

INTERIM
PERFORMANCE
REPORT

January - June

2021

TABLE OF CONTENTS

REGULATORY ACTIVITIES	6
AUTHORISATION OF GAMING LICENCES AND CERTIFICATES	6
ENSURING HOLISTIC COMPLIANCE	7
ENFORCEMENT ACTIONS AND LEGAL UPDATES	10
ENFORCEMENT ACTIONS	10
LEGAL UPDATES	10
ACTIONS TOWARDS BETTER PLAYER PROTECTION AND RESPONSIBLE GAMBLING	11
PROTECTING PLAYER FUNDS	11
COLLABORATION	12
INTERNATIONAL COOPERATION	12
COLLABORATIONS WITH LOCAL ENTITIES	13
POLICY DEVELOPMENTS	14
INITIATIVE ON BETTING ON SPORTS EVENTS OF AMATEUR AND YOUTH LEAGUES	14
POLICY PAPER ON AMENDING THE RETURN TO PLAYER MINIMUM PERCENTAGE	15
OPERATIONAL SUPPORT FUNCTIONS	15
INVESTMENT IN PEOPLE	15
FINANCIAL OPERATIONS	15
BUSINESS TRANSFORMATION	16
DATA-DRIVEN ORGANISATION	16
TECHNOLOGICAL SUPPORT	16
GAMING INDUSTRY STATISTICS FOR THE PERIOD JANUARY TO JUNE 2021	17
PREFACE	17
METHODOLOGY	17
OVERVIEW OF THE MALTESE GAMING INDUSTRY	20
GAMING INDUSTRY OUTLOOK	22
DETAILED INTERIM STATISTICAL REPORT ON THE LAND-BASED GAMING ACTIVITIES	24
GAMING PREMISES - CASINOS	24
CONTROLLED GAMING PREMISES	28
GAMING PREMISES - COMMERCIAL BINGO	33
NATIONAL LOTTERY	37
LAND-BASED SELF-EXCLUSION	38
OTHER GAMES	39

DETAILED INTERIM STATISTICAL REPORT ON THE ONLINE GAMING ACTIVITIES	41
APPENDIX 1 - STATISTICAL REGIONS AND DISTRICTS OF MALTA	49

KEY HIGHLIGHTS

- ♦ Following information which emerged from compliance audits, compliance reviews and formal investigations, the Authority issued 57 warnings and cancelled four (4) licences. In addition, the MGA issued a total of 14 administrative penalties as well as three (3) regulatory settlements, with a collective total financial penalty of €136,210.
- ♦ 20 compliance audits were conducted and 198 desktop reviews were carried out, while six (6) tax compliance audits were initiated.
- ♦ The Authority has improved the way it communicates with operators by formalising the way a non-compliant auditee is notified. To this end, one needs to either rectify within 20 days or else provide a remediation plan giving a future date to address such non-compliance, which needs to be acceded to by the MGA.
- ♦ Seven (7) individuals and companies were deemed not to be up to the Authority's probity standards by the Fit & Proper Committee, mainly on the basis of mitigating the risks of money laundering or funding of terrorism.
- ♦ A total of 573 criminal probity screening checks were undertaken on individuals, shareholders and ultimate beneficial owners, key persons and other employees, and companies from both the land-based and online gaming sectors.
- ♦ In terms of AML/CFT, the Authority continued with its commitment to supervise its online gaming licensees by carrying out supervisory examinations as well as conduct interviews with prospective MLROs and key persons carrying out the AML/CFT function to determine the knowledge and suitability of each candidate.
- ♦ A total of 103 requests for information specifically relating to the manipulation of sports competitions or breaches in sports rules were submitted by enforcement agencies, sport governing bodies, integrity units, and other regulatory bodies. As a result of such requests, data was exchanged in 31 instances. Additionally, a total of 149 suspicious betting reports from licensees and other concerned parties were received.
- ♦ During the period under review, the Authority was a direct participant in 22 different investigations across the globe relating to manipulation of sports competitions or breaches in sports rules, as well as an indirect participant in 11 such investigations.
- ♦ The Authority received a total of 35 international cooperation requests from other regulators and sent 42 such requests, with the majority referring to requests for background checks as part of an authorisation process.
- ♦ The MGA published amendments to the 'Guidance on the use of Innovative Technology Arrangements and the acceptance of Virtual Financial Assets and Virtual Tokens through the implementation of a Sandbox Environment'.
- ♦ Amendments to Article 22 of the Player Protection Directive (Directive 2 of 2018) were published, accompanied by a policy paper on 'Amending the Return to Player Minimum Percentage'. Such amendments aim to streamline the minimum percentage applicable to licensees across all sectors.
- ♦ The Commercial Communication Committee of the MGA issued a total of 14 letters of Breach, of which 10 operators were found to be in breach of the Commercial Communications Regulations, (S.L. 583.09).
- ♦ In its efforts to protect players and encourage responsible gambling the Authority helped 3,065 players that requested assistance. It also conducted 26 responsible gambling website checks as well as initiated a responsible gambling audit.
- ♦ Through a joint collaboration between the Authority, the FIAU and the MFSA, a document was published providing an overview of the key findings of Business Risk Assessments carried out by subject persons as per their obligations under the PMLFTR and the FIAU's Implementing Procedures.

- ♦ In June 2021, the MGA and the University of Malta signed a sponsorship agreement where the Department of Economics organised a series of lectures on Game Theory, providing students with added knowledge and understanding of strategic interactions among people within and between organisations.
- ♦ The Authority has initiated an assessment on the betting on sports events of Amateur and Youth leagues, as well as esports events, in its efforts to identify and combat potential issues related to the manipulation of sports and sports competitions, protection of players, and any other challenges emanating from such gaming activity.

THE FIRST SIX MONTHS OF 2021

The following report presents a review of the Maltese gaming industry during the first six months of 2021 by providing both a run-through of the main achievements of the Malta Gaming Authority (MGA) as well as an assessment in terms of market performance for the activities licensed by the MGA.

REGULATORY ACTIVITIES

AUTHORISATION OF GAMING LICENCES AND CERTIFICATES

The Authority received a number of requests for authorisations, including gaming licences, recognition notices, and key functions certificates, as well as requests for changes to the current licensed and approved activities.

GAMING LICENCES



RECOGNITION NOTICES



Figure 1: Statistics on Gaming Licences & Recognition Notice Certificates Jan-Jun 2021

Prior to the issuance of any licence or certificate, a valid application must go through a rigorous process. The application is evaluated from a ‘fit and proper’ perspective with the aim of assessing the entities and persons involved in the prospective applicant. A total of 573 criminal probity checks were undertaken, covering individuals, shareholders and ultimate beneficial owners, key persons and other employees, and companies from both the land-based and online gaming sectors.

Committee took 53 decisions, out of which three (3) referred to approvals of applications, while seven (7) referred to the refusal of individuals and entities being assessed since they were not deemed fit and proper on the basis of mitigating the risks of money laundering and terrorism financing (ML/TF).

A number of applications were discussed at Fit and Proper Committee level. In total, the

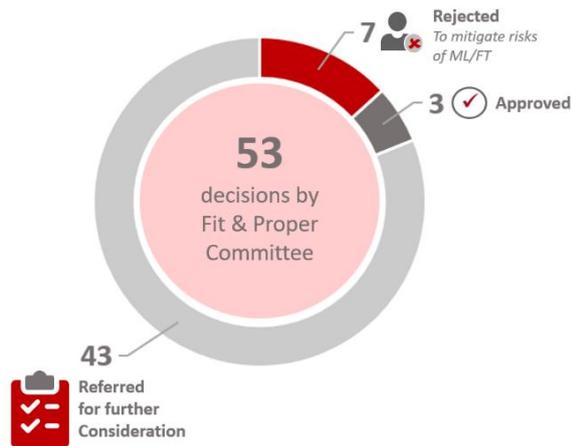


Figure 2: Fit & Proper Committee Decisions Jan-Jun 2021

Another 16 decisions referred to instances wherein the Committee felt that the Authority ought to request further documentation and/or declarations from the applicant or licensee prior to deciding on their fit and proper status, for the sake of ensuring their integrity and reputability. The remaining 27 decisions related to procedural matters, which mainly referred to internal procedural decisions taken related to the MGA’s Fit and Proper procedures.

A total of 10 licence applications were brought to the attention of the Supervisory Council, of which three (3) were approved, one (1) was rejected, and six (6) were sent back to the relevant directorate for further clarification.

SUPERVISORY COUNCIL DECISIONS:



Figure 3: Supervisory Council Decisions Jan-Jun 2021

The MGA continued to consolidate its authorisation processes with the aim of improving the way it operates both in terms of efficiency as well as cooperation with operators and prospective licensees. To this end, changes are on their way in terms of internal team structures and organisation, in the way applications are internally reviewed and processed, and improvements to the Licensee Relationship Management System (LRMS), as

well as in the requirements for licence applications and other authorisations.

ENSURING HOLISTIC COMPLIANCE

The Authority has adopted new procedures to ensure more effective compliance, also investing in more adequate software tools to enable open-source intelligence. This has enabled the MGA to continue optimising compliance processes through a number of audits and reviews.

ROUTINE COMPLIANCE CHECKS



Figure 4: Number of Compliance Checks Jan-Jun 2021

A proactive approach has been engaged in by identifying and taking immediate action vis-à-vis adverse media on licensees, associated entities and/or authorised persons, as well as on any changes to company information and/or licensees’ URLs which are not communicated, which in turn result in non-compliance with the gaming licence conditions and legislative framework.

Furthermore, the Authority has improved the way it communicates with operators by formalising the way a non-compliant auditee is notified and asked to rectify its position. To this end, an operator is required to either rectify within 20 days or else provide a remediation plan giving a future date to address such non-compliance, which in turn would need to be acceded to by the Authority.

As part of its efforts to ensure its licensees are compliant with rules and regulations governing the MGA licence, the Authority introduced a number of systematic Tax Compliance Audits based on the set compliance risk management processes it has, as summarised in the following figure.

TAX COMPLIANCE AUDITS' PROCESS:



Figure 5: The Process Undertaken During a Tax Compliance Audit

The objective of such audits is to address the risk of any potential tax leakages whilst addressing operators’ shortages in their financial obligations. Since its inception, a total of six (6) audits have been initiated and two (2) have been concluded.

AML/CFT EXAMINATIONS & INTERVIEWS

Specific procedures have been developed over time within the context of compliance with the legislative framework governing anti-money laundering and countering the financing of terrorism (AML/CFT). A number of supervisory examinations are conducted in order to determine the adherence of licensees to AML/CFT rules.

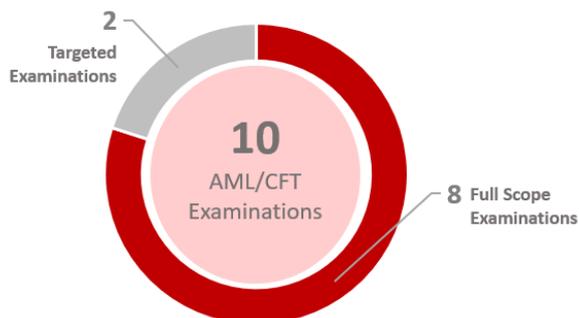


Figure 6: Supervisory Examination on Online Operators Jan-Jun 2021

The Authority continued to refine and update the procedure for the approvals of Key AML/CFT Functions, including the introduction of an ‘Eligibility Form’, which determines whether the prospective Money Laundering Reporting Officer (MLRO) role is fit and eligible to undertake the role and that it satisfies all the legal requirements.

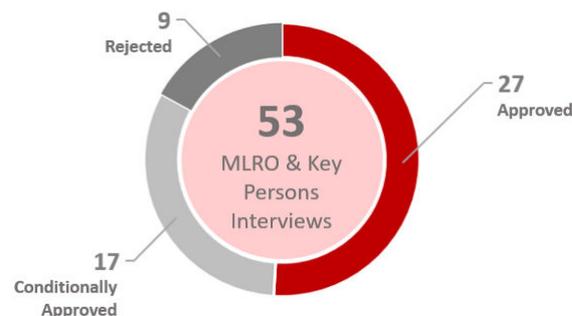


Figure 7: Number of MLRO & Key AML/CFT Persons Interviews Jan-Jun 2021

Of the nine (9) rejected prospective MLROs, four (4) were existing Key AML/CFT Function holders which were rejected after the carrying out of a follow-up interview. Consequently, their Key Function Certificate or approval to perform the Key AML/CFT Function was revoked through the issuing of a Notice of Cancellation followed by a final revocation letter.

REPORTED ACTIVITY ON THE FRONT OF SPORTS BETTING INTEGRITY

In line with the obligations laid out in Article 43 of the Gaming Authorisations and Compliance Directive (Directive 3 of 2018) which obliges Malta-licensed operators that offer sports betting to report any instance of suspicious betting to the Authority, the Suspicious Betting Reporting Requirements were brought into effect at the beginning of the year. This called for the development of the Suspicious Betting Reporting Mechanism, a reporting instrument with the aim of facilitating suspicious betting reporting to the MGA. This was made available to all MGA licensees that offer a gaming service or a

critical gaming supply relating to betting on sports events.

The activity reported allows the Authority to better monitor the industry and contribute towards the fight against the manipulation of sports.

Furthermore, the use of the latest software technology assists in gathering, formulating, and disseminating betting intelligence, and accompanying data allow for a more robust case management system, a better information gathering process, and a much more fruitful interaction with stakeholders when initiating and participating in investigations related to the manipulation of sports competitions.

A total of 103 requests for information specifically on sports activity were received from enforcement agencies, sport governing bodies, integrity units, and other regulatory bodies from across the globe. In order to furnish the necessary reply, the Authority primarily checked the internal information it has on the sporting event in question. In certain instances, it was necessary to reach out to the industry to obtain the required information. As a result of such requests, data was exchanged in 31 instances.

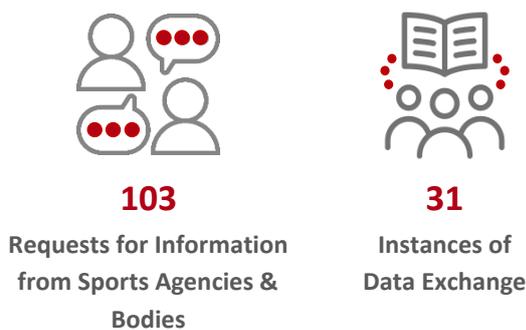


Figure 8: Number of Requests for Information on Sports Activity and Data Exchange Instances Jan-Jun 2021

Furthermore, a total of 149 suspicious betting reports were received from licensees and other concerned partners, and which were referred to the relevant body. Some of these suspicion reports have also led the Authority to participate

in 33 investigations wherein data had to be exchanged between a licensed operator and an entity investigating an incident related to the manipulation of sports competitions.

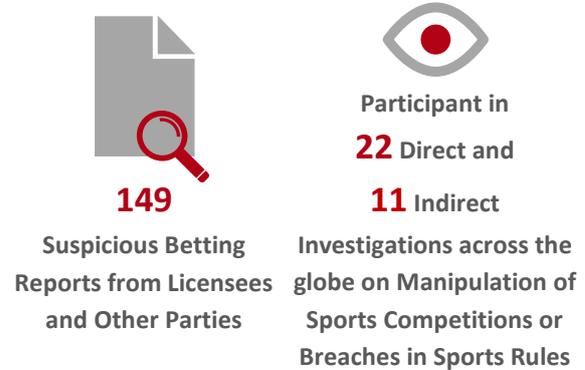


Figure 9: Number of Suspicious Betting Reports and Participation in Investigations Jan-Jun 2021

INSPECTIONS ON LAND-BASED ESTABLISHMENTS

The land-based gaming sector was also on the compliance radar in order to ensure that all licensed gaming operators were running their business in adherence with the relevant laws and regulations, even during the weeks when gaming premises were forced to close due to the COVID-19 pandemic, in line with the Public Health recommendations.



Figure 10: Number of Inspections in Land-based Gaming Premises Jan-Jun 2021

The temporary closure of gaming premises had an impact on the number of inspections carried out by the MGA, which was in line with the number of inspections carried out in 2020 but less than in previous years.

ENFORCEMENT ACTIONS AND LEGAL UPDATES

The Authority ensures that its investigative and enforcement structures are well established, enabling it to act and take any necessary action in instances where legal persons or entities are found to be in breach of the legislative framework governing the gaming market.

As part of its internal structures, the MGA has a Compliance and Enforcement Committee which is entrusted to decide which enforcement measure is the most appropriate in relation to breaches of specific provisions from the local gaming framework. Such measures include warnings, administrative penalties, as well as suspensions and cancellations of authorisations issued by the Authority. In those circumstances where the breaches at hand are considered to constitute a criminal offence, the Committee decides whether to offer a regulatory settlement or proceed by filing a formal complaint to the Malta Police Force.

Between January and June 2021, a total of 145 decisions were taken by the Compliance and Enforcement Committee.

ENFORCEMENT ACTIONS

The Authority issued three (3) regulatory settlements, through which it confiscated the proceeds made through unlicensed gaming activities in breach of Chapter 583 of the Laws of Malta (hereinafter ‘Gaming Act’). The collective total financial penalty imposed amounted to €136,210.

	Jan-Jun 2021
No. of warnings	57
No. of administrative penalties	14
No. of suspended licences	0
No. of cancelled licences	4

Table 1: Number of Enforcement Actions Jan-Jun 2021

LEGAL UPDATES

Given the constant evolution of the gaming market, it is important that the relative legislative instruments governing the Maltese gaming market are kept up to date and provide for these developments.

On 25 May 2021, the MGA published amendments to the ‘Guidance on the use of Innovative Technology Arrangements and the acceptance of Virtual Financial Assets (VFAs) and Virtual Tokens through the implementation of a Sandbox Environment’. The amendments mainly consist of:

- ♦ extension of the sandbox framework to 31 December 2022 (section 1.1);
- ♦ changes to the documentation that needs to be submitted by applicants further to the approval to participate in the sandbox framework (section 2.1);
- ♦ changes to the criteria pertaining to VFAs (section 2.1.1);
- ♦ guidance relating to the applicability of the sandbox framework (section 2.1.3); and
- ♦ clarification relating to additional safeguards that may be imposed by the MGA in order to grant an approval to participate in the sandbox framework (section 2.1.4).

On 28 May 2021, the MGA published amendments to Article 22 of the Player Protection Directive (Directive 2 of 2018) in order to streamline the minimum Return to Player (RTP) percentage applicable to licensees across all sectors.

ACTIONS TOWARDS BETTER PLAYER PROTECTION AND RESPONSIBLE GAMBLING

Player protection is one of the primary regulatory objectives of the Authority, ensuring that licensees offer a fair and secure gaming environment and have the necessary safeguards in place for players to gamble safely and responsibly, while providing the necessary protection to minors and vulnerable persons.

This is carried out using a two-fold approach; protecting players from a direct point of view by supporting them when they reach out to the Authority for assistance and ensuring that the legislative framework is up to date as well as by providing an internal support structure that protects player funds, monitors the financial stability of its licensed operators, as well as carries out audits specific to the subject matter.



3,065
Requests for Assistance Received

Figure 11: Number of Requests for Assistance Received Jan-Jun 2021

PROTECTING PLAYER FUNDS

Licensees are obliged by law to have sufficient funds in order to cover for the total player and jackpot funds, as well as ensure that at least 90% of the funds required to cover player funds are composed of funds held at EU/EEA-licensed credit, financial, or payment institutions.

The Authority received just above 1,900 monthly Player Funds Reports (PFR), through which it ascertains that sufficient funds are held by the respective licensee to cover the total player and jackpot funds.



1,907
Player Fund Reports Reviewed

Figure 12: Number of PFR Jan-Jun 2021

In addition, building on an initiative that started in 2020, the MGA continued to carry out audits, specifically on player and jackpot funds held by licensees as well as the accounts held with credit, financial, or payment institutions to cover such liabilities.

Such a mechanism ascertains that the player and jackpot funds coverage requirement is met consistently and not merely at the reporting date of the respective PFR. Furthermore, internal procedures are set, in terms of payment method applications, to ensure that any financial institution listed in the PFR is authorised to release any information as may be requested by the Authority, whilst also establishing that the player funds are held solely for and on behalf of the players and that creditors cannot exercise their rights on player funds.

Additional processes are also set to ensure players are safeguarded in those instances of a licence surrender or cancellation. Upon such a circumstance, the licensee is subject to data extraction, thus enabling the Authority to gain visibility of those players who are still owed funds by the licensee and have not been responsive in collecting their dues prior to the closure of the gaming operation.



8
Player Data Extractions Conducted

Figure 13: Number of Data Extractions Jan-Jun 2021

The Authority also continued to monitor the financial stability of its licensed operators as this has an impact on the protection of player funds. To this end, following the submission and review of financial statements, any identified high-risk licensees are scrutinised further to ensure ongoing availability of funding by the parent company or other shareholders. In doing so, the economic rationale and origin of funds is verified to ensure that the industry is not utilised as a vehicle for ML/FT activities.

In order to measure the licensees’ compliance with the specific requirements emanating from the Player Protection Directive, the MGA undertakes responsible gambling audits as well as responsible gambling website checks. Each of these types of examinations focus on specific licensee-player relationships and the responsible gambling-related functionalities that are accessible on the B2C operator’s website.



Figure 14: Number of Responsible Gambling Website Checks Jan-Jun 2021

The Authority also initiated a responsible gambling audit during this reporting period.

COMMERCIAL COMMUNICATIONS

With the aim of ensuring that all gaming commercial communications are compliant with the provisions of the Gaming Commercial Communications Regulations (S.L. 583.09), the Authority’s Commercial Communication Committee evaluates all gaming commercial communications which are brought to its attention by the general public or through the various regulatory and monitoring structures.



The Commercial Communications Committee issued a total of 14 Letters of Breach, of which ten (10) operators were found to be in breach of the Commercial Communications Regulations (S.L. 583.09). The Committee communicated with third parties to notify them about any breaches and advise them to rectify in order to be compliant with the law, including but not limited to media houses and affiliates.

COLLABORATION

The Authority believes that cooperation, both with local and international counterparts, is key in order to exchange ideas and best practices; facilitating the process of responding to any new technological or market-related developments which at times require regulatory intervention.

Furthermore, the MGA continues to monitor the developments that take place on a European level. Special focus was given to the proposed Digital Services Act (DSA). The gaming industry is indirectly caught up in the scope of the DSA, due to its digital nature. Consequently, it has been a priority for the Authority to keep abreast of the discussions related to the draft text, and it has continuously analysed the amendments thereto to determine any potential effects or impact on the industry and provide its feedback and contributions.

Developments on the front of the ePrivacy Regulation as well as the draft Regulation on Artificial Intelligence as proposed by the European Commission were also monitored with the aim of analysing any implications and potential impacts on the gaming industry.

INTERNATIONAL COOPERATION

The MGA receives and actions several requests from its counterparts to share information on various areas.



Figure 15: Number of International Cooperation Requests Jan-Jun 2021

Requests Received	Jan-Jun 2021
Generic Request for Cooperation	6
Information about the local regime	3
Request for Information about unlicensed person/entity or cancelled licences	0
Request background checks as part of an authorisation process	20
Regulatory assistance on a locally licensed operator	1
Informing other regulators of illegalities	2
Sports Integrity*	3
Total	35

*Note: The requests above refer solely to those received from other international gambling regulators and exclude any requests from other international entities and agencies.

Table 2: Number of International Cooperation Requests Received Jan-Jun 2021

Requests Sent	Jan-Jun 2021
Generic Request for Cooperation	8
Information about the local regime	0
Request for Information about unlicensed person/entity or cancelled licences	2
Request background checks as part of an authorisation process	32
Regulatory assistance on a locally licensed operator	0
Informing other regulators of illegalities	0
Sports Integrity*	0
Total	42

*Note: The requests above refer solely to those sent to other international gambling regulators and exclude any requests sent to other international entities and agencies.

Table 3: Number of International Cooperation Requests Sent Jan-Jun 2021

The MGA also collaborates with other authorities when it is asked to provide feedback on the regulatory good standing of one of the licensed

operators. In such circumstances, the MGA shares any relevant information and adverse remarks, if any, with regards to licensees and/or associated persons.



Figure 16: Number of Letter of Good Standing Issued Jan-Jun 2021

The MGA is committed to enhancing Malta’s international credibility, fostering collaborative relationships with targeted stakeholders and mitigating the risks that the gaming industry in Malta is facing, by devising an International Affairs Strategy and Outreach Plan. International affairs and outreach serve as a baseline to monitor progress whilst allowing the MGA to be more strategically proactive and at the forefront of international developments.

COLLABORATIONS WITH LOCAL ENTITIES

The MGA works closely with other regulating authorities and governing bodies with the aim of regulating the Maltese gaming industry in an efficient and effective manner.



Through a joint collaboration between the Authority, the FIAU and the MFSA, a document was published providing an overview of the key findings of Business Risk Assessments (BRAs) carried out by subject persons as per their obligations under the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR) and the FIAU’s Implementing Procedures. This provides insights into common trends and shortcomings in relation to the obligation to carry out a BRA, thus assisting subject persons to identify areas within the BRA that can be improved for the purpose of better

understanding and mitigating their ML/FT exposure.

Furthermore, the MGA and FIAU worked together to devise an internal enforcement policy to set out the types of actions that will be taken by the MGA when an operator receives enforcement measures by the FIAU after an examination would have been carried out, which measures would be based upon AML/CFT breaches found. According to this internal policy, the MGA would take its own action in response to any enforcement action taken by the FIAU against particular operators with the aim of ascertaining that gaming operators adhere to AML/CFT requirements, thus strengthening the FIAU’s enforcement action.

The MGA worked closely with the Asset Recovery Bureau as well as the Malta Police Force by providing pertinent information to any requests made on the gaming sector. In addition, the Authority provides relevant information to the Sanction Monitoring Board to assist in issuing sanctions on legal and natural persons.

Requests for Information	Jan-Jun 2021
Asset Recovery Bureau	46
Malta Police Force	41
Sanction Monitoring Board	1

Table 4: Number of Requests for Information Jan-Jun 2021

In June 2021, the MGA and the University of Malta signed a sponsorship agreement where the Department of Economics organised a series of lectures on Game Theory, providing students with added knowledge and understanding of strategic interactions among people within and between organisations. Further to the sponsorship of these lectures, the two entities have both committed themselves to more collaborations for the benefit of local students and the gaming industry.

Such collaboration contributes towards the Authority’s efforts to ensure that training courses are aligned with the industry’s needs.

POLICY DEVELOPMENTS

The MGA has revisited its policy development process to reflect the best practices required to develop progressive policy recommendations in addressing regulatory issues. The MGA strives to ensure that its policy recommendations are evidence-based, well-researched and consulted across all stakeholders’ groups, including not only those who will be directly affected by policy but also those who are involved in ensuring its correct application.

INITIATIVE ON BETTING ON SPORTS EVENTS OF AMATEUR AND YOUTH LEAGUES

The Authority has initiated an assessment on the betting on sports events of Amateur and Youth leagues, as well as esports events, in its efforts to identify and combat potential issues related to the manipulation of sports and sports competitions, protection of players, and any other challenges emanating from such gaming activity.

A survey was carried out in March 2021 amongst B2C licensees in possession of an approval to offer games classified under Type 2, as per the Gaming Authorisations Regulations (S.L. 583.05). This provided the Authority with an estimate of the market size of the offering of bets on amateur and youth leagues and esports, which will serve as input for policy preparation and informed decision making. In addition, a cross-jurisdictional analysis was conducted with respect to the different scenarios found within and outside of the EU, thus providing the MGA with a broad understanding of the applicable regulation within foreign jurisdictions.

POLICY PAPER ON AMENDING THE RETURN TO PLAYER MINIMUM PERCENTAGE

Prior to the issuance of the amendments to Article 22 of the Player Protection Directive (Directive 2 of 2018), extensive research and consultation was carried out with the aim of assessing the viability of the lowering of the minimum RTP percentage for online operators from 92% to 85%, in line with the requirements applicable to the land-based sector.

To this effect, the Authority conducted a cross-jurisdictional analysis on the applicability of the RTP percentages, which highlighted the different scenarios one may find throughout the EU and outside of the EU. Consequently, the MGA decided to align the existent difference between the requirements that were applicable to land-based gaming operators and online gaming operators, and therefore establish consistency between both sectors at an RTP of 85%.

In conjunction with the amendments to the directive, the Authority published a policy paper on 'Amending the Return to Player Minimum Percentage' which outlined the feedback received by way of consultation, and any other findings following research conducted on the subject matter.

OPERATIONAL SUPPORT FUNCTIONS

In order for the Authority to function the way it does, a number of support functions work closely together to ensure that the overall objectives are met.

INVESTMENT IN PEOPLE

Continuous upskilling of staff is of paramount importance. To this end, the MGA maintained its commitment to sustaining its investment in its employees. Several training programmes were organised internally and externally with the aim of enhancing employees' technical knowledge and personal development.

The Authority kickstarted a leadership programme for its management intended to provide a holistic set of skills to its managers which could help in their day-to-day management of the various teams. Through the Mental Health First Aid Course particular emphasis was placed on sustaining the psychological well-being of employees and providing the right tools to adequately detect and support any mental health issues that their teams may be experiencing.

In addition, a Training Needs Analysis (TNA) was conducted across the Authority to identify the skills and knowledge gaps that each department needed to address during the year. This was further connected with the Competency Framework, to ensure that skills and traits that are trained are central to the employees' role within the Authority.

Furthermore, recruitment remains one of the key initiatives as the Authority keeps renewing itself to face the ever-growing challenges of the gaming industry.

FINANCIAL OPERATIONS

Through the period under review, the Authority revamped its direct order monitoring by migrating it into the procurement system. This ensures that users have up to date information on the consumption of direct orders and facilitates access when it comes to reporting requirements.

With the aim of reinforcing the procurement system further, a Procurement Plan List was introduced. This will both assist the procurement team to identify which projects need to be prioritised as well as streamline approvals by management, thus ensuring that necessary authorisations are obtained efficiently.

BUSINESS TRANSFORMATION

The Authority is also committed to improve the effectiveness and efficiency of its internal regulatory and compliance processes through its Operational Excellence and Quality Management functions. Such reviews analyse the issues identified in a particular process, help understand the correlation between issues, and identify the causes that were at the root of such issues, which in turn identify opportunities for improving that process and making recommendations on how changes to the process shall be implemented.

Throughout the first half of the year, the licence application process was reviewed, and the MGA is currently working towards implementing the improved process.

DATA-DRIVEN ORGANISATION

Over the years the MGA has collected and analysed data concerning online and land-based gaming activities in Malta. Such information enables the Authority to monitor the industry as well as assist in decision-making processes, ensuring that decisions are based on performance indicators.

Furthermore, the MGA is committed to improving its data collection processes with the aim of further enhancing a data-driven culture across all the various functions of the Authority.

TECHNOLOGICAL SUPPORT

For the Authority to function effectively it is crucial that it keeps abreast with new technologies and implements the latest solutions and security and control measures.

Following the change in processes that were affected by the COVID-19 pandemic, the Authority adopted Digital Signature Certificates as a means to sign and verify all of its internal and external electronic documents. This offers a

higher level of security when sending documents, and guarantees the authenticity of each signature.

Additionally, the technology function is the supporting arm to the rest of the Authority when it comes to the development of new software and applications on both regulatory activities as well as other operational functions.

GAMING INDUSTRY STATISTICS FOR THE PERIOD JANUARY TO JUNE 2021

PREFACE

The following section presents the performance of the gaming industry regulated by the MGA during the first six months of 2021. This is presented in terms of the economic value added, employment, and other results attained by the operators licensed under the Maltese jurisdiction.

METHODOLOGY

1. These statistics relate to the gaming industry in Malta, licensed by the MGA. The sources used for statistical compilation are:
 - ♦ Industry Performance Returns (IPR/Return) 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 performance between January and June 2021.
3. The data presented in this report are based on the IPR, which were 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 Maltese-licensed activity. The response rate at the cut-off date for compiling the review was 99%. The remaining data has been estimated by the Authority in order to provide a clear picture of the Maltese gaming industry.

The data collection exercise was followed by a data cleaning process to ensure the consistency of the results. In some cases, operators were contacted to clarify their responses. Omitted data were imputed through the appropriate techniques, and the answers to every question were analysed. Several imputation methodologies and weighting techniques were adopted to ‘fill-in’ any missing information. Initial sample results were grossed up to obtain population data for all Maltese-licensed activities through appropriate weighting techniques.
4. The new regulatory framework became applicable for online gaming operators as of 1 August 2018, whereas land-based operators became subject to new laws as of 1 January 2019. The said 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 current 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 however required to apply for the game type approval. The Gaming Act establishes four game types, as follows:
 - ♦ 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.

- ♦ 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.
- ♦ 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.
- ♦ Type 4 - Controlled skill games as per Regulation 8 of the Gaming Authorisations Regulations.

These changes further necessitated moving away from the collection of player account data (i.e. the number of active and new active player accounts) by type of game offered towards the collection of data at the level of the reporting entity.

6. 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.
7. The MGA moved towards a standardised concept of GR for the computation of gaming tax and compliance contribution. Gaming operators are now requested to submit to the Authority the GR 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).
8. In terms of the compliance contribution figures reported in this document, the following should be noted:
 - ♦ For the land-based sector (excluding the National Lottery), the compliance contribution for 2019, 2020 and 2021 included the licence fees and levies as well as a 5% consumption tax on customers located in Malta, in line with the Gaming Tax Regulations (S.L. 583.10). For 2018, the gaming tax and licence fees were reported in line with the relevant regulations.
 - ♦ For the National Lottery, the gaming tax was reported in line with the relevant regulations for the years 2018 till June 2021.
 - ♦ For online gaming, the compliance contribution for the years 2018 till June 2021 included licence fees and a 5% consumption tax on customers located in Malta, in line with the Gaming Tax Regulations (S.L. 583.10).
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 IPRs 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 from 2018. For this reason, the employment figures should not be compared

with those of previous years since the number of online gaming employees reported prior to 2018 also includes the number of outsourced/self-employed individuals directly engaged by gaming companies.

10. The direct contribution of the gaming industry to the Maltese economy relates to gambling and betting activities (NACE 92) in accordance with the European industrial activity classifications. The economic contribution is derived from National Statistics Office (NSO) data which covers businesses operating in the Maltese territory which would also include firms that are not licensed by MGA. 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.

OVERVIEW OF THE MALTESE GAMING INDUSTRY

The gaming industry continued to sustain its contribution to the growth of the Maltese economy during the first half of 2021, demonstrating its overall resilience to external unforeseen market shocks as a consequence of the COVID-19 pandemic which hit in 2020.

As indicated in the table below, the total Gross Value Added (GVA) generated by the gaming industry during the first half of 2021 stood at €506.8 million, hence representing around 8.2% of the economy’s GVA. When the indirect effects are included, the contribution of the industry to the economic value added increases to 10.5%. It is to be noted that the historical data for the GVA of the gaming industry reported in the following table has been revised as a result of revisions made by the NSO to the National Accounts data for the reference period 1995Q1 to 2021Q2.

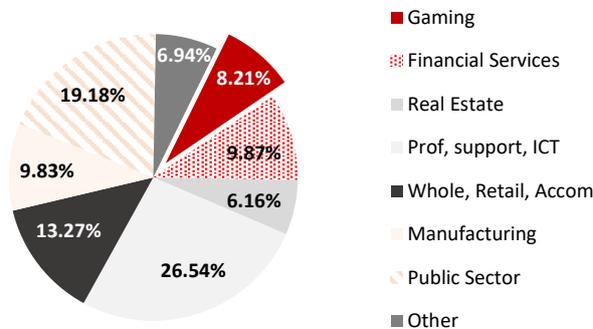


Chart 1: Contribution of the Gaming Industry to Value Added

Based on these revised estimates, the growth in value added of the gaming industry during the first half of 2021 is estimated at 15.4%.

Furthermore, it has been estimated that as at the end of June 2021, 10,266 persons were working with MGA-licensed companies on the activities covered by the Authority’s licence, with 92.5% of these employees engaged in the online sector. Furthermore, it has been estimated that an additional 1,840 FTEs were working in Malta either on the activities licensed by another jurisdiction, with MGA-licensed firms, or providing direct services to MGA-licensed firms while being employed by another associated/related company. This category of employees recorded a drop when compared to year-end 2020 due to a reclassification of employees from one category to the other. Despite the challenges experienced since 2020, the sustained growth in employment further attests to the sector’s significant contribution to the Maltese economy.

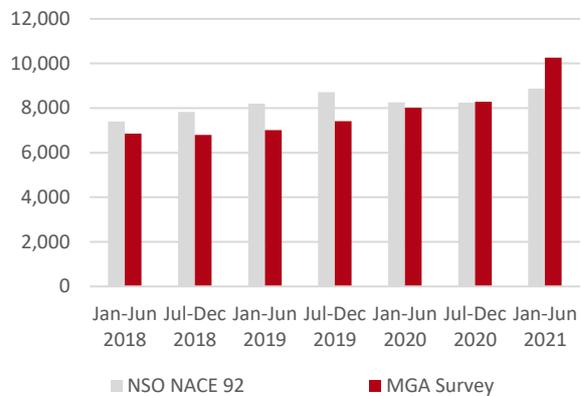


Chart 2: Gaming Industry Employment (FTE)

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 the first half of 2021, the number of companies licensed by the MGA, including both online and land-based entities, stood at 328. By the end of June 2021, gaming companies held a total of 337 gaming licences and 399 approvals to offer various types of games under the B2C licence.

Between January and June 2021, the MGA collected €37.9 million in terms of compliance contribution fees, levies, and consumption tax.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Number of licences <i>(Note 1)</i>	672	286	287	298	318	328	337
Number of companies in operation <i>(Note 1)</i>	300	283	283	294	313	323	328
Gross Value Added (€m) <i>(Note 2)</i>	391.5	396.4	388.5	397.7	439.1	453.9	506.8
Employment - Full-Time Equivalent (FTE) jobs	6,849	6,794	7,011	7,417	8,009	8,292	10,266
Online	6,021	5,950	6,142	6,593	7,196	7,557	9,496
Land-Based	828	844	869	824	813	735	770
Compliance contribution, licence fees, levies and consumption tax (€m)	31.3	42.6	39.9	40.5	33.7	39.8	37.9

Note 1: 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.

Note 2: The GVA figures are being updated in line with the revision made during 2020 and 2021 in the computation of GVA for NACE 92 by the National Statistics Office.

Table 5: Headline Indicators of Gaming Industry Activity

The first half of 2021 was characterised again by the closure of land-based gaming premises through Legal Notice 87 of 2021 and Legal Notice 101 of 2021, as from 11 March 2021.

In contrast with the complete closure of all gaming establishments which occurred in 2020, this time gaming parlours were allowed to open solely and exclusively to provide sports betting through the till, and premises which offered games to the public by the National Lottery licence were allowed to operate with the direct intervention of the agent or seller holding the relevant permit to sell the games in those premises. The restrictions on casinos and commercial bingo halls were lifted on 7 June 2021 through Legal Notice 237 of 2021.

From a more detailed market behaviour perspective of the land-based sector, the total

players' visits across all gambling outlets between January and June 2021 increased by 5.6% when compared to the same period in 2020, as shown in Chart 3.

The major contributor to such an increase was the gaming parlour sector, which recorded an increase of 40.2% in visits. On the other hand, during this period, the land-based casinos and commercial bingo sectors registered a decrease in the number of visits of 28.8% and 33.0% respectively when compared with the corresponding period of 2020.

Notwithstanding the drop in number of visits, both the land-based casinos and commercial bingo halls recorded a growth of 9.2% and 27.5% in the GR per visit as shown in Chart 4. Gaming parlours reported a decrease of 29.3% in the GR per visit.

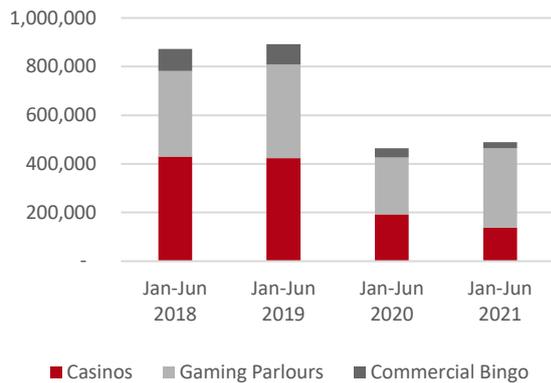


Chart 3: Land-Based - Visits to Outlets

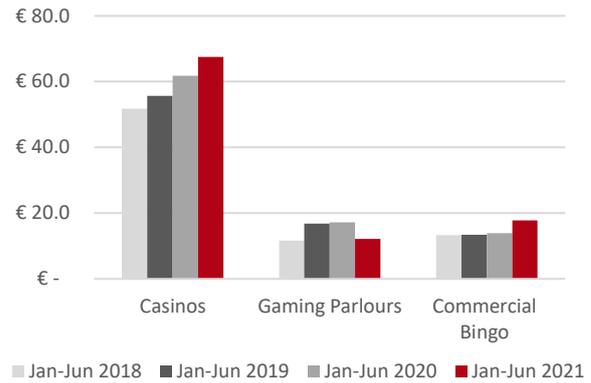


Chart 4: Land-Based - GR per Visit

GAMING INDUSTRY OUTLOOK

As the world continued to adapt to a new ‘normal’ following the COVID-19 event, the gaming industry remained on a sustained path of growth. This was evidenced by the significant increase in activity in the sector, both in terms of value added and employment, in the first half of 2021.

This positive performance is attributed to the effective and timely strategies adopted by operators in the industry, backed by a regulatory framework that ensures a safe and fair offer for consumers. A number of operators engaged in mergers and acquisitions as a strategy to consolidate performance and avert pressures on profitability arising from the disruptions related to the pandemic. This strategy allowed operators to establish a stronger international presence.

The FATF’s decision to put Malta on the greylist can be expected to have some impact on the efficiency and cost of doing business in Malta in general, which would extend to the gaming sector, also in view of global perceptions regarding its potential exposure to money laundering risks. Against this background, the MGA is prioritising outreach to the most relevant stakeholders in order to discuss the implications of this event and optimise its regulatory stance towards the continued sustainability of the sector.

During the year ahead, the MGA aims to renew its efforts to consolidate its commitment to solidify Malta’s reputation internationally by ensuring that the gaming sector remains fair, transparent, and secure against crime and corruption. In the first six months of 2021, compliance, anti-money laundering and investigative procedures in cases of suspected abuses continued to be strengthened. Furthermore, the Maltese Government remains committed to ensuring that Malta continues to be an attractive place of primary establishment and that the gaming industry has the resources and capabilities it needs to remain resilient.

Going forward, the uncertainties associated with the COVID-19 pandemic, the challenges related to Malta’s greylisting decision by the FATF, and the regulatory developments in foreign jurisdictions such as Germany and Netherlands are expected to continue testing the resilience of the industry. As more gaming companies seek to consolidate their standing in the industry, the uptick of mergers and acquisitions is expected to carry on in 2022.

Overall, the outlook for the gaming sector in Malta remains positive. This is within the context of a notable demand expansion for certain types of gaming activities at the global level, such as gaming applications and social gambling. Malta is expected to benefit from these trends and to experience quality growth founded on its

regulatory environment and its innovative outlook. It will, however, be essential for the industry to continue to operate in a stable environment that provides the required human resources and support and operational infrastructures in a cost-competitive manner.

DETAILED INTERIM STATISTICAL REPORT ON THE LAND-BASED GAMING ACTIVITIES

GAMING PREMISES - CASINOS

There are four licensed casinos in Malta: Dragonara Casino, Portomaso Casino, and Casino Malta, located in the central part of the country, and Oracle Casino, located in the north.

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 2021, all casino licensees were in possession of an approval to offer Type 1, Type 2, and Type 3 games, as presented in the table below. To date, no licensed casinos provide games of skill under Type 4.

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

Table 6: Gaming Premises - Casinos - Game Types (end-Jun 2021)

2. GAMING PREMISES - CASINOS: NUMBER OF GAMING DEVICES

As at the end of June 2021, the total number of gaming devices in the casinos stood at 925, including 908 slot-type gaming machines and 17 sports betting machines.

	2018		2019		2020		2021
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Slot-type gaming devices	916	909	916	937	939	913	908
Sports betting machines	19	17	18	17	17	17	17
Total	935	926	934	954	956	930	925

Table 7: Gaming Premises - Casinos - Number of Gaming Devices

3. GAMING PREMISES - CASINOS: NEW PLAYERS' REGISTRATIONS

Casino operators are required to register every new-to-the-casino player who enters their premises. Between January and June 2021, licensed operators reported a total of 15,777 registrations in their establishments, part of which represent multiple registrations by a single player in more than one casino. The number of new registrations was significantly lower when compared with the previous reporting periods due to the temporary closure of all casinos in 2021.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	61,241	86,433	72,807	102,636	26,176	29,500	15,777

Table 8: Gaming Premises - Casinos - New Players' Registrations

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

4. GAMING PREMISES - CASINOS: PLAYERS' VISITS

The total number of visits to local casinos stood at 137,051, a decrease of 28.8% when compared with the corresponding period of 2020.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	430,859	503,753	424,022	516,744	192,351	279,511	137,015

Table 9: Gaming Premises - Casinos – Number of Visits

When analysing the number of visits reported on a monthly basis, it could be noted that during the months January to March, these were lower than the corresponding months of 2020. No activity was reported during the months of April and May. However, during the month of June 2021 there was an increase in the number of visits when compared with the same month of the previous year. The chart below presents the number of visits by month registered in the casino sector between 2018 and 2021.

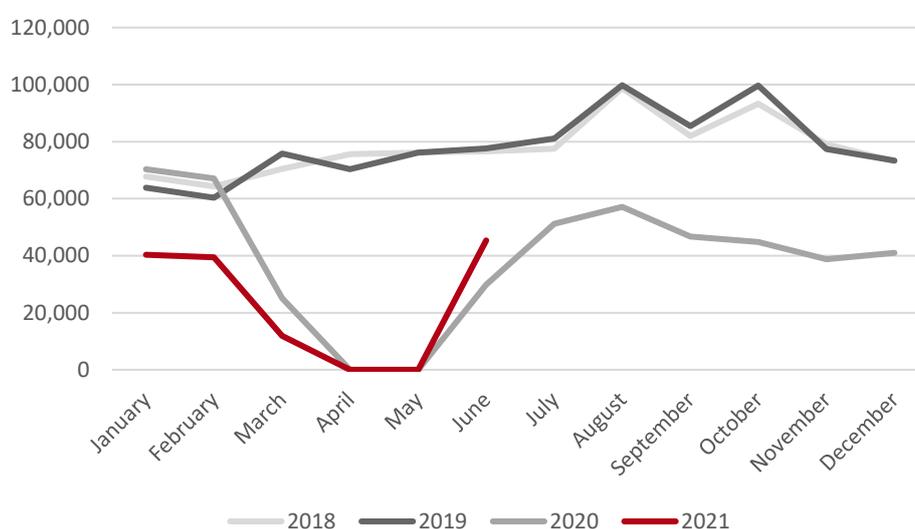


Chart 5: Gaming Premises - Casinos – Number of Visits

Junket Players

During the period under review, local casinos hosted 254 junket players². The closure of casinos, travel restrictions and lockdowns imposed in various countries in the first half of 2021 had a substantial impact on the number of junkets visiting Maltese casinos, in similarity with what was experienced during the same period in the previous year. Of all junket players hosted by casinos during the period under review, 38.6% referred to in-house junkets whilst the remaining players were brought to the casinos by junket leaders.

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 are directly or indirectly paid for by the authorised person operating the gaming premises.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
In-house	241	570	300	267	77	106	98
With junket leader	613	887	440	483	184	275	156
Total	854	1,457	740	750	261	381	254

Table 10: Gaming Premises - Casinos - Number of Junket Players

5. GAMING PREMISES - CASINOS: PLAYERS’ PROFILE

Nationality

In similarity with what had happened during the first six months of 2020, due to COVID-19 restrictions and travel bans, fewer foreign players visited Maltese casinos in 2021. Visits by non-Maltese players decreased by 35.1% when compared with the same period of 2020 and accounted for 43.5% of the total visits recorded.

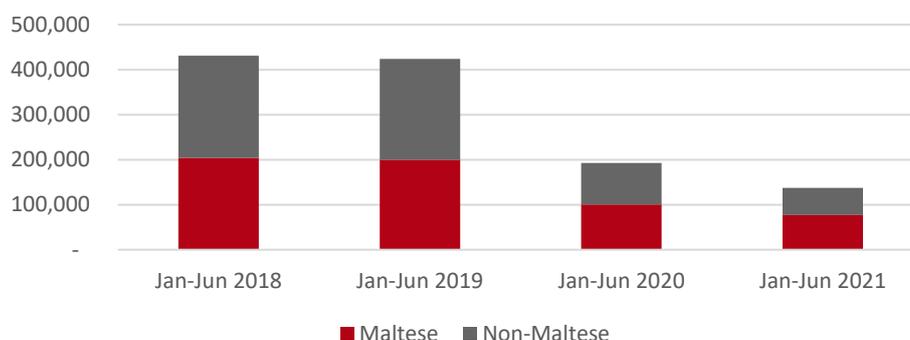
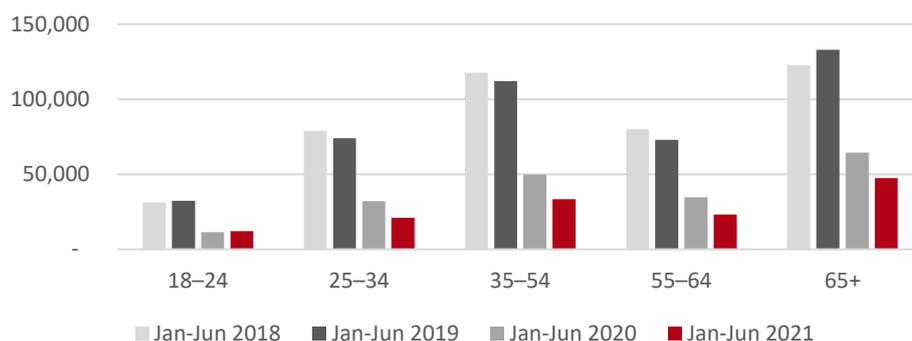


Chart 6: Gaming Premises - Casinos - Players' Profile by Nationality

Demographic Group

Visits by players of all age groups, except for those within the 18–24 age group, declined in line with the overall decrease in the number of visits. Visits by persons aged 65 and over continued to constitute the largest demographic category of visitors to casinos, accounting for 34.6% of the total visits. Visitors from the 35–54 age bracket constituted 24.4% of the visits, this being the second largest category. Visits by players from the 55–64, 25–34 and 18–24 age brackets accounted for 16.9%, 15.4% and 8.8% of the total visits respectively.

It is worth noting that visits by female players accounted for 38.8% of all visits. This ratio has remained unchanged when compared with the first six months of 2020.

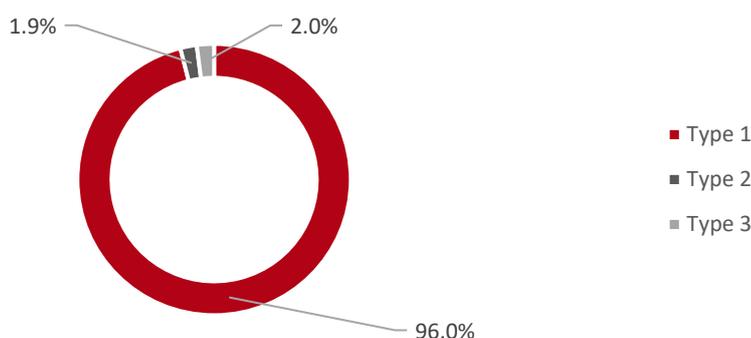


Note: The legal age to enter casinos in Malta is 25 for Maltese and 18 for non-Maltese players.

Chart 7: Gaming Premises - Casinos - Players' Profile by Age Group Distribution

6. GAMING PREMISES - CASINOS: GR

The temporary closure of casinos during the period January to June 2021 resulted in a decline of 20.9% in the GR generated by the sector when compared with the corresponding period of 2020. Almost the entire GR was generated from Type 1 games, as shown in the chart below.



Note: The total percentage does not equal 100% due to rounding of figures.

Chart 8: Gaming Premises - Casinos - GR Distribution by Game Type

The GR from the limited junkets activity stood at 9.3% of the total GR reported in the first half of 2021. The GR generated from such activity declined by 45.8% during this period, in line with the overall decrease in the casinos' GR.

Average GR per Visit

The average GR per visit rose from €61.8 to €67.5 during the first half of 2021 when compared with the same period in 2020, indicating that the significant drop in the number of visits primarily affected the lower-spending categories.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	51.7	49.9	55.7	54.5	61.8	65.3	67.5

Table 11: Gaming Premises - Casinos - Average GR per Visit

7. GAMING PREMISES - CASINOS: COMPLIANCE CONTRIBUTION

The MGA collected a total of €2.7 million in dues (including compliance contribution, licence fees, levies, as well as a 5% consumption tax on customers located in Malta) owed from the casino operators.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	8,249,559	9,331,992	7,980,082	9,422,963	3,917,765	6,568,236	2,663,299

Note: The figures for the years 2019–2021 include 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 2018, gaming tax and licence fees were reported in line with the Schedule of the Gaming Act (1998).

Table 12: Gaming Premises - Casinos - Compliance Contribution

8. GAMING PREMISES - CASINOS: EMPLOYMENT

As at the end of June 2021, the total number of FTE direct employees working in casinos stood at 506, an increase of 3.5% when compared to the end of December 2020.

	2018		2019		2020		2021
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	597	611	629	582	560	489	506

Table 13: Gaming Premises - Casinos - Employment (FTE)

The proportion of male employees remained at par with the levels reported as at the end of 2020, being 58.8% as at the end of June 2021. Furthermore, the share of non-Maltese employees increased by just less than two percentage points to 63.8%, from 62.2% as reported at the end of 2020.

CONTROLLED GAMING PREMISES

1. CONTROLLED GAMING PREMISES: NUMBER OF OUTLETS

By the end of June 2021, the number of approved controlled gaming premises³ in Malta totalled 64, spread across 31 localities in Malta and Gozo. The highest number of outlets are located in the Southern Harbour and Northern Harbour Districts (as defined in Appendix 1), which have 22 and 20 approved premises, respectively. These regions also feature a relatively high population value and density, and significant commercial activity that is also of a touristic nature.

There are no specific limits on 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. The following table presents the total number of gaming premises for all the licensed operators.

³ 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 by virtue of a concession by the Government, or premises in which the only gaming that is carried out consists of tombola games.

	2018		2019		2020		2021
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	52	52	54	56	60	60	64

Table 14: Controlled Gaming Premises - Number of Outlets

2. CONTROLLED GAMING PREMISES: GAME TYPES

By the end of June 2021, all six of the licensees operating the 64 controlled gaming premises were in possession of an approval to offer Type 1 and Type 2⁴ games. Furthermore, some of the licensed operators were in possession of Type 3 approvals, as presented in the table below.

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

Table 15: Controlled Gaming Premises - Game Types (end-June 2021)

3. CONTROLLED GAMING PREMISES: NUMBER OF GAMING DEVICES

The number of licensed gaming devices has increased to 543 as at the end of June 2021, bringing the average number of gaming devices per outlet to 8.5. Each outlet is in line with the regulations limiting the number of devices per outlet to no more than 10.

	2018		2019		2020		2021
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	417	416	439	474	515	521	543

Table 16: Controlled Gaming Premises – Total Number of Gaming Devices

4. CONTROLLED GAMING PREMISES: PLAYERS' VISITS

The number of visits to controlled gaming premises increased by 40.2% when compared with the same period of 2020, to stand at 327,166. The considerable increase in the number of visits is attributed to the fact that COVID-19 restrictions imposed during the first half of 2021 did not have any effect on gaming parlours.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	350,629	386,033	384,941	414,479	233,594	399,152	327,166

Table 17: Controlled Gaming Premises - Number of Visits

⁴ For more information on the game types, please refer to Point 5 of the Methodology.

For a better comparison, the chart below presents the number of visits by month registered in the gaming parlours sector between January 2018 and June 2021.

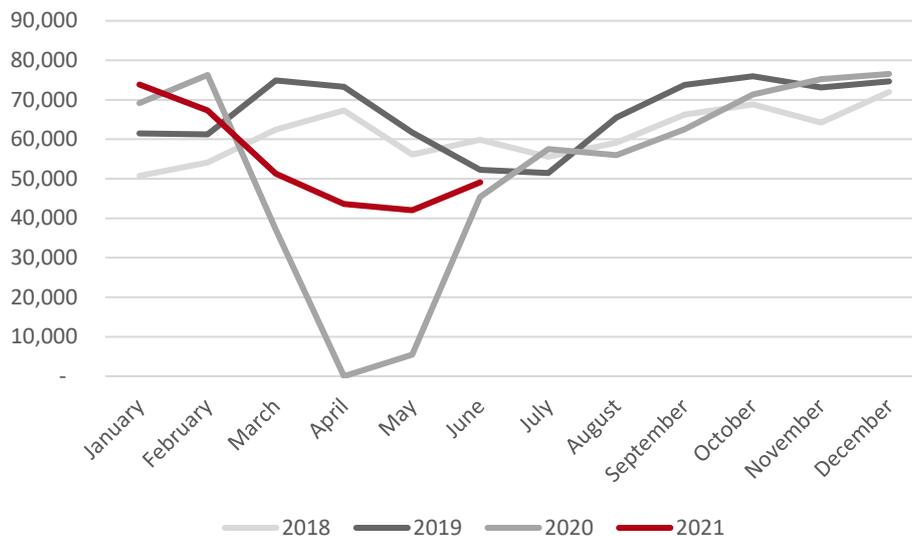


Chart 9: Controlled Gaming Premises - Number of Visits

Number of Visits by Locality

As specified in Appendix 1, for statistical purposes, the Maltese Islands are divided into six districts, namely Southern Harbour, Northern Harbour, South Eastern, Western, Northern, and Gozo and Comino.

The highest number of players’ visits took place in the Northern Harbour and Southern Harbour districts, accounting for 36.1% and 25.0% of all visits respectively. These two districts are also characterised by the highest number of outlets, 20 and 22 respectively, which explains the concentration levels of visits. The remaining visits were distributed between the remaining districts, that is, Northern (17.2%), South Eastern (13.0%), Gozo and Comino (4.6%) and Western (4.1%).

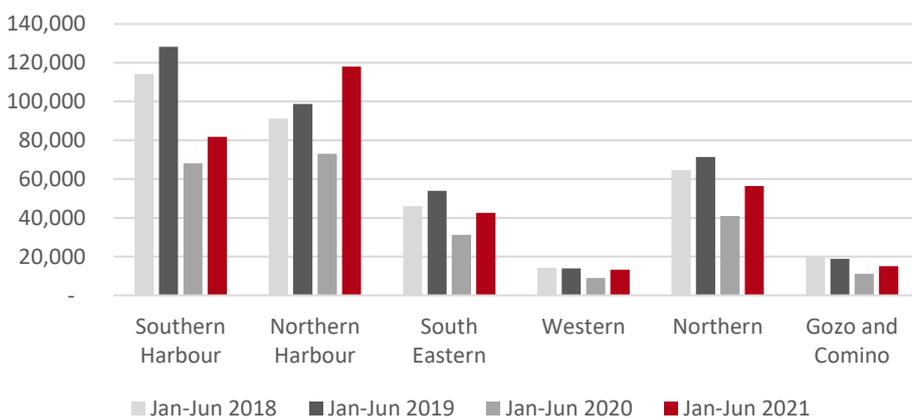


Chart 10: Controlled Gaming Premises - Number of Visits by District

5. CONTROLLED GAMING PREMISES: NEW PLAYERS' REGISTRATIONS

A total of 3,085 new registrations were recorded at the controlled gaming premises. This number increased significantly when compared to the same period of 2020, resulting from the fact that such establishments were open in 2021 as opposed to the previous year.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	5,737	6,824	4,675	4,129	2,384	3,217	3,085

Table 18: Controlled Gaming Premises - New Players' Registrations

6. CONTROLLED GAMING PREMISES: PLAYERS' PROFILE

Nationality

The share of visits to gaming parlours by Maltese players stood at 51.0% during the first half of 2021. The considerably lower ratio of visits by Maltese players, which was also noted during the first half of 2020, reflects the changing demographic composition of the resident population in Malta.

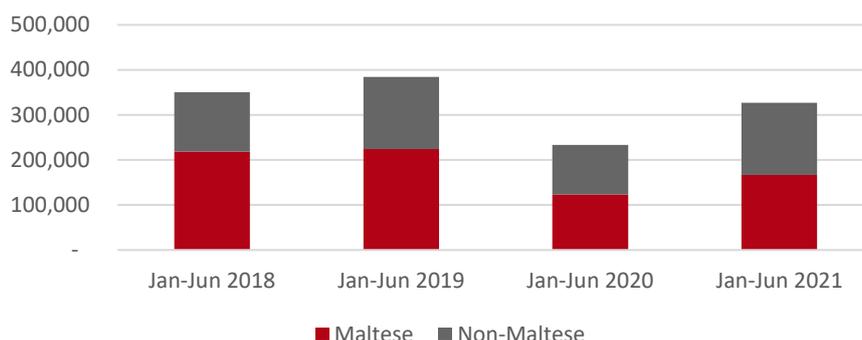


Chart 11: Controlled Gaming Premises - Players' Profile by Nationality

Demographic Group

When considering the age distribution of players, an increase could be noted across all age groups when compared to the same period during 2020. Visits by players from the 25–34 and 35–54 age brackets continued to constitute the largest demographic category of visitors to gaming premises, accounting for 34.6% and 35.9% of all visits respectively. Visits by players from the 18–24, 55–64 and 65+ age brackets accounted for 10.3%, 9.5% and 9.7% of the total visits registered between January and June 2021.

In particular, controlled gaming premises are mostly popular with males, whose visits accounted for 93.9% of the total visits registered during the first six months of 2021.

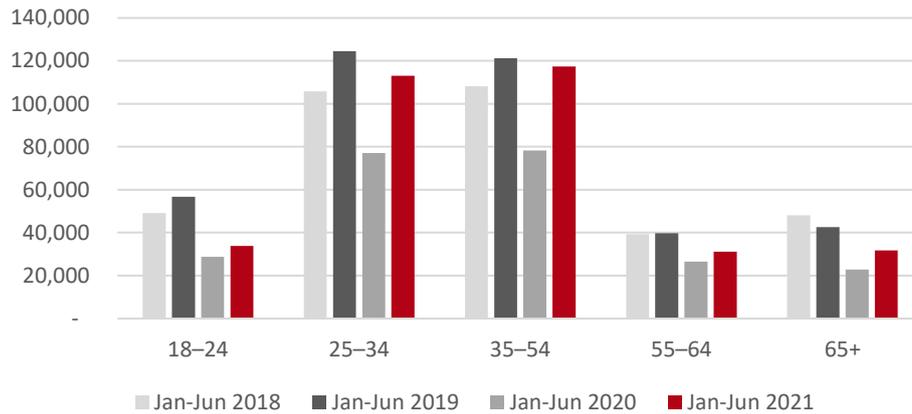
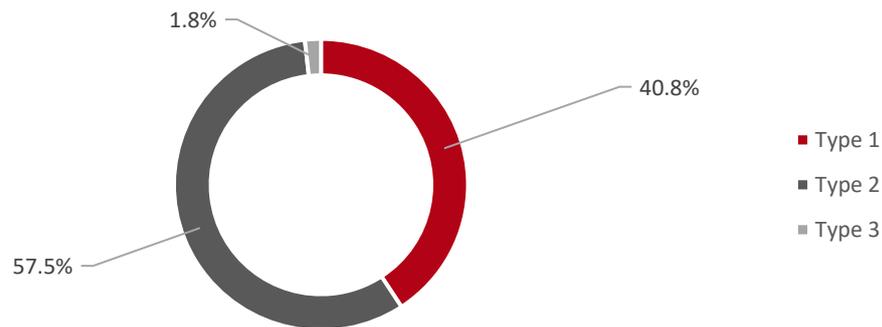


Chart 12: Controlled Gaming Premises - Players' Profile by Age Group Distribution

7. CONTROLLED GAMING PREMISES: GR

The GR generated by the gaming parlour sector remained at par when compared to the same period of 2020. Out of the total GR generated during the first half of 2021, 57.5% of the GR was generated from Type 2 games, followed by 40.8% from Type 1 games, and 1.8% from Type 3 games.



Note: The total percentage does not equal 100% due to rounding of figures

Chart 13: Controlled Gaming Premises - GR Distribution by Game Type

Average GR per Visit

The average GR per visit to controlled gaming premises stood at €12.2.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	11.7	10.1	16.8	16.3	17.2	14.5	12.2

Table 19: Controlled Gaming Premises - Average GR per Visit

8. CONTROLLED GAMING PREMISES: COMPLIANCE CONTRIBUTION

The MGA collected a total of €987,764 (including compliance contribution, licence fees, levies, as well as a 5% consumption tax on customers located in Malta) from the operators of controlled gaming premises.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	1,437,679	1,389,055	1,624,494	1,604,083	942,491	1,498,665	987,764

Note: The figures for years 2019–2021 include 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 2018, the gaming tax and licence fees were reported in line with the Third Schedule of the Gaming Devices Regulations (2011).

Table 20: Controlled Gaming Premises - Compliance Contribution

9. CONTROLLED GAMING PREMISES: EMPLOYMENT

The number of FTE direct employees working in the controlled gaming premises grew by 10.5% between December 2020 and June 2021. This increase is mainly attributed to the opening of new outlets by operators in the gaming parlour sector.

	2018		2019		2020		2021
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	123	125	143	144	154	153	169

Table 21: Controlled Gaming Premises - Employment (FTE)

As at the end of June 2021, 70.6% of all controlled gaming premises' employees were male, an increase of 3.9 percentage points when compared to the ratio reported in December 2020. On the other hand, the ratio of Maltese to non-Maltese employees decreased by 4.6 percentage points when compared with the figure reported in December 2020, to stand at 77.8% as at the end of June 2021.

GAMING PREMISES - COMMERCIAL BINGO

1. GAMING PREMISES - COMMERCIAL BINGO: NUMBER OF ESTABLISHMENTS

Four commercial bingo halls were in possession of an MGA licence during the period under review. The bingo halls are located in Birkirkara, Qawra, Valletta, and Paola.

2. GAMING PREMISES - COMMERCIAL BINGO: GAME TYPES

As at the end of June 2021, all commercial bingo licensees were in possession of an approval to offer Type 3⁵ games.

3. GAMING PREMISES - COMMERCIAL BINGO: NEW PLAYERS' REGISTRATIONS

The commercial bingo sector reported only 150 new registrations, a considerable drop when compared to previous reporting periods. This is attributed to the temporary closure of gaming outlets.

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

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	1,949	1,476	1,582	1,305	378	341	150

Table 22: Gaming Premises - Commercial Bingo - New Players' Registrations

4. GAMING PREMISES - COMMERCIAL BINGO: PLAYERS' VISITS

When compared to the same reporting period in 2020, the number of players' visits to commercial bingo halls decreased by 33.0%.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	91,097	88,075	83,238	83,324	38,190	51,544	25,597

Table 23: Gaming Premises - Commercial Bingo - Number of Visits

For a better comparison, the following chart presents the number of visits by month registered in the commercial bingo sector between 2018 and 2021.

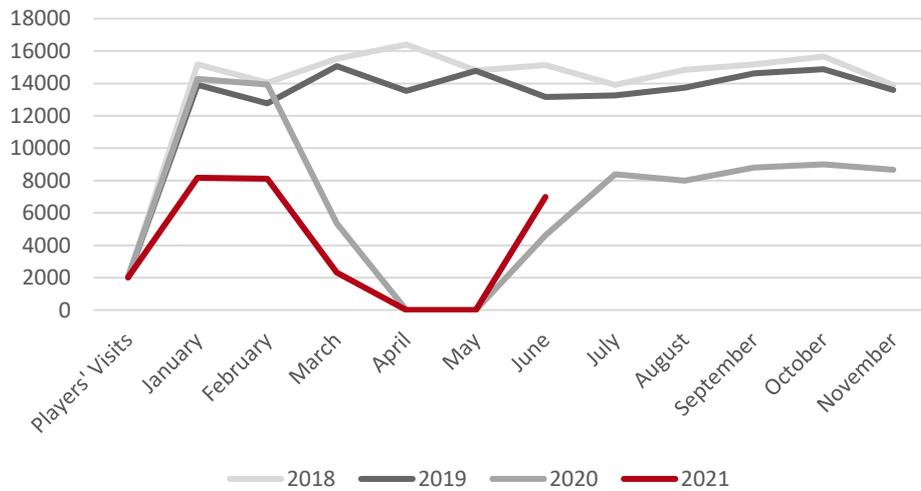


Chart 14: Gaming Premises - Commercial Bingo - Number of Visits

5. GAMING PREMISES - COMMERCIAL BINGO: PLAYERS' PROFILE

Nationality

Visits to commercial bingo halls were predominantly made by Maltese residents, constituting 99.0% of the total visits reported.

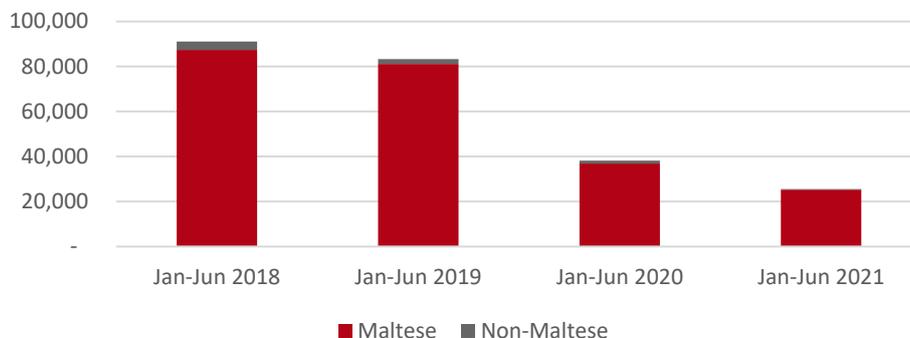


Chart 15: Gaming Premises - Commercial Bingo - Players' Profile by Nationality

Demographic Group

A decline in the number of visits by players was noted across all the age groups. Visits by players aged 65 years or over continued to represent the highest share (59.7%) of the total visits registered by the commercial bingo sector. Visits by players from the 18–24, 25–34, 35–54 and 55–64 age brackets accounted for 1.0%, 2.4%, 12.3%, and 24.6% of total visits registered during the reporting period respectively.

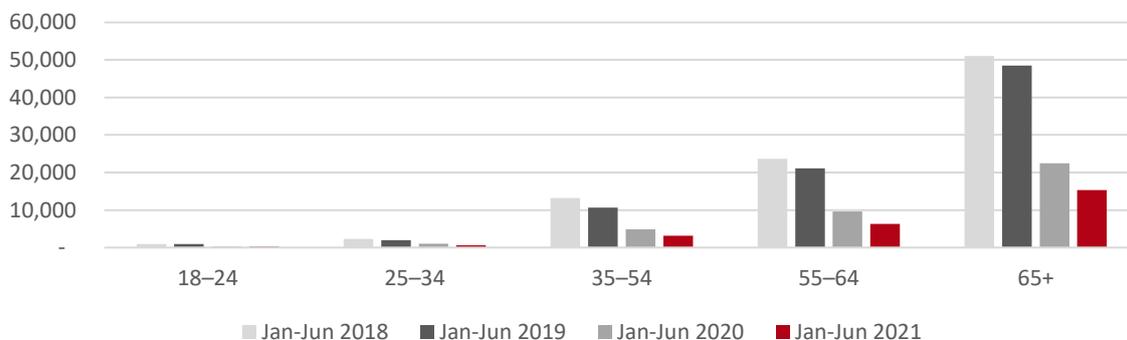


Chart 16: Gaming Premises - Commercial Bingo - Players' Profile by Age Group Distribution

The vast majority of players who visited commercial bingo halls during this reporting period were women. In similarity with the levels reported for the previous reporting periods, visits by females represented 89.4% of all the visits made.

6. GAMING PREMISES - COMMERCIAL BINGO: GR

The GR of the commercial bingo sector decreased by 14.5% when compared with the corresponding period of 2020.

Average GR per Visit

The average GR per visit for the period January to June 2021 stood at €17.80.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	13.3	13.4	13.4	12.9	14.0	17.3	17.8

Table 24: Gaming Premises - Commercial Bingo - Average GR per Visit

7. GAMING PREMISES - COMMERCIAL BINGO: COMPLIANCE CONTRIBUTION

The MGA collected a total of €77,826 by way of dues (including compliance contribution, licence fees, levies, as well as a 5% consumption tax on customers located in Malta) owed from the commercial bingo hall operators, in terms of the applicable legislation. The drop in the amount collected is due to the temporary closure of gaming establishments.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	401,821	406,665	248,349	200,004	118,344	167,818	77,826

Note: The figures for the years 2019–2021 include the compliance contribution fee, licence fees, levies, and 5% consumption tax paid by the licensees operating commercial bingo halls in line with the Gaming Tax Regulations (S.L. 583.10). For 2018, gaming tax and licence fees were reported in line with the First Schedule of the Commercial Tombola (Bingo) Regulations (2016).

Table 25: Gaming Premises - Commercial Bingo - Compliance Contribution

8. GAMING PREMISES - COMMERCIAL BINGO: EMPLOYMENT

By the end of June 2021, the commercial bingo sector directly employed 33 FTE employees.

	2017		2018		2019		2020
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	40	42	37	40	37	32	33

Table 26: Gaming Premises - Commercial Bingo - Employment (FTE)

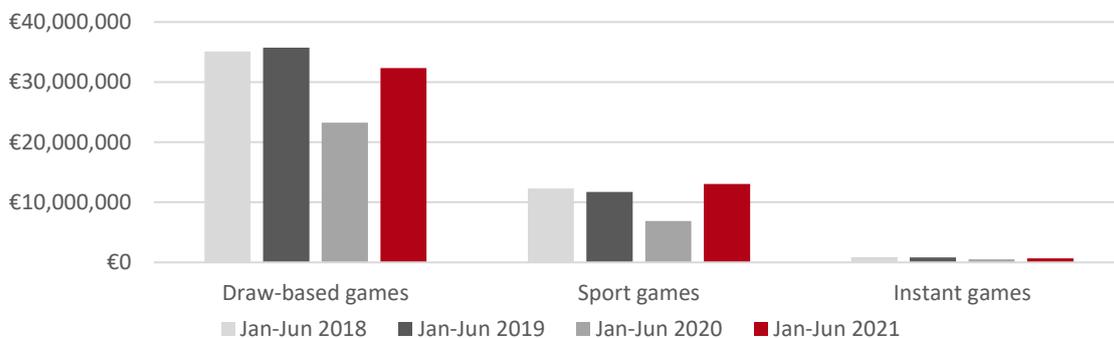
As at the end of June 2021, 81.6% of all commercial bingo hall employees were female, at par with the figures reported as at December 2020. The ratio of Maltese nationals employed in the commercial bingo sector went down to 73.7%, 2.6 percentage points less when compared with the ratio reported at the end of 2020.

NATIONAL LOTTERY

1. NATIONAL LOTTERY: TURNOVER BY GAME CATEGORY

The total turnover of Maltco Lotteries Limited (Maltco) stood at €46.1 million, measured in terms of sales across three game categories, namely draw-based games, instant games, and sports games. Additionally, this also encompasses the turnover made through the online games offered for Super 5, Lotto and Quaterno+, SUPERSTAR, and Quick Keno to online players. The turnover made through the online website stood at less than 1% of the total turnover stated above.

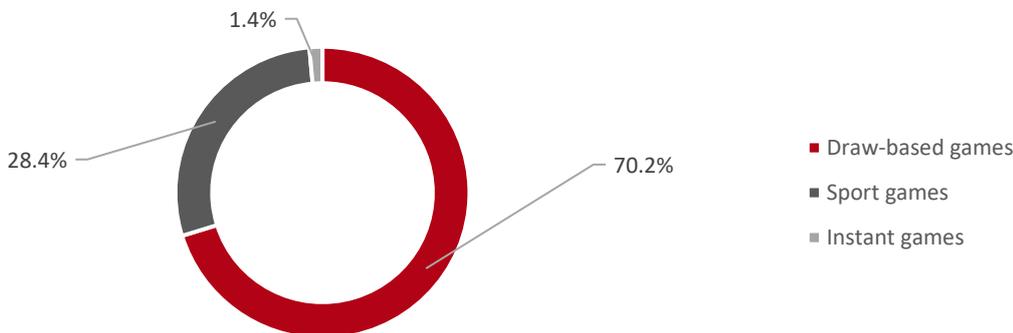
When compared to the same period of 2020, a significant increase was registered for all the three-game categories, which in total amounted to 50.2%. This is mainly attributed to the temporary suspension of operations in 2020, a measure that was introduced by the Maltese Government to combat the spread of COVID-19. It could be noted that turnover from draw-based games increased by 39.0%, while that from sports games and instant games registered an increase of 27.8% and 90.0% respectively.



SOURCE: MALTCO LOTTERIES LIMITED

Chart 17: National Lottery - Turnover by Game

When analysing the split of turnover between the three-game categories, sales of draw-based games accounted for 70.2% of Maltco’s total sales, sports games accounted for 28.4%, whilst instant games made up 1.4% of the total sales.



SOURCE: MALTCO LOTTERIES LIMITED

Chart 18: National Lottery - Turnover by Game

2. NATIONAL LOTTERY: GAMING TAX

The total gaming tax payable by the National Lottery operator stood at €5.6 million.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	6,260,164	6,462,351	6,135,020	5,788,070	4,009,402	6,008,709	5,598,972

Table 27: National Lottery - Gaming Tax

Maltco's Contribution to the Social Causes Fund

In addition to gaming tax, in accordance with law and concession conditions, Maltco contributes to the Social Causes Fund. During the first half of 2021, Maltco passed on €312,802 to this Fund.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	331,948	358,921	406,727	305,478	235,354	338,565	312,802

Table 28: National Lottery - Contribution to the Social Causes Fund

3. NATIONAL LOTTERY: POINTS OF SALE

Maltco offers its services through an extensive network of lotto booths (Points of Sale) where one can participate in games. By the end of June 2021, the number of Points of Sale amounted to 202 outlets spread across the Maltese Islands.

	2018		2019		2020		2021
	end-Jun	end-Dec	end-June	end-Dec	end-Jun	end-Dec	end-Jun
Total	230	220	221	215	207	203	202

Table 29: National Lottery - Points of Sale

LAND-BASED SELF-EXCLUSION

The legislative framework enables players to voluntarily exclude themselves from gambling for an indefinite or definite period. Players who avail themselves of the self-exclusion programme will be refused services in land-based casinos, commercial bingo halls, and/or controlled gaming premises for the duration of the applicable self-exclusion period. Those players who opt to exclude themselves for a definite period of time, either six months or a full year, can re-engage in gambling activities upon expiry of the pre-set period. However, gamblers who opt for an indefinite exclusion can only revoke this if a medical certificate is presented, indicating that the person is no longer a compulsive gambler.

Number of Self-Exclusion Requests

A total of 494 players submitted a request to be self-excluded from the land-based gambling outlets in Malta, following the similar figures which were reported for the same period of 2020.

It is to be duly noted that when compared to data recorded in 2018 and 2019, the first six months of both 2020 and 2021 were affected by the closure of all controlled gaming premises for almost 12 weeks, in order to combat the spread of COVID-19.

	2018		2019		2020		2021
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
6 months	431	387	449	331	231	346	187
12 months	435	334	422	401	279	401	307
Indefinite	0	2	0	3	0	1	0
Total	866	723	871	735	510	748	494

Table 30: Land-Based - Number of Self-Exclusion Requests

Out of all the players that requested a self-exclusion, the majority of players, 62.1%, opted for a one-year exclusion, while 37.9% applied for a six-month exclusion. None of the players requested to exclude themselves indefinitely.

When considering the age distribution of self-excluded gamblers, it could be noted that for the land-based sector, gamblers from the 35–54 age group registered the highest number of self-exclusion requests, accounting for 42.1% of all requests, while only 4.7% of these requests came from the youngest age group (18–24). The remaining requests were almost equally shared between the other remaining age group categories, namely the 25–34, 55–64, and 65+ age brackets. In terms of gender distribution, and in line with previous trends, during the year under review, 75.1% of the self-exclusion requests were made by male players.

OTHER GAMES

Low Risk Games

The 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.

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.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Non-profit lottery	17	23	20	14	5	1	6
Non-profit tombola	1,155	977	869	961	396	471	126

Table 31: Non-Profit Games - Permits Issued

The slowdown in the number of applications received for both non-profit lottery and non-profit tombola during the past months was expected in light of the restrictions imposed on such events due to the COVID-19 pandemic.

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. Between January and June 2021, the MGA issued a total of 17 certificates for commercial communication games.

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. The MGA has not received any permit applications for such games yet.

DETAILED INTERIM STATISTICAL REPORT ON THE ONLINE GAMING ACTIVITIES

During 2021, notwithstanding the prolonged effects of the COVID-19 pandemic, the online gaming industry continued to demonstrate a remarkable degree of resilience, confirming the hypothesis that the sector's reliance on technology and the ability to quickly adapt to new market demands and conditions enabled the industry to continue flourishing during these challenging times.

1. ONLINE GAMING: NUMBER OF COMPANIES

As at the end of June 2021, the number of gaming companies offering online services stood at 319, as shown in the following table. In 2018 the 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. As at the end of June 2021, 39 companies held corporate group licences, with a total of 158 entities forming part of the respective groups.

	2018		2019		2020		2021
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
No. of companies	291	273	273	284	303	314	319
<i>Additional companies falling under the Corporate Group Licence</i>	-	17	74	86	100	141	158

Table 32: Online Gaming - Number of Companies

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 better aligned, since the operators do not require multiple licences to offer different games unless they wish to offer both B2C and B2B services. As at the end of June 2021, the B2C group of licences accounted for 58.7% of the total licence base. Out of the 39 corporate group licences that were active up to the end of June 2021, 27 referred to B2C-related operations whilst the remaining 12 were for B2B-related activity.

	2018		2019		2020		2021
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
B2C - Gaming Service Licence	577	207	194	195	196	196	192
<i>of which are B2C - Corporate Licences</i>	-	6	10	14	20	24	27
B2B - Critical Supply Licence	84	68	82	92	111	122	135
<i>of which are B2B - Corporate Licences</i>	-	3	6	9	11	11	12

Note: For the period 1 January–30 June 2018, all licences which contained B2C activity elements under the previous licensing regime, 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 33: Online Gaming - Distribution of Licences by Category

3. ONLINE GAMING: DISTRIBUTION OF B2C LICENCES BY GAME TYPE

The new licensing regime categorises all the games that can be offered by the licensees into four different game types⁶. An operator can offer one or multiple game types. As in previous reporting periods, by the end of June 2021, the vast majority of active B2C operators were in possession of an approval to offer Type 1 and Type 2 games, as presented in the table below.

	2018		2019		2020		2021
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Type 1	-	132	146	152	153	164	183
Type 2	-	100	112	118	116	118	125
Type 3	-	37	37	41	34	38	51
Type 4	-	10	11	12	10	10	14

Table 34: Online Gaming - B2C - Game Types

4. ONLINE GAMING: CUSTOMER ACCOUNTS

Active Player Accounts

The number of active player accounts⁷ registered on websites licensed by the MGA grew by 3.1% when compared to the corresponding period of 2020, reaching 17.7 million accounts, resulting to be the second-highest number when considering bi-annual figures since 2018. Thus, in spite of the onset of the COVID-19 event, growth in the number of total active players continued.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	12,687,671	14,223,448	15,386,270	15,260,941	17,203,612	18,992,389	17,738,298

Table 35: Online Gaming - Active Player Accounts

New Active Player Accounts

The estimated number of new active player accounts stood at 8.6 million, reflecting a 14.2% growth over the same period in 2020.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	5,616,543	6,733,942	6,725,792	7,071,300	7,551,239	8,387,679	8,621,937

Table 36: Online Gaming - New Active Player Accounts

Although not to the same extent, growth was also noted in the number of new registrations, resulting in an increase of 2.7% when compared to the first six months of 2020.

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

⁷ Active accounts are defined as accounts belonging to customers who played at least once during the year under review.

5. ONLINE GAMING: PLAYERS’ PROFILE

Demographic Group

In similarity to past reporting periods, players from the 25–34 age group constituted the largest category of players, accounting for 38.4% of all the customers playing on websites regulated by the MGA during the first half of 2021. Customers from the demographically wider 35–54 age group constituted 32.1% of the player base. The share of players falling within the 18–24 age bracket dropped by less than two percentage points to stand at 22.3% during the first six months of 2021. Players aged 55 and over continued to account for a minimal share of online gaming activity licensed under the Maltese jurisdiction.

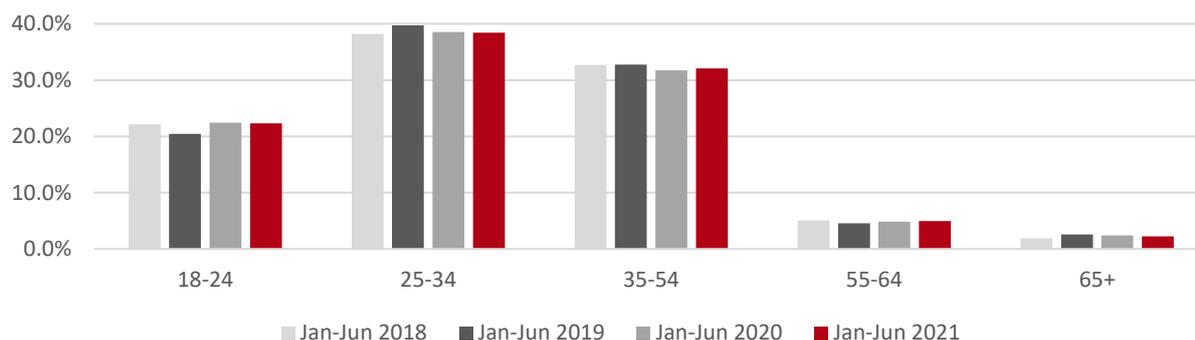


Chart 19: Online Gaming - Players’ Profile by Age Group Distribution

In terms of gender distribution, males continued to constitute the largest category of players, accounting for 70.6% of the total player base.

Number of Self-Exclusion Requests

All B2C licensees are obliged to have systems in place which offer online gamblers the possibility to self-exclude themselves for a definite or indefinite period. While requests can be made by the players themselves, within the online gambling market, there exists the possibility that exclusions are imposed on a player by the gaming operator itself, particularly in cases where there are sufficient reasons to indicate that the player may have gambling issues.

Through the data collected by the MGA⁸ for the period January to June 2021, from online gaming licensed operators, it has been estimated that the total number of self-exclusion requests (sign-ups) by online players amounted to 1.4 million, part of which may represent multiple self-exclusions by a single player on more than one website. The number of exclusions that were imposed on a player by the online licensees amounted to 0.2 million.

When compared to the first half of 2020, the number of exclusions imposed by the B2C licensees increased by 12.7% while the total number of self-exclusion requests (sign-ups) by online players increased by a remarkable amount of 44.6%. This significant increase in the number of players making use of the self-exclusion services followed the global rise in online gaming during the COVID-19 pandemic.

In terms of the choice of period for which an online player self-excludes themselves, behavioural patterns similar to those recorded during the same period in 2020 could be noted. The highest number opted for the up to one month option (40.1%), followed by those who preferred an indefinite exclusion (24.8%). Furthermore, during the current reporting period, only 4.5% of the self-excluded players approached

⁸ Industry Performance Return data collection exercise for the period January–June 2021.

operators to reverse or cancel their self-exclusion request. These exclude the instances where the self-exclusion was removed upon expiry of the exclusion term.

In the case of those exclusions imposed by the online operator, in line with previous trends, the absolute majority (66.6%) were imposed for an indefinite period of time.

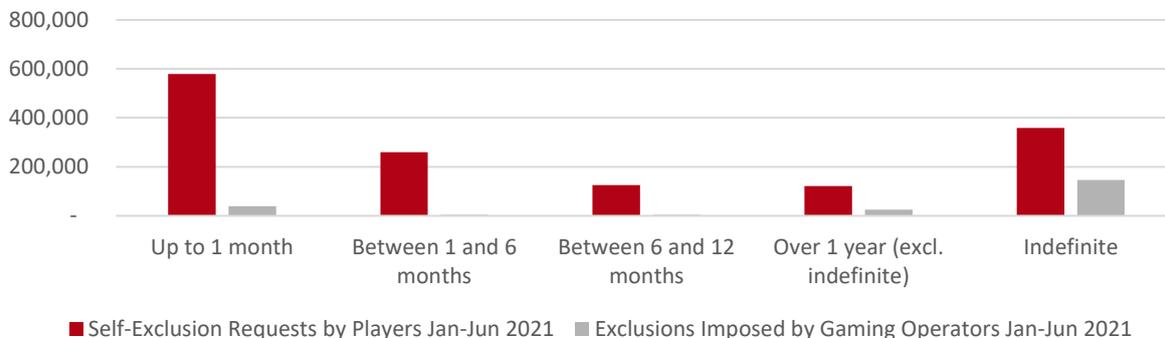


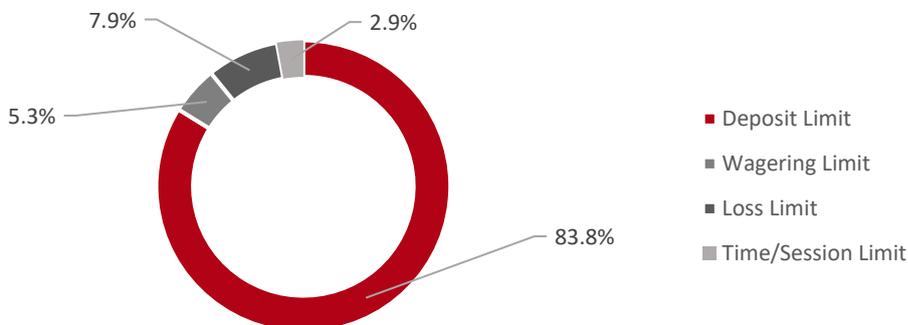
Chart 20: Online Gaming - Number of Self-Exclusion Requests

Analysing the age distribution of online players requesting self-exclusion, those aged between 25 and 34 remained the most likely to use the self-exclusion service, accounting for 39.8% of all requests that were made, followed by those within the 35–54 age category (35.1%) and the 18–24 age group (17.7%). The remaining 7.3% of exclusion requests pertained to those individuals aged 55+. In terms of gender distribution, in similarity with previous reporting periods, 71.8% of the self-exclusion requests were made by male players.

Number of Limits Set and Hit

Players have the possibility to impose limits on their gaming activity as a form of additional responsible gambling measures aimed at reducing gambling addiction and further protecting the player. Any limit set can only be amended or removed upon request of the relevant player or upon expiry of the set duration. These measures are intended to empower a player by granting them increased control over the amount of time or money spent on gambling.

Online players set over 6.7 million limits covering the four different limit categories, with the absolute majority of the total limits set pertaining to deposit limit (83.8%). During the same period more than 10% of these set limits have been hit by the players, with the total hits during this period amounting to 0.7 million.



Note: The total percentage does not equal 100% due to rounding of figures

Chart 21: Online Gaming - Limits Set Distribution

Methods of Payment for Deposits

The most popular method of deposit amongst customers of the MGA’s licensed companies was bank transfer. This payment method accounted for 38.4% of all deposit methods. Deposits made through credit/debit cards accounted for 35.7% of all payments whilst deposits made through e-wallets and online accounts constituted 14.0% of the total deposits. The remaining 12.0% of payments were made through other methods.

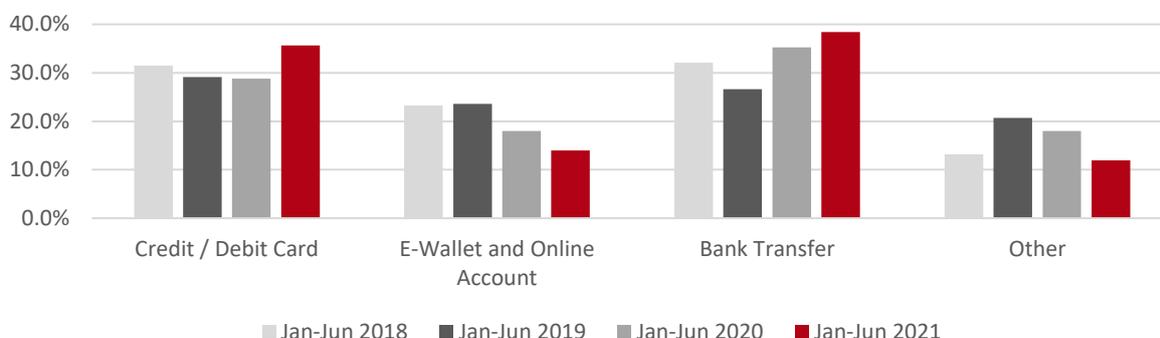


Chart 22: Online Gaming - Method of Payment (Deposits)

Methods of Withdrawal

Of all withdrawals made, 65.3% were through bank transfers. Online gaming operators indicated that e-wallets and online accounts, and credit/debit cards were the chosen method for 15.0% and 17.0% of withdrawals respectively. The remaining 2.6% of the withdrawals were made through other methods, namely pre-paid vouchers and mobile payments.

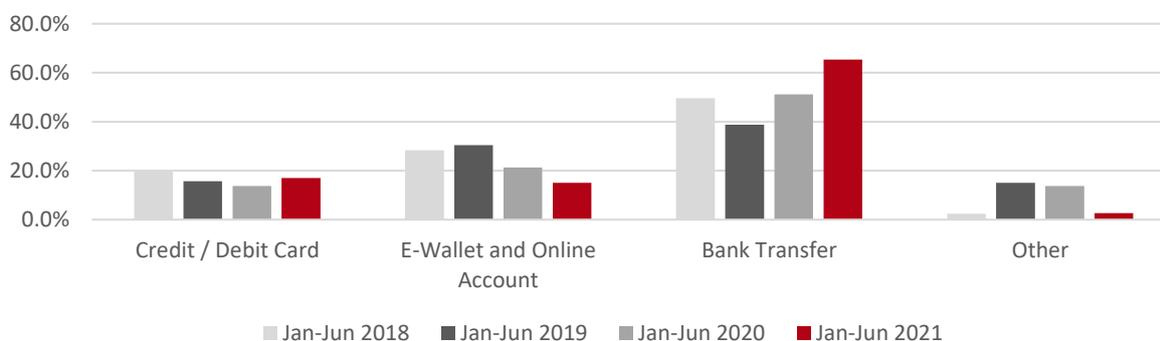


Chart 23: Online Gaming - Method of Payment (Withdrawals)

6. ONLINE GAMING: GR FROM CUSTOMER GAMING ACTIVITIES (B2C LICENSEES)

It is estimated that 68.8% of the total GR of the B2C licensees operating in the online industry was generated through gambling classified under the Type 1 group, an increase of almost two percentage points when compared with the corresponding period of 2020. The GR generated from games falling under the Type 2 category increased by 2.3 percentage points, accounting for 24.1% of the total, whilst the share in GR of Type 3 games dropped from 11.4% to 7.1%.

The activity reported for the controlled skill games classified under Type 4 was minimal when compared with other game types and accounted for less than 1% of the total GR generated in the first half of 2021.

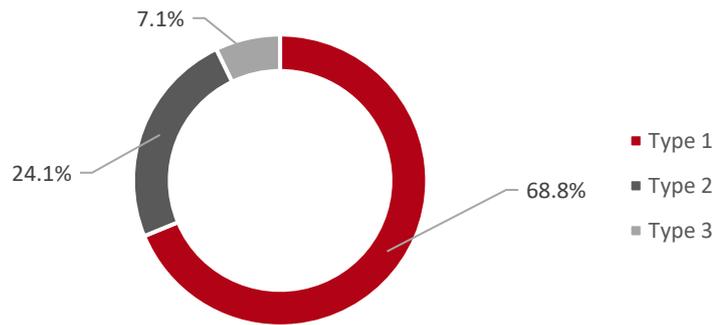


Chart 24: Online Gaming - GR Distribution by Game Type

The shift in the GR distribution between various game types over the various reporting periods, as shown in the following chart, is attributed to the changes happening in the gambling sector due to COVID-19. The complete cancellation of national leagues and major sporting events around the world in 2020 had a direct impact on the GR generated from Type 2 games, which drove players to other types of games, resulting in further popularity of Type 1 games.

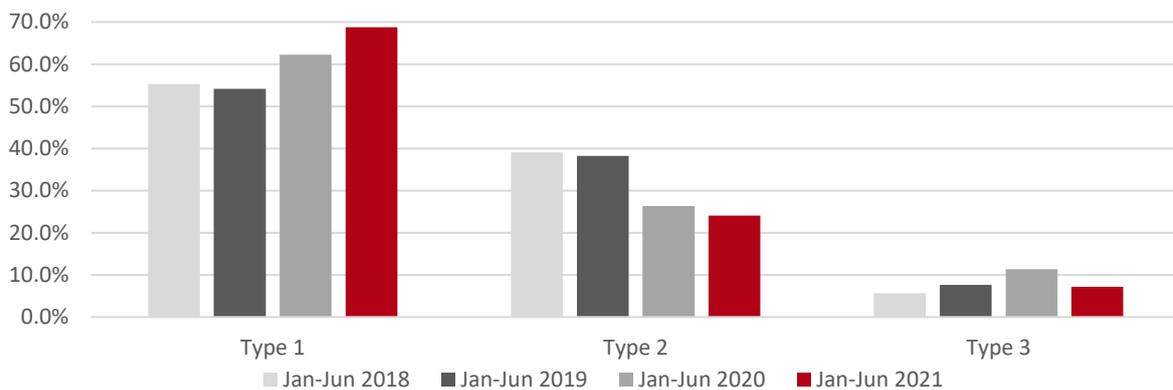


Chart 25: Online Gaming - GR Distribution by Game Type

Type 1 Games

Out of the 68.8% of the total GR generated from online gaming, 81.1% was attributed to slot games whilst 15.0% was generated through table games. The remaining 3.9% of the GR for the Type 1 group was generated through other games, the most popular of which were secondary lotteries and virtual sports games.



Figure 17: Online Gaming - Type 1 Games - GR Distribution

Type 2 Games

When considering the GR generated from Type 2 game categories, the most popular type of sport remained football, generating the highest portion of GR from Type 2 games and standing at 69.6%. Bets on basketball accounted for 7.5% of the GR from Type 2 games, followed by 7.0% from tennis. The GR generated from

cricket constituted 2.9%, while the remaining 12.9% of the GR was generated through other bets, including esports, betting on horses, golf, and motorsports.

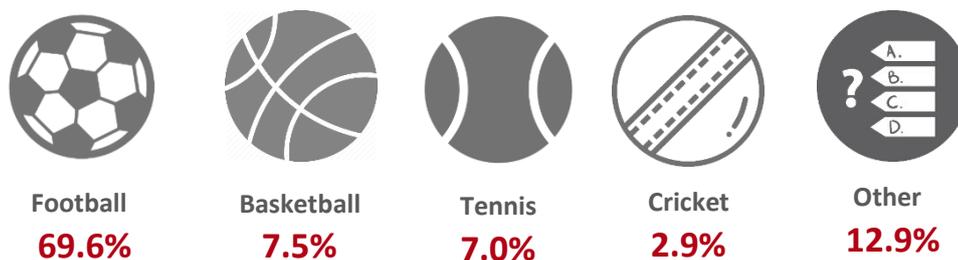


Figure 18: Online Gaming - Type 2 Games - GR Distribution

Type 3 Games

Although when compared to the previous reporting periods, throughout 2020 Type 3 games became more popular, leading to an increase in its share to stand at 11.4%, during the first six months of 2021 the level of GR generated from such games dropped back to the levels reported prior to 2020, and stood at 7.1%. In this context, it appears that the increase in GR for Type 3 games reported during 2020 was a temporary behavioural shift following the cancellation of national leagues and major sporting events.

When considering the GR generated from Type 3 games between January and June 2021, peer-to-peer (P2P) poker generated the major share, accounting for 84.8% of the total, resulting in a year-on-year drop of six percentage points. Betting exchange increased in popularity by 4.7 percentage points, generating 9.0% of the GR of Type 3 games. P2P bingo and lottery messenger remained at par with previous results, accounting for 2.9% and 2.5% respectively. The remaining 0.8% of the GR was generated by other games offered through Type 3 approval.

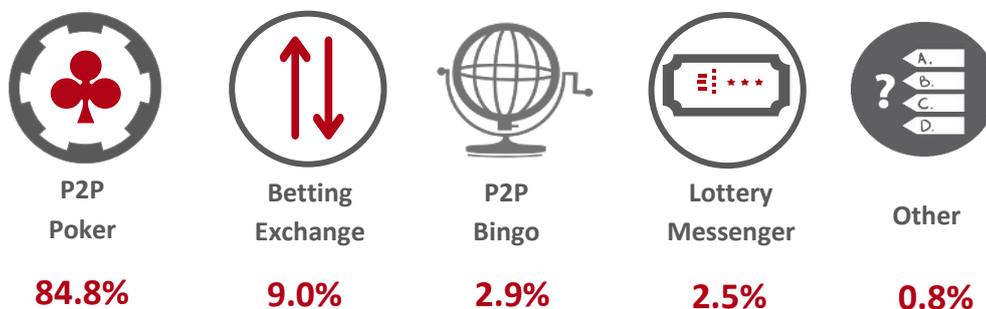


Figure 19: Online Gaming - Type 3 Games - GR Distribution

7. ONLINE GAMING: COMPLIANCE CONTRIBUTION

The amount of compliance contribution 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 MGA collected dues owed in terms of the applicable legislation totalling €28.5 million.

	2018		2019		2020		2021
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	14,876,798	24,909,101	23,856,146	23,399,034	24,600,256	25,503,614	28,544,223

Note: The above figures 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).

Table 37: Online Gaming - Compliance Contribution

8. ONLINE GAMING: EMPLOYMENT

As at the end of June 2021, the number of FTE employees directly working with online gaming companies licensed by the MGA on the activities covered by the Authority's licences stood at 9,496⁹.

	2018		2019		2020		2021
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	6,021	5,950	6,142	6,593	7,196	7,557	9,496

Table 38: Online Gaming - Employment (FTE)

As at the end of June 2021, 60.0% of all employees within the online gaming industry in Malta were male. The proportion of non-Maltese workers in the online gaming industry constituted 71.2% of all employees in this sector, further highlighting the need for expatriate workers to sustain the growth of the industry.

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

APPENDIX 1 - STATISTICAL REGIONS AND DISTRICTS OF MALTA

<i>Districts</i> (Local Administrative Units 1)	<i>Locality</i> (Local Administrative Units 2)
Southern Harbour	Bormla, Fgura, Floriana, Ғal Luqa, Ғaz-Żabbar, Kalkara, Marsa, Paola, Santa Luċija, Isla, Ғal Tarxien, Valletta, Birgu, Xgħajra.
Northern Harbour	Birkirkara, Gżira, Ғal Qormi, Ғamrun, Msida, Pembroke, San Ġwann, Santa Venera, San Ġiljan, 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, Ғaz-Żebbuġ, Iklin, Mdina, Mtarfa, Rabat, Siġġiewi.
Northern	Ғal Għargħur, Mellieħa, Mġarr, 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, Żebbuġ.

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