

KEYNOTE SPEECH DELIVERED BY MGA EXECUTIVE CHAIRMAN, JOSEPH CUSCHIERI AT THE MGA CONFERENCE HELD ON 24 FEBRUARY 2017.

Hon Minister, distinguished guests, ladies and gentlemen, good morning and welcome to the MGA Gaming Conference 2017.

Thank you Minister for your words and thank you all for allowing me some time to make this address ahead of what should be an interesting day with topics of mutual interest.

This event follows yesterday's expert group meeting amongst European gaming regulators under the auspices of the European Commission, which I hope was fruitful and constructive for you all. These meetings in my view are crucial since they represent a cooperation network of national regulators to ensure consistent approaches under the European Commission's leadership.

I am confident that whilst we can agree to disagree on various issues dealing directly or indirectly with this important sector, the European Commission has managed to instill a level of cooperation amongst us. The presence of most of you here today is an attestation of this. To this effect I would like to reiterate the message of thanks expressed by our Minister to the European Commission DG Grow hereby represented by Mr Harrie Temmink for his support. Whilst I feel that there is more to be done amidst the challenging issues which differ from state to state, it is only through collective effort that we can eradicate crime and foster innovation. We share the same objectives and I remain confident in the work being conducted by the EU Institutions to guard the freedoms enshrined in European Law.

The MGA believes in open dialogue and recognizes the importance of face to face discussion between key stakeholders having the ability to shape the future of gaming regulatory policy, whilst aligning on a proper understanding of our common aims. We have yet another opportunity to learn from each other, whilst balancing the needs of the industry with the policy makers' regulatory objectives, underpinned by the style of the different approaches towards regulation. Transparency, clarity and customer oriented goals remain a priority accompanied by a backdrop of a competitive international market with fast moving product development.

We are closely following the work of our peers in other jurisdictions and we believe that gambling service providers from all member states must be able to apply for national gaming licenses without discrimination. As I am sure you are all aware, black markets tend to thrive when consumers have limited choices in terms of product and service availability as well as the different offers promoted by the number of operators in the market. Malta has always

been a firm believer that regulation is much better than prohibition and that was the catalyst which has created the sophisticated ecosystem we have today. It is no coincidence that Maltese Operators who are also licensed in other jurisdictions have chosen Malta as their primary place of establishment to service their global operations.

Most of us regulators here today, regulate common operators under our respective licensing regimes. In this respect, we need to continue building on future collaboration on a pan European level towards the eradication of duplication of requirements and more simplification to reduce burdensome and costly compliance procedures which are eating away capital which could otherwise be dedicated to more research on player protection and innovation. On top of this, the higher costs of access to markets particularly in Europe is expected to increase merger and acquisition activity for the foreseeable future driven mainly to address cost efficiencies, synergies, dominance and market access obstacles.

We remain duty bound to act in the public interest and build a stable regulatory environment which instills consumer trust in the internal market and beyond. Efficacy, Relevance and Sustainability in a disruptive environment should keep motivating us in view of an unprecedented period of rapid change impacting the industry, driven mainly by innovation which is becoming increasingly mission critical. The increased convergence between games, channels and markets coupled with the advent of virtual currencies, block chain technology and new types of games, brings with it a number of regulatory challenges which need to be analysed and addressed.

‘Regulate to Innovate ‘ - we are moving forward for the coming years with this vision in mind. Please do allow me to touch base on some key drivers leading our trajectory –

- The new gaming legislative framework which shall shortly be published for consultation by our Minister is one of our key strategic repositioning projects. This is the backbone for the next years to come, a future proof framework which caters for innovation through technology neutral provisions.
- Up scaling our regulatory compliance logic - we are questioning our internal processes and operations collectively, in order to be more clinical in our performance but remain fair and reasonable while building on case studies, research and shared experiences. The latter shall be supported by a risk based approach which shall be the fulcrum around our decision making processes. We are looking closely towards improving our player protection standards by adopting an evidence based approach whilst revisiting our commercial communications policies and responsible gaming obligations by being less prescriptive and more goal oriented.

We are not perfect but we aim for excellence and I believe that a regulator needs to be equipped with the necessary resources, tools, skills and technology to be effective and agile in the execution of its functions, increasingly becoming mission critical for effective decision-making. Our continuous improvement programme should lead to more efficiency and proactivity in an increasingly disruptive environment in the years ahead.

- Strategic repositioning - The Government remains committed to this, coupled with the belief that effective regulation is better than prohibition to foster a healthy ecosystem which is crime-free and built on sound consumer protection policies. This is no easy task and we need to strike the right balance between economic gain and social protection. There needs to be more investment in Data analytics in order to adopt an evidenced based approach and challenge conventional thinking.

Whilst experience has thought me that perfection is an impossible milestone, we should still strive for excellence and to do this we must capitalize on the good, whilst learning from our weaknesses in the systems we adopt. The MGA has the resolve to continue supporting the EC expert group meetings as well as the various related gaming associations, by actively joining in relevant working groups when required in the spirit of collaboration.

Allow me to encourage every single delegate present here today to contribute towards the upcoming sessions.. share your experiences and get involved so that we make the event a success. We have an array of expertise from all around the world and from various sectors all under one roof so let's make the most of this. Discussion and exchange of information is a key driver to effective regulation.

I would like to thank you all for the positive comments but also the criticism that we receive from time to time – we will continue to listen to all stakeholders to challenge ourselves and improve.

I would also like to thank the increasing number of regulators that are seeking deeper cooperation and relationship with us. We always believed that the remote gaming sector cannot be boxed within borders. But as our relationships continue to develop, we are proving that the border posed by the national legislation requires more cooperation rather than less in order to achieve our common objectives. We should collectively focus our efforts to fight crime and stop unregulated operators from offering their services in the black market on our shores - this is the Real Threat. Yet regretfully we tend to focus all our enforcement efforts on legitimate and regulated gaming operators established and operating within the EU's internal market.

May I encourage you to be frank with each other and challenge constructively so that collectively we influence the future of gaming regulatory policy. That's the spirit I want to leave you with this morning.

I wish you a good conference. Thank you for your attention.

ENDS