

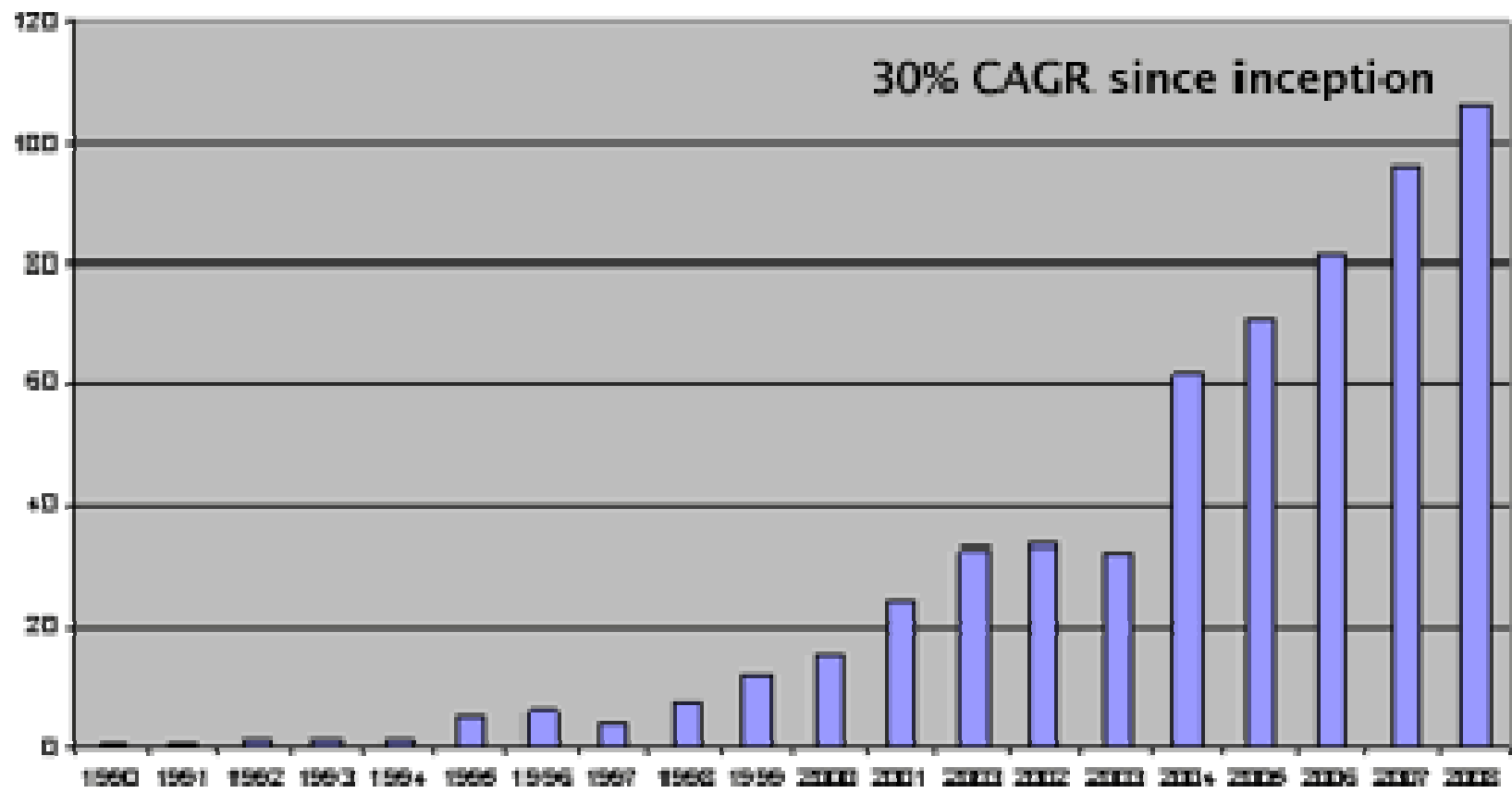
# Regulation on China Lottery Industry: Perspective of Protecting the Vulnerable

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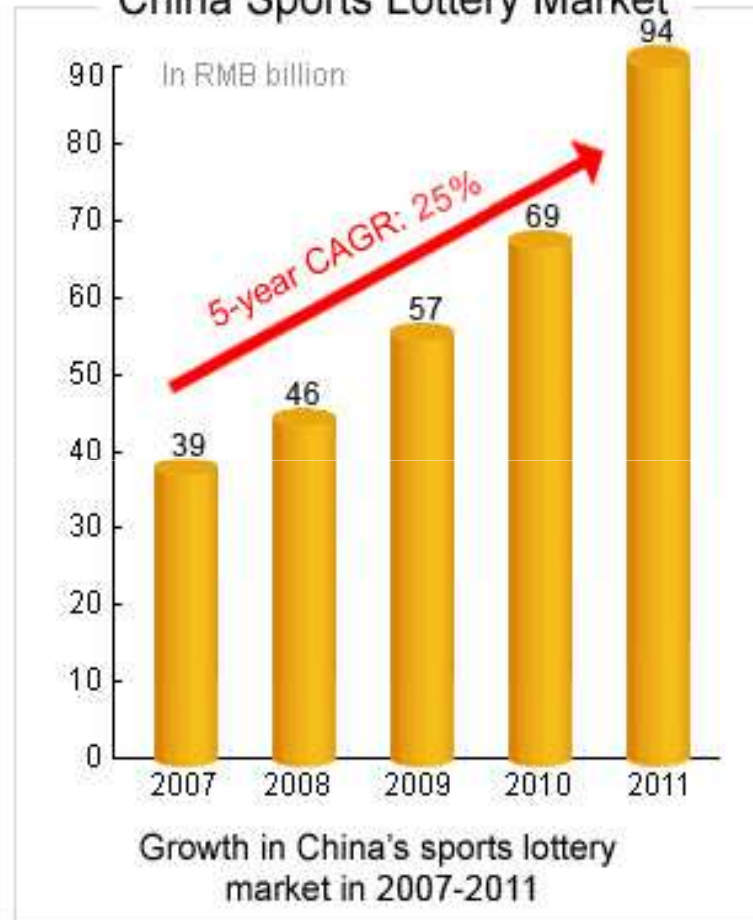
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# Overview of China lottery Industry

- First launched in 1987
- Two legal lotteries: China Sports lottery & China welfare lottery
- Both of them are state-run enterprises
- an compounded annual growth rate of over 30%
- The industry has taken a big leap since 2005
- Year 2011:the first year for China's lottery sales to exceed RMB200 billion (USD1=RMB6.3)
- enormous potential for future growth in China's legal lottery market due to
  - The lottery penetration rate is not high
  - The illegal gambling market is expected to be 10-20 times higher



## China Sports Lottery Market



Source: MOF, the PRC

# Behind the Success

- The Lottery Research Center, Beijing Normal University, March 2012
  - 200 million-400 million lottery players in China
  - The lottery addicts is estimated between 1 million to 2 million
  - Among which 430,000 are severely addicted buyers who were defined as:
    - feeling uncomfortable whenever they stop buying lottery tickets, and
    - the money they spend on the lottery sometimes exceeds their monthly incomes

# The Attitude of Chinese Government

- The Chinese government has not addressed the issue of problem gambling in China so far
- The government seems more interested in more lottery revenue
  - New rapid-draw lottery introduced
  - payout ratios have been raised to attract people
  - Instant online video lottery has been opened up
- No surprise
  - a government business
  - in the name of welfare and sports enhancing
  - it is said that the purpose of developing the lottery industry is to capture the underground gambling market

# Current Regulation on Lottery Market

- Regulation on Control of Lottery in 2009 & Implementing Rules for the Regulations on the control of Lotteries in 2012
- I will take a look at the regulations on
  - The venues of lottery sales
  - The marketing of lottery, especially the advertisement
  - The types of lottery

# The Venue of Selling Lotteries

- No specific regulation on the venues of selling lotteries
- A document issued by the regulatory government in 2006 prohibited lottery sales store from being close to schools but it was appealed last year
- In practice, lottery machines can be often found in supermarkets
- Different kinds of lottery can be sold together no matter “hard ” or “soft” lottery



# Advertisement

- Art. 18 of Regulations on the Control of Lotteries prohibits
  - False or misleading advertisement
  - Unfair competitive means such as defaming competitors
- No special requirements for lottery advertisement

# The Types of Lottery

- No restriction on the types of lottery
- The regulatory government enjoys the power of approval any lotteries it considers as appropriate
- In most cases, the regulatory body follows the need of the industry
  - New rapid-draw lotteries have been introduced
  - China Lottery Online, a branch of China Welfare Lottery, provides instant video online lottery which has no difference from slot machines











# Proposals for Improving the Lottery Regulation

- To merge the two lotteries into one so as to reduce the competition between them
- Strictly regulating rapid-draw lotteries
  - restricting betting shops of China Lottery Online
  - restricting video lottery machines in each shop
  - Setting ceiling for bets that each gambler can make every day or month
  - No alcohol and drunken people allowed in the betting shops
  - Betting shops with video machines not allowed to sell traditional lotteries



# Proposals for Improving the Lottery Regulation (cont.)

- To Issue guidelines for lottery advertisement
- To introduce self-exclusion and/or black book list to betting shops with video lottery machines

**Thank you!**

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