

Anti-money laundering

The regulation of the sector in the EU combined with strong industry standards make money laundering virtually impossible.

Myth versus facts

No consumer industry is immune from criminal activity but independent studies, surveys and reports¹ show that there is no evidence that money laundering takes place with EU regulated online gaming operators.

Internet transactions are traceable and transparent

Licensed and regulated online gaming companies keep records of transactions by every customer, the result of which is a near perfect audit trail from when a customer signs up through to when he cashes out. There are no physical cash transactions: all deposits and withdrawals are made via highly regulated financial institutions. This all makes for a transparent and highly regulated environment that is not conducive for money laundering.

Appreciating current safeguards

The strict regulation (Financial Action Task Force², 3rd anti money laundering directive³) of the online gaming sector and self-regulation⁴ mean that EU regulated operators check for suspicious transactions through systems that monitor gaming behaviour and record money transfers. The systems include the ability to:

- Profile customers' behaviour by detailed analysis of all activities
- Identify customers, check and store their details (name, phone numbers, geographical location, IP address, financial information) to prevent fraudsters from opening accounts
- Ensure that deposit limits are in place, making it much less attractive to try and launder money
- Produce 'Suspicious Activity Reports' to alert special task forces (i.e. Financial Investigation Units such as the Financial Intelligence Analysis Unit in Malta, Serious Organized Crime Agency in the UK) of suspected criminal or fraudulent behaviour
- Use official international watch lists for suspected members of terrorist organisations and Political Exposed Persons, and, monitor payments from countries that are not the same as a customer's registered home country

Conclusion:

- The licensed and regulated online gaming industry is a highly unattractive environment for fraudsters and money launderers

¹ <http://www.europarl.europa.eu/activities/committees/studies/download.do?file=23191>

² <http://www.fatf-gafi.org>

³ http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_214/l_21420060804en00290034.pdf

⁴ http://www.egba.eu/pdf/EGBA_Standards_March_2009_EN.pdf, page 10-11