



# CAPITALISING ON LATAM

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THE SPREAD OF REGULATION HAS SPARKED INTEREST IN JURISDICTIONS ACROSS LATIN AMERICA FROM INTERNATIONAL OPERATORS, BUT A LACK OF CLEAR INFORMATION ABOUT LEGAL FRAMEWORKS, AND DIFFERING LEVELS OF INTERNET PENETRATION AND ACCESS TO BANKING MAKES MARKET ENTRY A DIFFICULT PROPOSITION.

Companies interested in expanding their operations internationally have a wide range of opportunities in Latin America, but sometimes the lack of information about official figures slows them down, preventing them from being one of the first to participate in the regulatory processes.

As Karen Marcela Sierra-Hughes noted, when companies think about entering a jurisdiction in Latin America, they will have to consider a lot of different elements to have a better return on their investment.

The Vice President of Latin American & Caribbean at Gaming Laboratories International (GLI) focused on three special topics: legal framework, financial development issues and internet penetration, whose numbers differ significantly from one jurisdiction to another.

## LEGAL FRAMEWORK

“Talking about the legal framework, there are several things that I need to mention here. First of all, access to accurate information. For those that had been in our region, especially in emerging jurisdictions where there’s newer verticals coming, or jurisdictions where there’s not a regulatory gaming



dedicated entity, it's very hard to access information," she said.

In many of those countries - even major jurisdictions - the regulators may not have a proper website where information can be accessed, making this the first challenge that companies will face.

In terms of licensing, Sierra-Hughes explained that the processes differ a lot between countries. "There are jurisdictions where they only require licences to operators, who are responsible for every part of the business, including the responsibility that gaming providers may have on their product," she explained.

"The long distance won't work and, in Latin America, business relationships are based on trust. That's not only for private companies but also for government entities.

"So, many companies are trying to understand a country, understand the potential or do business, and if they try to do it remotely, they will have a very hard time. Either somebody locally helps you or you take your time to get to know these jurisdictions, especially when there's new markets opening and new relations coming. The best way to participate and be part of that conversation would be by actually having a personal relationship on the ground."

Because of the lack of information, it's also hard to access revenue data, and even harder to project how much revenue companies can expect from their investment.

In some countries like Argentina, companies will also have to take into account the cost of moving funds out of the country, as it's not an easy legal or administrative process and sometimes they will

have to rely on third parties. Navigating the financial issues in the region, Sierra-Hughes said that operators need to think how they're going to address this in different countries: "Operators have to get really creative to reach out to clients that don't have access to bank accounts or credit cards," she said. For this reason, she highlighted retail operations and said that operators are more successful if they have a bigger retail network.



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With regard to diversification, sports betting comprises 70 to 80 per cent of the industry in Latin America, but since the pandemic started, companies are focusing on adding more content, such as casino games, poker and live studios.

However, Sierra-Hughes said: "The challenge is not only to add content, but also to teach players how to play these games and get them attracted when they obviously have an interest in sports betting."

### RESPONSIBLE GAMING

In relation to responsible gaming, she cited that this will have a

major role, as regulators will have conversations with the industry about them being proactive on how they will address this issue and how they will prove that they're in compliance.

She highlighted the City of Buenos Aires, where there is a certification process not only for operators but also for suppliers, and Brazil, where the regulation says that sports betting operators need to have an agreement with sports monitoring associations.

### INTERNET PENETRATION

In Latin America, internet penetration is one of the biggest challenges: overall, it ranges from 50 to 90 per cent, and operators also have to think about what kind of internet access people have.

There are jurisdictions like the City of Buenos Aires, with a 90 per cent internet services penetration and an 80 per cent financial services penetration, while others like Peru have a 70 per cent internet penetration, but mainly in the capital Lima and the surrounding areas, with just 50 per cent financial inclusion.

Chile's internet and financial services penetration are 88 per cent and 90 per cent respectively so, naturally, Sierra-Hughes said that it will be a "really attractive jurisdiction once it opens".

To conclude, she added that there are other jurisdictions where operators will need to focus on their offering, such as the Argentinian province of Mendoza, where the internet penetration is 78 per cent, but 69 per cent is mobile only.

"The offering has to be in mobile version before they even launch the game, so that's something that is very important there," she said. ■