3% during the first half of 2019. This reflects the changing demographic composition of the resident population in Malta.

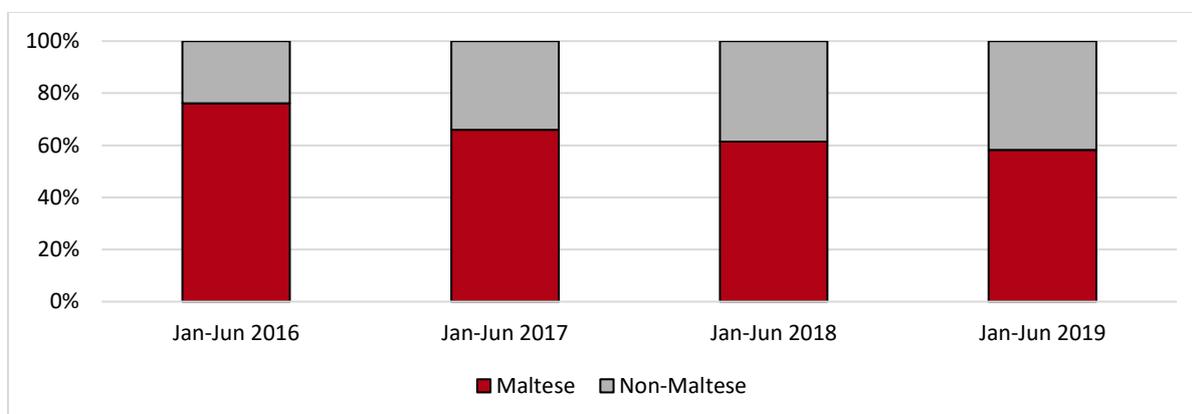


CHART 9: CONTROLLED GAMING PREMISES - PLAYERS' PROFILE BY NATIONALITY

5.2.6.2 Demographic Group

The growth in visits to controlled gaming premises in the first half of 2019 was distributed across nearly all age categories. The notable exception was in the case of visits by players aged 65 years or over, which dropped by 11.5%.

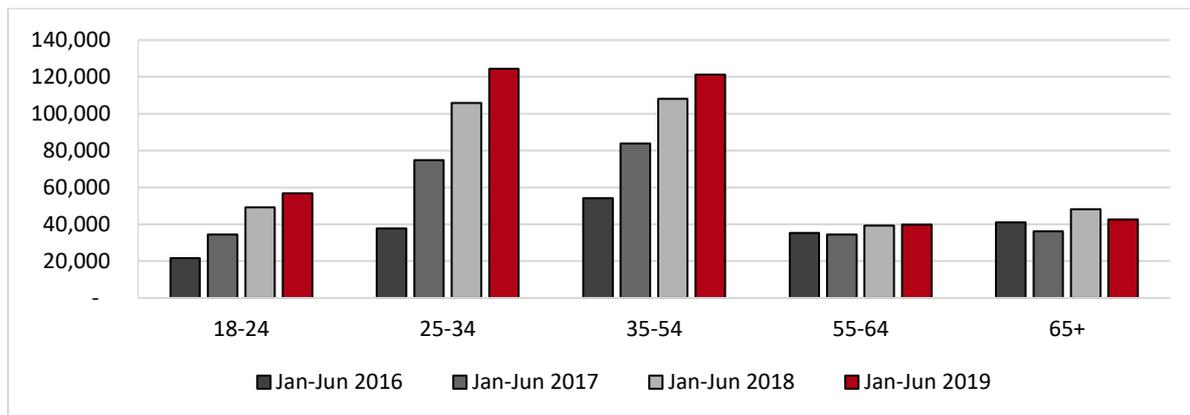


CHART 10: CONTROLLED GAMING PREMISES - PLAYERS' PROFILE BY AGE GROUP DISTRIBUTION

In particular, controlled gaming premises are mostly popular with males, whose visits accounted for more than 90% of the total visits registered during the first six months of 2019.

5.2.7 Controlled Gaming Premises: GR

During the first six months of 2019, nearly 60% of the GR was generated from Type 1 games, followed by Type 2 (38%) and Type 3 (3%) games.

5.2.7.1 Average GR per Visit

Over the years 2016–2018, the average GR per visit to controlled gaming premises has been decreasing, as shown in Table 14 below. During the first six months of 2019, it stood at €16.8.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	16.6	17.9	14.8	14.5	11.7	10.1	16.8

TABLE 14: CONTROLLED GAMING PREMISES - AVERAGE GR PER VISIT

5.2.8 Controlled Gaming Premises: Compliance Contribution

The Gaming Licence Fees Regulations (S.L. 583.03) that introduced the concept of the commercial contribution fee became applicable to controlled gaming premises as of 1 January 2019. During the first six months of the year, the MGA collected from the operators of controlled gaming premises dues owed in terms of the applicable legislation totalling €1.6 million.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	1,028,662	1,132,935	1,350,630	1,368,236	1,437,679	1,389,055	1,624,494

Note: The figure for the period January to June 2019 includes the compliance contribution fee, licence fees, levies and 5% consumption tax paid by the licensees operating controlled gaming premises in line with the Gaming Tax Regulations (S.L. 583.10). For the years 2016–2018, the gaming tax and licence fees were reported in line with the Third Schedule of the Gaming Devices Regulations (2011).

TABLE 15: CONTROLLED GAMING PREMISES - COMPLIANCE CONTRIBUTION

5.2.9 Controlled Gaming Premises: Employment

The number of FTE direct employees working in the controlled gaming premises grew by 14.4% between December 2018 and June 2019. This increase is mainly due to the opening of new outlets by a new operator in the gaming parlour sector.

	2016		2017		2018		2019
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	110	107	123	117	123	125	143

TABLE 16: CONTROLLED GAMING PREMISES - EMPLOYMENT (FTE)

As at June 2019, 73% of all controlled gaming premises' employees were male, an increase of nine percentage points when compared to the figures reported as at December 2018. The nationality balance remained comparable to that reported in December 2018, with 90.8% of the employees being Maltese.

5.3 Gaming Premises - Commercial Bingo

5.3.1 Gaming Premises - Commercial Bingo: Number of Establishments

During the period under review, three commercial bingo halls were operational in Birkirkara, Buġibba, and Paola. An outlet in Valletta was opened only during the first week of January whilst the bingo hall in Sliema was closed permanently in May 2018.

5.3.2 Gaming Premises - Commercial Bingo: Game Types

As at the end of June 2019, all commercial bingo licensees were in possession of an approval to offer solely Type 3 games⁶.

5.3.3 Gaming Premises - Commercial Bingo: New Players' Registrations

During the first six months of 2019, the commercial bingo sector reported 1,582 new registrations, 18.8% less when compared with the corresponding period of 2018. A lower number of registrations resulting from the closure of two bingo outlets had already been already noted in the second half of 2018.

	2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun
Total	1,949	1,476	1,582

TABLE 17: GAMING PREMISES - COMMERCIAL BINGO - NEW PLAYERS' REGISTRATIONS

5.3.4 Gaming Premises - Commercial Bingo: Players' Visits

During the period January to June, the number of players' visits to commercial bingo halls decreased by 8.6% due to the closure of two outlets that were still operational during the first half of 2018. The combined players' visits to the operational outlets in Birkirkara, Buġibba, and Paola rose by 6% between January–June 2018 and January–June 2019.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	93,045	96,114	90,366	90,414	91,097	88,075	83,238

TABLE 18: GAMING PREMISES - COMMERCIAL BINGO - NUMBER OF VISITS

5.3.5 Gaming Premises - Commercial Bingo: Players' Profile

5.3.5.1 Nationality

Visits to commercial bingo halls were predominantly made by Maltese residents, constituting 97.6% of the total visits reported during the year under review. On the basis of relatively small numbers,

⁶ For more information on the game types, please refer to Point 5 of the Methodology.

visits by non-Maltese decreased by a substantial 44.7% when comparing the first half of 2019 and the corresponding period of 2018, whilst visits by Maltese declined by 7.1%.

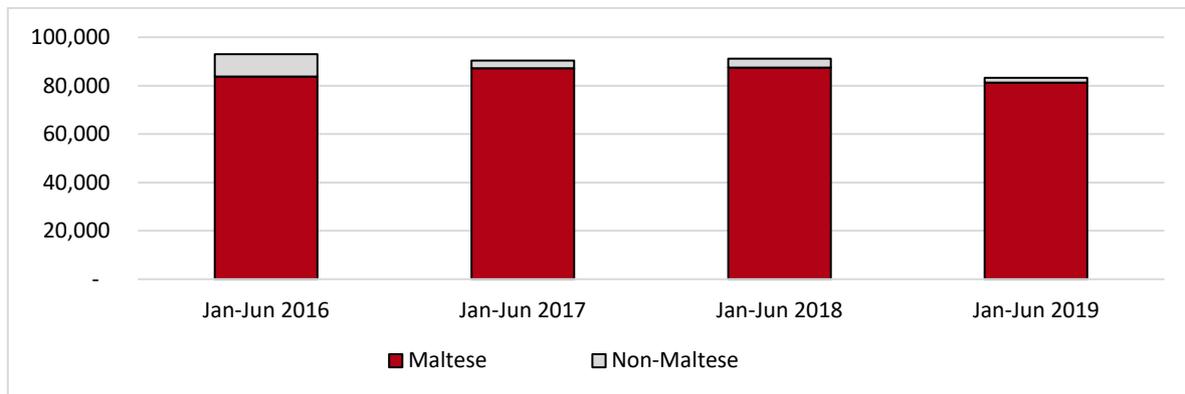


CHART 11: GAMING PREMISES - COMMERCIAL BINGO - PLAYERS' PROFILE BY NATIONALITY

5.3.5.2 Demographic group

During the first half of 2019, visits by players aged 65 years or over continued to represent the highest share (58.3%) of the total visits registered by the commercial bingo sector, despite the drop of 4.9% between the first half of 2018 and 2019. In line with the overall decline in visits to bingo halls, visits of players from the 25–34, 35–54 and 55–64 age brackets also declined by 12.1%, 19.2% and 10.9% respectively. Only visits by players from the 18–24 age category marginally increased by 2.3%.

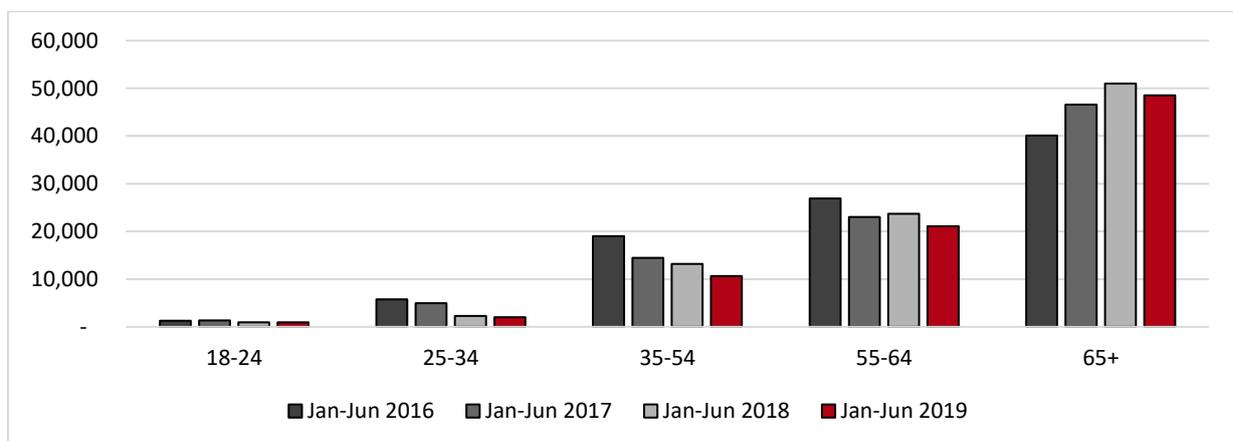


CHART 12: GAMING PREMISES - COMMERCIAL BINGO - PLAYERS' PROFILE BY AGE GROUP DISTRIBUTION

The vast majority of players who visited commercial bingo halls during this reporting period were women. Visits by females represented 87.4% of all the visits made during the first half of 2019, in line with the levels reported for the same period of 2018.

5.3.6 Gaming Premises - Commercial Bingo: GR

Following a substantial increase in GR⁷ of 32.4% between the first half of 2017 and the corresponding period of 2018, the GR of the commercial bingo sector dropped by 7.8% during the period January to June 2019.

5.3.6.1 Average GR per Visit

The average GR per visit for the period January to June 2019 stood at €13.4, in line with the figure reported for the corresponding period of 2018.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	10.8	10.1	10.1	11.2	13.3	13.4	13.4

TABLE 19: GAMING PREMISES - COMMERCIAL BINGO - AVERAGE GR PER VISIT

5.3.7 Gaming Premises - Commercial Bingo: Compliance Contribution

The Gaming Licence Fees Regulations (S.L. 583.03) that introduced the concept of the commercial contribution fee became applicable to commercial bingos as of 1 January 2019. During the first six months of 2019, the MGA collected from bingo halls operators dues owed in terms of the applicable legislation totalling €248,349.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	363,013	357,299	342,840	383,081	401,821	406,665	248,349

Note: The figure for the period January to June 2019 includes the compliance contribution fee, licence fees, levies and 5% consumption tax paid by the licensees operating commercial bingos in line with the Gaming Tax Regulations (S.L. 583.10). For the years 2016-2018, the gaming tax and licence fees were reported in line with the First Schedule of the Commercial Tombola (Bingo) Regulations (2016).

TABLE 20: GAMING PREMISES - COMMERCIAL BINGO - COMPLIANCE CONTRIBUTION

5.3.8 Gaming Premises - Commercial Bingo: Employment

The number of employees within the commercial bingo sector continued to decrease due to the closure of two outlets. By the end of June 2019, the bingo sector directly employed 37 FTE employees.

	2016		2017		2018		2019
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	42	46	43	44	40	42	37

TABLE 21: GAMING PREMISES - COMMERCIAL BINGO - EMPLOYMENT (FTE)

⁷ The GR of the commercial bingo sector has been revised to include the extra prizes given out by the operators that are now included in the total winnings.

As at June 2019, 75.5% of all commercial bingo halls employees were female, an increase of 3.3 percentage points when compared to the figures reported as at December 2018. The ratio of Maltese nationals employed in the bingo sector went down to 77.6%, 9.5 percentage points less when compared with the year-end 2018.

5.4 National Lottery

5.4.1 National Lottery: Turnover by Game Category

For the first six months of 2019, the total activity of the National Lottery operator, Maltco Lotteries Limited (Maltco), as measured in sales across the three-game categories (draw-based games, instant games and sports games) stood at €48.3 million, in line with the sales recorded for the same period of 2018.

Draw-based games remained the largest source of turnover registering an increase of 1.7% when compared to the same period last year. Sales for sports games, including both fixed odds and *pari-mutuel* betting, reported a drop of 4.8%. Sales generated from instant games decreased during the reporting period, by 3.3%.

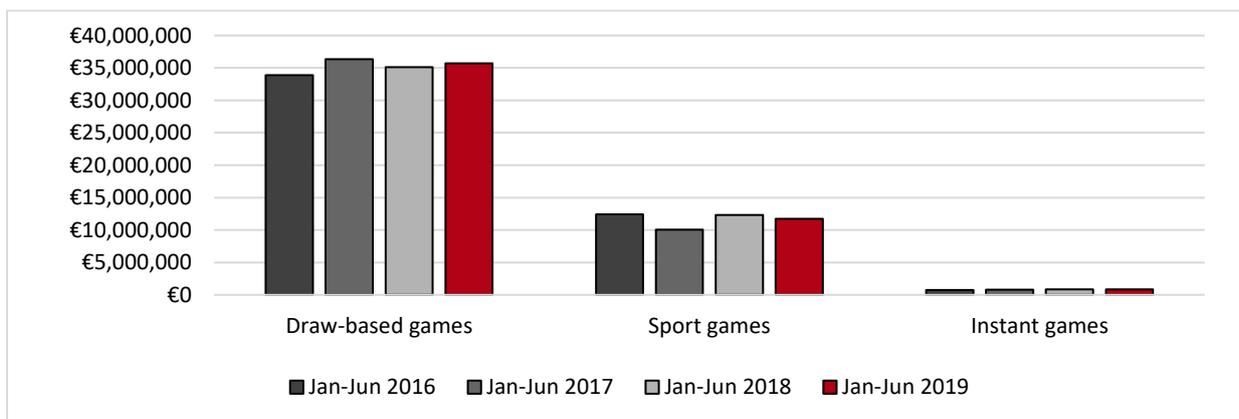


CHART 13: NATIONAL LOTTERY - TURNOVER BY GAME
SOURCE: MALTCO LOTTERIES LIMITED

During the first half of 2019, sales of draw-based games accounted for 74% of Maltco’s total sales, up by nearly two percentage points when compared with the corresponding period of 2018. Sports games decreased their share from 25.1% in the first half of 2018 to 24.3% in the first half of 2019. During the year under review, instant games represented 1.7% of the sales.

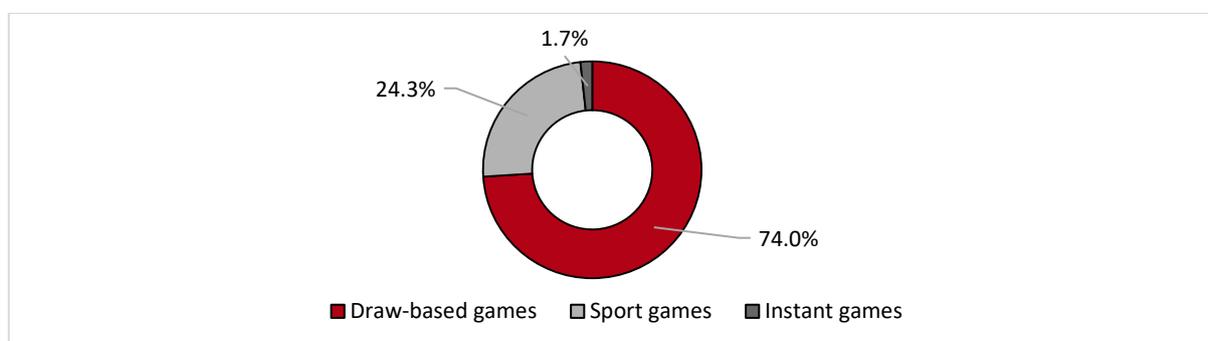


CHART 14: NATIONAL LOTTERY - TURNOVER BY GAME
SOURCE: MALTCO LOTTERIES LIMITED

5.4.2 National Lottery: Gaming Tax

Between January and June 2019, the total gaming tax payable by the National Lottery operator stood at €6.1 million, a decrease of 2% over the 2018 figure.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	6,227,253	6,148,371	6,500,110	6,313,294	6,260,164	6,462,351	6,135,020

TABLE 22: NATIONAL LOTTERY - GAMING TAX

5.4.2.1 Maltco's Contribution to the Good Causes Fund

In addition to gaming tax, in accordance with law and concession conditions, Maltco contributes to the National Lotteries Good Causes Fund. During the first six months of 2019, Maltco passed on €406,727 to this Fund.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	290,294	360,724	350,131	334,952	331,948	358,921	406,727

TABLE 23: NATIONAL LOTTERY - CONTRIBUTION TO THE NATIONAL LOTTERIES GOOD CAUSES FUND

5.4.3 National Lottery: Points of Sale

Maltco Lotteries Limited offers its services through an extensive network of lotto booths (Points of Sales) where one can participate in games. By the end of June 2019, the number of Points of Sale reached a total of 221 outlets spread across the Maltese Islands.

	2016		2017		2018		2019
	end-Jun	end-Dec	end-June	end-Dec	end-Jun	end-Dec	end-Jun
Total	232	235	232	236	230	220	221

TABLE 24: NATIONAL LOTTERY - POINTS OF SALE

5.5 Other Games

5.5.1 Low Risk Games

The new regulatory framework classifies non-profit games, commercial communication games and limited commercial communication games as low risk games as per the Fifth Schedule of the Gaming Authorisations Regulations, 2018. Low risk games require a permit which is only valid for a singular event and expires when the event is concluded.

5.5.2 Non-Profit Games

A non-profit game is a licensable game wherein the stake cannot exceed €5 per player, and over 90% of the net proceeds are forwarded to an entity with a charitable, sporting, religious, philanthropic, cultural, educational, social or civic purpose. During the first half of 2019, the MGA issued 14 permits for non-profit lottery and 832 permits for non-profit tombola.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Non-profit lottery	27	32	33	21	16	17	14
Non-profit tombola	1,144	952	1,267	862	1,143	920	832

TABLE 25: NON-PROFIT GAMES - PERMITS ISSUED

5.5.3 Commercial Communication Games

A commercial communication game is a game that does not cumulatively exceed €100,000 in prizes during any calendar month and not more than €500,000 during any calendar year. The game is organised with the purpose of promoting or encouraging the sale of goods or services and does not constitute an economic activity in its own right. Any payments required to be made by the participant serve only to acquire the promoted goods or services and not to participate in the game, although it may be a condition that a person purchases the promoted goods or services in order to participate in the game. During the first half of 2019, the MGA issued 10 certificates for the commercial communication game.

5.5.4 Limited Commercial Communication Games

A limited commercial communication game is a game that includes a stake and a prize. For the game to qualify as a limited commercial communication game, the value of the stake cannot exceed €2 per player. As at the end of June 2019, the MGA has neither received nor issued any permits for such games.

5.5.5 Cruise Casino

The Cruise Casino Approval was introduced with the aim of regulating the operation of casinos onboard cruise ships berthed in Malta or within Maltese territorial waters. The role of the Authority in this regard is to ensure that there is fair play in accordance with the principles embraced by the MGA. For this reason, any cruise line wishing to operate a cruise casino requires prior approval and must adhere to the conditions contained therein. During the period under review, no approvals were issued by the Authority.

5.6 Online Gaming

The online gaming industry maintained its role as a primary contributor to the economic activity in Malta, significantly contributing to 13.6% of the total gross value added. This positive performance was sustained through the overhaul of the regulatory framework governing the gaming sector in Malta. The new framework is enabling the Authority to be more effective and forward-looking whilst supporting operators by means of a streamlined regulatory environment.

5.6.1 Online Gaming: Number of Companies

As at the end of June 2019, the number of gaming companies offering online services stood at 273, as shown in Table 26. The new Gaming Act introduced the concept of a corporate group licence, which allows multiple companies to be covered by one group licence. Entities falling under a corporate licence are jointly considered by the Authority to be one licensed entity and, for the purposes of these statistics, are considered to be one operating company. This reclassification resulted in a minor decline in the reported number of companies, as shown in Table 26 below. Sixteen companies hold corporate group licences, with a total of 74 entities forming part of the respective groups.

	2016		2017		2018		2019
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
No. of companies	250	259	275	287	291	273	273
Additional companies falling under the Corporate Group Licence	-	-	-	-	-	17	74

TABLE 26: ONLINE GAMING - NUMBER OF COMPANIES

5.6.2 Online Gaming: Distribution of Licences by Category

Due to the introduction of the new licensing regime (which became applicable for online gaming operators as of 1 August 2018), the number of gaming companies and licences are more aligned as the operators do not require multiple licences to offer different games unless they wish to offer both B2C and B2B services. As at June 2019, the B2C group of licences accounted for 70% of the total licence base.

Out of the 16 corporate group licences issued up to the end of June 2019, 10 were issued for B2C-related operations whilst the remaining six were for B2B-related activity.

	2016		2017		2018		2019
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
B2C - Gaming Service Licence	435	454	489	554	577	207	194
of which are the B2C - Corporate Licences	-	-	-	-	-	6	10
B2B - Critical Supply Licence	55	59	69	71	84	68	82
of which are the B2B - Corporate Licences	-	-	-	-	-	3	6

Note: For 2016 and 2017, all licences which contained B2C activity elements, namely Class 1, Class 2, Class 3 and Skill Game B2C, were grouped into the "B2C - Gaming Service Licence" category whilst the licences containing B2B activity elements, namely Class 4 and Skill Game B2B, were grouped into the "B2B - Critical Supply Licence" category.

TABLE 27: ONLINE GAMING - DISTRIBUTION OF LICENCES BY CATEGORY

5.6.3 Online Gaming: Distribution of B2C Licences by Game Types

The new licensing regime categorises all the games that can be offered by the licensees into four different game types⁸. An operator can offer one or multiple game types. By the end of June 2019, the vast majority of B2C operators were in possession of an approval to offer Type 1 and Type 2 games, as presented in Table 28 below.

	Type 1	Type 2	Type 3	Type 4
Total (end-Dec 2018)	132	100	37	10
Total (end-Jun 2019)	146	112	37	11

TABLE 28: ONLINE GAMING - B2C - GAME TYPES

5.6.4 Online Gaming: Customer Accounts

5.6.4.1 Active Player Accounts

The number of active player accounts⁹ registered on the websites licensed by the MGA grew by 21.3% to 15.4 million during the period January to June 2019.

	2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	10,249,149	10,225,332	12,687,671	14,223,448	15,386,270

TABLE 29: ONLINE GAMING - ACTIVE PLAYER ACCOUNTS

⁸ For more information on the game types, please refer to Point 5 of the Methodology.

⁹ Active accounts are defined as accounts belonging to customers who played at least once during the year under review.

5.6.4.2 New Active Player Accounts

The increase of 32.1% in the number of new registrations reflected the expansion in new player accounts¹⁰, as shown in Table 30. The half-yearly number of new active player accounts reached 6.7 million in 2019, reflecting a 19.7% growth year-on-year.

	2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	4,889,491	4,781,887	5,616,543	6,733,942	6,725,792

TABLE 30: ONLINE GAMING - NEW ACTIVE PLAYER ACCOUNTS

5.6.5 Online Gaming: Players' Profile

5.6.5.1 Demographic Group

Over the past four reporting periods, players from the 25–34 age group constituted the largest category of players, accounting for 39.7% of all the customers playing on the websites regulated by the MGA during the first six months of 2019. Customers from the demographically wider 35–54 age group constituted 32.7% of the players' base. The share of players falling within the 18–24 age bracket stood at 20.4% during the first six months of 2019, decreasing by nearly nine percentage points. Players aged 55 and over continued to account for a minimal share of online gaming activity licensed under the Maltese jurisdiction.

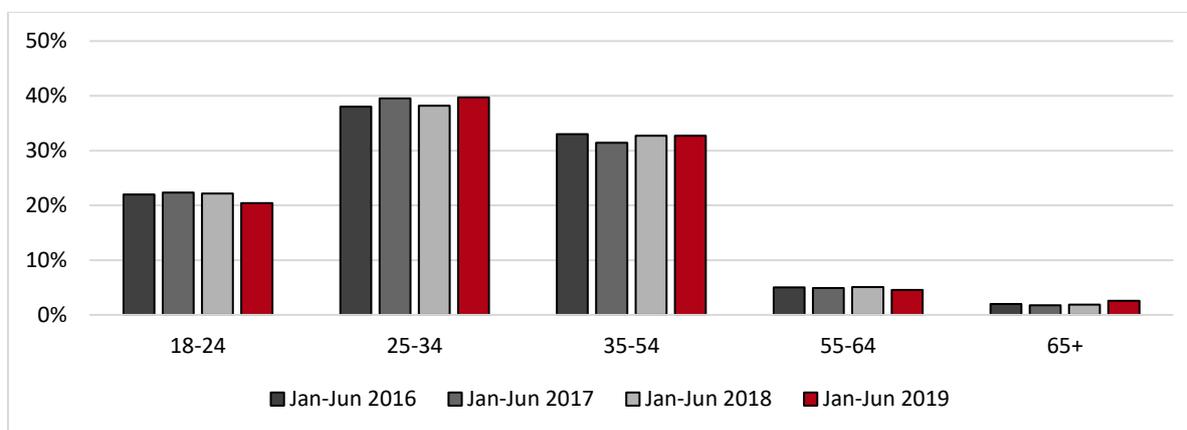


CHART 15: ONLINE GAMING - PLAYERS' PROFILE BY AGE GROUP DISTRIBUTION

Throughout the first six months of 2019, males continued to constitute the largest category of players, accounting for 76.8% of the total players' base.

¹⁰ New active customer accounts are those accounts on which customers played for the very first time with the company licensed by the MGA during the year under review.

5.6.5.2 Deposits as a Method of Payment

During the first six months of 2019, the most popular method of deposits amongst customers of the MGA’s licensed companies were credit/debit cards. This payment method accounted for 29.2% of all deposit methods. Deposits made through bank transfers accounted for 26.6% of all payments whilst deposits made through e-wallets and online accounts constituted 23.6% of the total deposits. The remaining 20.7% of payments were made through other methods.

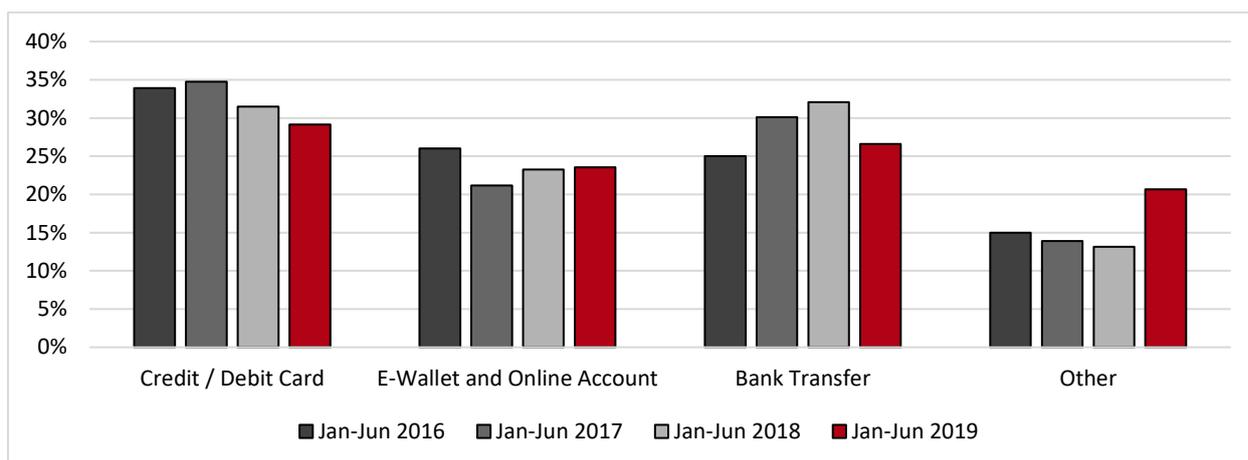


CHART 16: ONLINE GAMING - METHOD OF PAYMENT (DEPOSITS)

5.6.5.3 Withdrawals as a Method of Payment

During the first six months of 2019, 38.8% of all withdrawals were made through bank transfer. Online gaming operators indicated that e-wallet and online accounts and credit/debit cards were the chosen method for 30.4% and 15.7% of the withdrawals, respectively. The remaining 15.1% of the withdrawals were made through other methods, namely pre-paid vouchers and mobile payments.

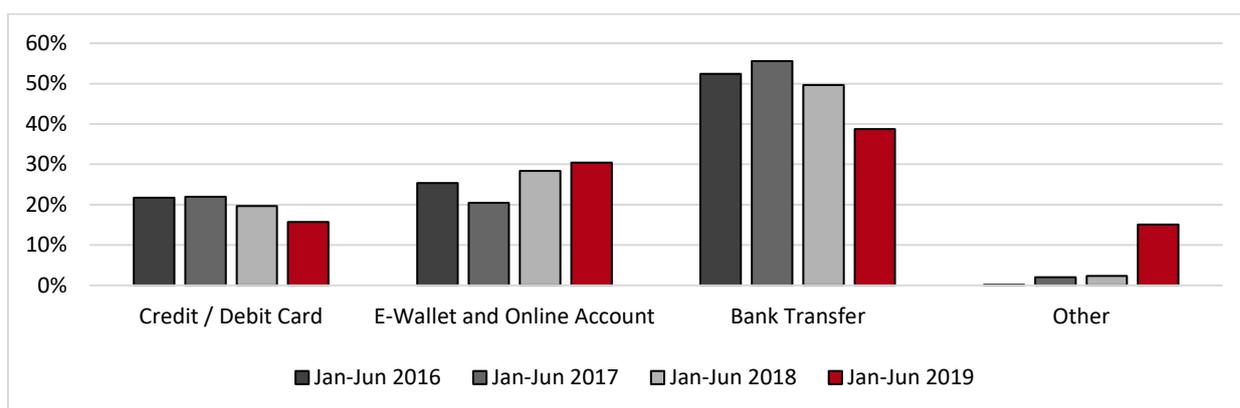


CHART 17: ONLINE GAMING - METHOD OF PAYMENT (WITHDRAWALS)

5.6.6 Online Gaming: GR from Customer Gaming Activities (B2C licensees)

It is estimated that during the first half of 2019, 54.1% of the total GR of the B2C licensees operating in the online industry was generated through gaming classified under the Type 1 group. The GR

generated from games falling under the Type 2 category accounted for 38.2% of the total whilst the GR from Type 3 games accounted for 7.6%. The activity reported for the controlled skill games classified under Type 4 was minimal throughout the first six months of 2019 and accounted for less than 1% of the total GR.

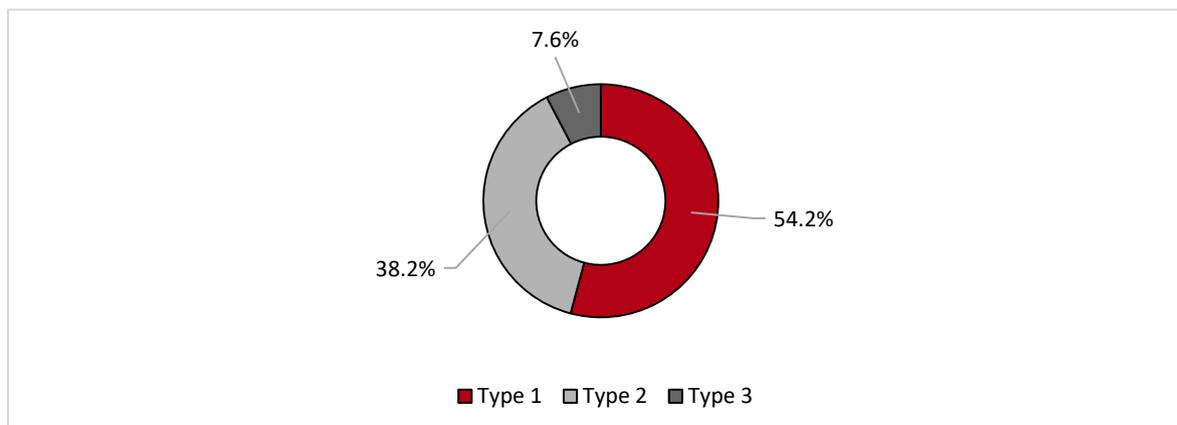


CHART 18: ONLINE GAMING - GR DISTRIBUTION BY GAME TYPE

5.6.6.1 Type 1 Games

During the first six months of 2019, 75.2% of the GR was generated through slot games whilst 22.3% was generated through table games. The remaining 2.5% of the GR for the Type 1 group was generated through other games, the most popular of which were virtual sports games, lotteries and secondary lotteries.



FIGURE 1: ONLINE GAMING - TYPE 1 GAMES - GR DISTRIBUTION

5.6.6.2 Type 2 Games

During the period under review, 38.2% of the GR was generated from games falling under the Type 2 game category. Betting on football generated the highest portion of GR from Type 2 games, at 75.6%. Bets on tennis accounted for 8.2% of the GR from Type 2 games. During the first six months of 2019, the GR generated from basketball constituted 5.8% of the GR whilst bets on cricket accounted for 2.4%. The remaining 7.9% of the GR was generated through other bets, including betting on horses, motorsports, golf, volleyball, ice hockey and handball.

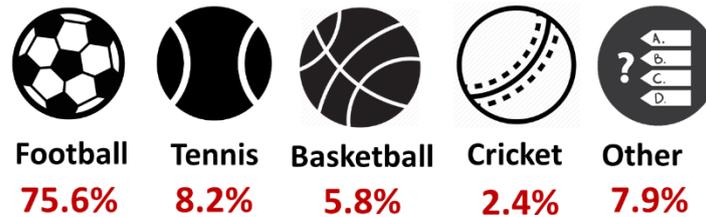


FIGURE 2: ONLINE GAMING - TYPE 2 GAMES - GR DISTRIBUTION

5.6.6.3 Type 3 Games

Throughout the six-month period ending 30 June 2019, peer-to-peer (P2P) poker generated a major share of the GR for Type 3 games, accounting for 78.5% of the total. Betting exchange constituted 12.7% of the GR whilst P2P bingo accounted for 3.7%. The GR generated from the lottery messenger accounted for 4.4% of the total. The remaining 0.8% of the GR was generated by other games offered through Type 3 approval.

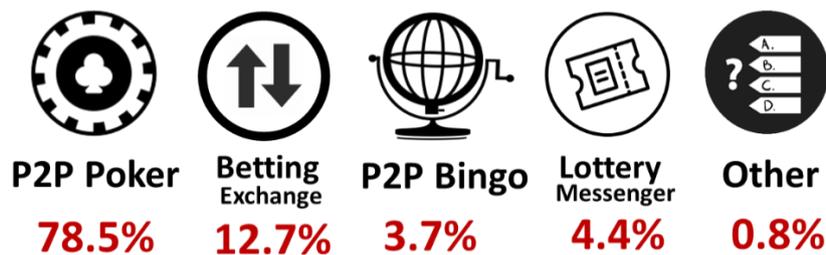


FIGURE 3: ONLINE GAMING - TYPE 3 GAMES - GR DISTRIBUTION

5.6.7 Online Gaming: Compliance Contribution

The Gaming Licence Fees Regulations (S.L. 583.03), which were brought into force on 1 January 2018, introduced the concept of the compliance contribution fee. The amount payable by the operators depends on the type of approval issued by the Authority, and it is strictly correlated with the GR generated during the licence period. The Regulation also stipulates a minimum and maximum amount of contribution, which is to be paid according to the game type in question. During the first six months of 2019, the MGA collected dues owed in terms of the applicable legislation totalling €23.9 million.

	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	16,287,743	15,377,797	15,684,225	15,855,718	14,876,798	24,909,101	23,856,146

TABLE 31: ONLINE GAMING - COMPLIANCE CONTRIBUTION

Note: (1) The figures for the year 2018 and January–June 2019 include the compliance contribution fee, licence fees and 5% consumption tax on customers located in Malta in line with the Gaming Tax Regulations (S.L. 583.10). For the years 2016 and 2017, the gaming tax and licence fees were reported in line with the Remote Gaming Regulations (S.L. 438.04); (2) Due to the change in tax regime that took place on 1 August 2018, figures for January to June 2019 are not comparable with those in the same period in 2018.

5.6.8 Online Gaming: Employment

As at the end of June 2019, the number of FTE employees directly working with online gaming companies licensed by the MGA stood at 6,142¹¹.

	2016		2017		2018		2019
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	5,295	5,327	5,542	5,861	6,021	5,950	6,142

TABLE 32: ONLINE GAMING - EMPLOYMENT (FTE)

As at the end of June 2019, 61.2% of all employees within the online gaming industry in Malta were male. The proportion of non-Maltese workers in the online gaming industry constituted 68.6% of all employees in this sector. This further highlights the need for expatriate workers to sustain the growth of the industry.

¹¹ This number refers to direct employees working on MGA licensed activities. Kindly refer to Point 9 of the Methodology for more information.

6 List of Tables

TABLE 1: HEADLINE INDICATORS OF GAMING INDUSTRY ACTIVITY	27
TABLE 2: GAMING PREMISES - CASINOS - GAME TYPES (END-JUNE 2019).....	29
TABLE 3: GAMING PREMISES - CASINOS - NUMBER OF GAMING DEVICES	29
TABLE 4: GAMING PREMISES - CASINOS - NEW PLAYERS' REGISTRATIONS.....	30
TABLE 5: GAMING PREMISES - CASINOS - PLAYERS' VISITS.....	30
TABLE 6: GAMING PREMISES - CASINOS - NUMBER OF JUNKET PLAYERS	30
TABLE 7: GAMING PREMISES - CASINOS - AVERAGE GR PER VISIT	32
TABLE 8: GAMING PREMISES - CASINOS - COMPLIANCE CONTRIBUTION	32
TABLE 9: GAMING PREMISES - CASINOS - EMPLOYMENT (FTE).....	33
TABLE 10: CONTROLLED GAMING PREMISES - NUMBER OF OUTLETS	34
TABLE 11: CONTROLLED GAMING PREMISES - GAME TYPES (END-JUNE 2019)	34
TABLE 12: CONTROLLED GAMING PREMISES - NUMBER OF GAMING DEVICES	35
TABLE 13: CONTROLLED GAMING PREMISES - NEW PLAYERS' REGISTRATIONS	36
TABLE 14: CONTROLLED GAMING PREMISES - AVERAGE GR PER VISIT.....	37
TABLE 15: CONTROLLED GAMING PREMISES - COMPLIANCE CONTRIBUTION.....	38
TABLE 16: CONTROLLED GAMING PREMISES - EMPLOYMENT (FTE)	38
TABLE 17: GAMING PREMISES - COMMERCIAL BINGO - NEW PLAYERS' REGISTRATIONS	39
TABLE 18: GAMING PREMISES - COMMERCIAL BINGO - NUMBER OF VISITS	39
TABLE 19: GAMING PREMISES - COMMERCIAL BINGO - AVERAGE GR PER VISIT.....	41
TABLE 20: GAMING PREMISES - COMMERCIAL BINGO - COMPLIANCE CONTRIBUTION.....	41
TABLE 21: GAMING PREMISES - COMMERCIAL BINGO - EMPLOYMENT (FTE)	41
TABLE 22: NATIONAL LOTTERY - GAMING TAX	44
TABLE 23: NATIONAL LOTTERY - CONTRIBUTION TO THE NATIONAL LOTTERIES GOOD CAUSES FUND....	44
TABLE 24: NATIONAL LOTTERY - POINTS OF SALE.....	44
TABLE 25: NON-PROFIT GAMES - PERMITS ISSUED.....	45
TABLE 26: ONLINE GAMING - NUMBER OF COMPANIES	47
TABLE 27: ONLINE GAMING - DISTRIBUTION OF LICENCES BY CATEGORY	48
TABLE 28: ONLINE GAMING - B2C - GAME TYPES	48
TABLE 29: ONLINE GAMING - ACTIVE PLAYER ACCOUNTS.....	48
TABLE 30: ONLINE GAMING - NEW ACTIVE PLAYER ACCOUNTS.....	49
TABLE 31: ONLINE GAMING - COMPLIANCE CONTRIBUTION	52
TABLE 32: ONLINE GAMING - EMPLOYMENT (FTE).....	53

7 List of Charts

CHART 1: CONTRIBUTION OF THE GAMING INDUSTRY TO VALUE ADDED.....	26
CHART 2: GAMING INDUSTRY EMPLOYMENT (FTEs)	26
CHART 3: LAND-BASED - VISITS TO OUTLETS	27
CHART 4: LAND-BASED - GR PER VISIT	27
CHART 5: GAMING PREMISES - CASINOS - PLAYERS' PROFILE BY NATIONALITY	31
CHART 6: GAMING PREMISES - CASINOS - PLAYERS' PROFILE BY AGE GROUP DISTRIBUTION.....	31
CHART 7: GAMING PREMISES - CASINOS - GR DISTRIBUTION BY GAME TYPE	32
CHART 8: CONTROLLED GAMING PREMISES - NUMBER OF VISITS BY DISTRICT	36
CHART 9: CONTROLLED GAMING PREMISES - PLAYERS' PROFILE BY NATIONALITY	36
CHART 10: CONTROLLED GAMING PREMISES - PLAYERS' PROFILE BY AGE GROUP DISTRIBUTION	37
CHART 11: GAMING PREMISES - COMMERCIAL BINGO - PLAYERS' PROFILE BY NATIONALITY	40
CHART 12: GAMING PREMISES - COMMERCIAL BINGO - PLAYERS' PROFILE BY AGE GROUP DISTRIBUTION	40

CHART 13: NATIONAL LOTTERY - TURNOVER BY GAME 43
CHART 14: NATIONAL LOTTERY - TURNOVER BY GAME 43
CHART 15: ONLINE GAMING - PLAYERS' PROFILE BY AGE GROUP DISTRIBUTION 49
CHART 16: ONLINE GAMING - METHOD OF PAYMENT (DEPOSITS) 50
CHART 17: ONLINE GAMING - METHOD OF PAYMENT (WITHDRAWALS) 50
CHART 18: ONLINE GAMING - GR DISTRIBUTION BY GAME TYPE..... 51

8 List of Figures

FIGURE 1: ONLINE GAMING - TYPE 1 GAMES - GR DISTRIBUTION..... 51
FIGURE 2: ONLINE GAMING - TYPE 2 GAMES - GR DISTRIBUTION..... 52
FIGURE 3: ONLINE GAMING - TYPE 3 GAMES - GR DISTRIBUTION..... 52

9 Annex 1 - Statistical Regions and Districts of Malta

Local Administrative Units (LAUs)	
Districts (LAU 1)	Locality (LAU 2)
Southern Harbour	Cospicua, Fgura, Floriana, Ғal Luqa, Ғaž-Žabbar, Kalkara, Marsa, Paola, Santa Luċija, Senglea, Ғal Tarxien, Valletta, Vittoriosa, Xgħajra.
Northern Harbour	Birkirkara, Gżira, Ғal Qormi, Ғamrun, Msida, Pembroke, San Ġwann, Santa Venera, St Julian's, Swieqi, Ta' Xbiex, Tal-Pietà, Tas-Sliema.
South Eastern	Birżebbuġa, Gudja, Ғal Għaxaq, Ғal Kirkop, Ғal Safi, Marsaskala, Marsaxlokk, Mqabba, Qrendi, Żejtun, Żurrieq.
Western	Ғad-Dingli, Ғal Balzan, Ғal Lija, Ғ'Attard, Ғaž-Žebbuġ, Iklin, Mdina, Mtarfa, Rabat, Siġġiewi.
Northern	Ғal Għargħur, Mellieħa, Mgarr, Mosta, Naxxar, St Paul's Bay.
Gozo and Comino	Fontana, Għajnsielem, Għarb, Għasri, Munxar, Nadur, Qala, San Lawrenz, Ta' Kerċem, Ta' Sannat, Victoria, Xagħra, Xewkija, Žebbuġ.

Disclaimer

This document contains information and statistics that have been obtained from sources believed to be reliable in regard to the subject matter covered.

This document does not, however, constitute commercial, legal or other advice howsoever described. The Malta Gaming Authority excludes any warranty and/or liability, expressed or implied, as to the quality, completeness, adequacy and accuracy of the information, statements and statistics contained within this document.

The MGA reserves the right to change and update the information, statements and statistics provided in the current and previous documents at its own discretion and without prior notifications as it may, in its discretion, deem necessary. The MGA assumes no responsibility for any consequences that may arise in the absence of such changes and/or updates.