MALTA GAMING AUTHORITY

INTERIM REPORT

JANUARY - JUNE 2022

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Key Highlights

Supervisory Activities

- During this period, 16 compliance audits were conducted together with 114 desktop reviews, accompanied by an additional seven AML/CFT compliance examinations were initiated by the MGA, on behalf of the FIAU. Additionally, the Authority issued a warning, cancelled a licence as well as suspended another authorised entity, following information which emerged from compliance audits, compliance reviews and formal investigations. Furthermore, the MGA issued a total of seven administrative penalties as well as two regulatory settlements, with a collective total financial penalty of €85,000.

- Enforcement measures were also issued by the FIAU to an additional four licensees, ranging from written reprimands to administrative penalties, with an emphasis on remediation measures, based on the breaches identified during examinations carried out in previous years, including by the MGA. In total, these amounted to just over €386,567.

- Based primarily on reducing the risk of money laundering or funding terrorism, the Fit & Proper Committee determined that four individuals and entities did not meet the Authority's fit and properness criteria, while an additional two applications were rejected by the Supervisory Council.

- A total of 626 criminal probity screening checks were undertaken on personnel, shareholders, ultimate beneficial owners, key individuals, employees, and businesses from the land-based and online gambling sectors.

- In the first half of the year, 22 interviews with prospective MLROs and key persons carrying out the AML/CFT function were carried out with the aim of determining the knowledge and suitability of each candidate.

- A total of six letters of breach were issued by the MGA's Commercial Communications Committee (S.L. 583.09), out of which five operators were deemed to have violated the Commercial Communications Regulations.

- In its efforts to safeguard players and promote responsible gaming, the Authority assisted a total of 2,578 players who requested assistance, covering the majority of the cases received during 2022 and the spillover from 2021.

- A total of 22 cases of websites having misleading references to the Authority were investigated, while a total of 13 notices were published on the MGA's website with the aim of preventing the public from falling victim to such scams. Furthermore, an additional 18 responsible gambling website checks were conducted, and five observation letters were issued.

National and International Cooperation

- Between January and June 2022, a total of 122 alerts on suspicious betting were sent to the industry. Following the correspondence of these alerts, the Suspicious Betting Reporting Mechanism received a total of 16 new suspicious betting reports.

- Enforcement agencies, sports governing bodies, integrity units, and other regulatory authorities made a total of 23 requests for information, specifically in relation to the manipulation of sporting events or violations of sporting regulations. Subsequently, 10 of these requests resulted in the exchange of data. In addition, 278 allegations of suspicious betting from licensees and other interested parties were received.

- The Authority participated directly in 12 separate investigations into sports rules violations or manipulation of sporting competitions during the time under review. In addition, the Authority also participated indirectly in another investigation.

- The Authority sent 64 requests for international cooperation, the majority of which related to requests for background checks as part of an authorisation process. Furthermore, the Authority received a total of 36 requests for international collaboration from other regulators.

- Up to the end of June 2022, a total of 84 official replies were issued, providing feedback on the regulatory good standing of our licensed operators to the relevant authorities asking for this information.

- In total, during the first six months of the year, the MGA received just over 100 requests for information from other local regulating authorities and governing bodies.

Regulatory Overview for the First Six Months of 2022

The following section presents an overview of the regulatory activities undertaken by the MGA between January and June 2022.

Authorisation of Gaming Licences and Certificates

Gaming Licences

20
Applications Received

16
Licences Issued

1
Rejected Applications

Recognition Notices

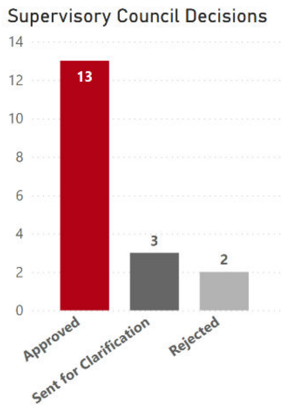
55
Applications Received

23
Certificates Issued

Note:

The methodology for the compilation of the number of recognition notice applications has been revised as from 2022 to include both new and renewal applications. For this reason, the recognition notice applications for 2022 should not be compared with those published in previous publications.

The methodology for compiling the number of certificates issued remains unchanged, and the figures quoted refer to the number of recognition notice certificates issued during the period under review.



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

Prior to the issuance of any authorisation, applications are evaluated from a 'fit and properness' perspective with the aim of assessing the legal and natural persons that are involved in the prospective application. A total of 626 criminal probity checks were undertaken, covering individuals, shareholders and ultimate beneficial owners, key persons and other employees, as well as companies from both the land-based and online gaming sectors.

A number of applications of a more complex nature were also discussed at the Fit and Proper Committee level. In total, the Committee took 20 decisions, 10 of which referred to approvals of applications, while four referred to the refusal of individuals and entities being assessed since they were not deemed fit and proper in terms of mitigating the risks of Money Laundering and Terrorism Financing (ML/TF).

Furthermore, another four decisions referred to instances wherein the Committee felt that the Authority ought to request further documentation and/or declarations from the applicant or existing licensee prior to deciding on their fit and proper status, for the sake of ensuring their integrity and reputability. The remaining two decisions were related to procedural matters, which mainly referred to internal procedural decisions taken in relation to the MGA's fit and properness procedures.

A total of 18 licence applications were brought to the attention of the Supervisory Council, of which 13 were approved, three were sent back to the relevant directorate for further clarification and two were rejected.

Compliance Activities

The compliance function within the Authority ensures effective regulatory compliance throughout the lifetime of any gaming licence.

Routine Compliance Checks

114
Desktop Reviews

16
Compliance Audits

884
Monthly B2B Reports

A number of compliance checks are undertaken in order to ensure that authorised persons are abiding by the gaming licence conditions and legislative framework and, in those cases where the licensee is not compliant, take immediate action. A total of 114 desktop reviews were undertaken and supplemented by 16 compliance audits, which were concluded.

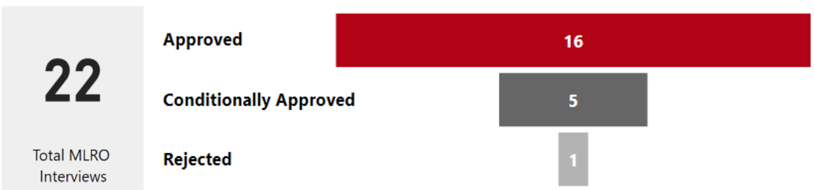
By way of shedding light on the interchange between various operators, the MGA received 884 Monthly Reports from critical gaming supply licensees, who are operators providing Business to Business (B2B) services. These reports provide insight into the relationships between the respective B2B operator submitting the report and its Business to Consumer (B2C) and B2B clients.

AML/CFT Examinations, Interviews and Enforcement Measures

7
Thematic Compliance Examinations

The Authority has in place specific compliance procedures within the context of the legislative framework governing Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT). To this end, on behalf of the Financial Analysis Intelligence Unit (FIAU), it initiated seven Thematic Compliance Examinations to assess gaming operators' compliance with AML/CFT obligations.

In addition, the MGA carries out interviews with prospective Money Laundering Reporting Officers (MLRO) to determine whether the individual is knowledgeable and suitable to undertake the role and that it satisfies all the legal requirements. Out of the total 22 interviews undertaken, 72.7% were approved, 22.7% were conditionally approved, and a single candidate was rejected.



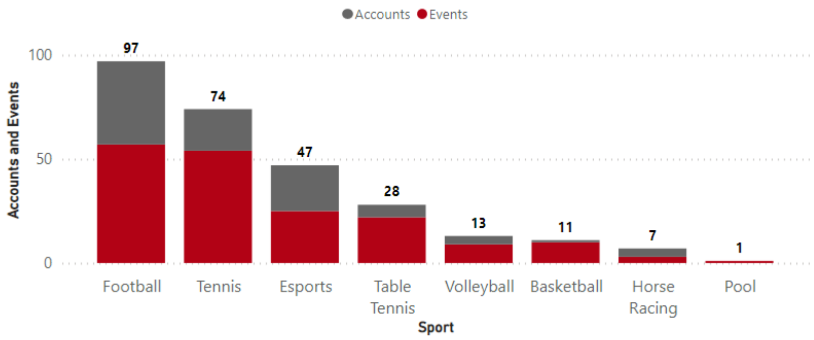
A number of enforcement measures pertaining specifically to AML/CFT were also undertaken. A total of four licensees were subject to remediation and/or enforcement measures by the FIAU based on AML/CFT breaches, shortcomings or observations identified during compliance examinations carried out in previous years, including those carried out by the MGA on behalf of the FIAU. During the period under review, an enforcement penalty of €386,567 was issued to a gaming company.

Sports Betting Integrity Reporting

Through a dedicated reporting mechanism, the Authority monitors the industry in terms of sports betting, with the aim of targeting any suspicious betting as well as contributing towards the fight against the manipulation of sports.

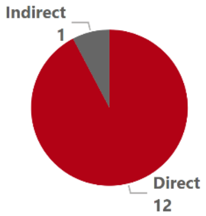
A total of 278 suspicious betting reports were received from licensees and other concerned partners, which were referred to the relevant body. These consisted of 181 events and 97 accounts being reported as potentially suspicious. Football was the most reported sporting event, resulting in a total of 97 reports, followed by 74 reports on tennis and 47 on esports.

Suspicious Betting Reports on Accounts and Events by Sport



The basis for suspicion was mainly either 'Stake and volumes above the average expectation for the market', which accounted for 64.2% of the reports submitted, or 'Activity focused on specific markets', which constituted another 54.2% of the reports submitted. It is to be noted that these figures do not present a share out of the total but rather their frequency, since these reports include more than one basis for suspicion.

Sports Betting Integrity Investigations



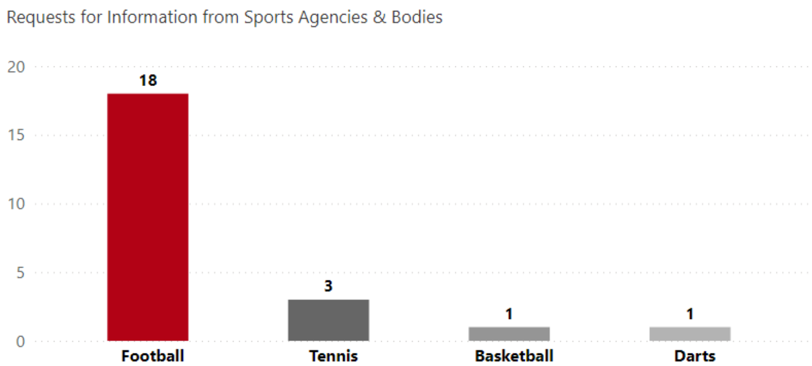
Some of these suspicion reports have also led the Authority to participate in 13 investigations wherein data had to be exchanged between a licensed operator and the entity investigating an incident related to the manipulation of sports competitions. In such instances, football was the most investigated sport with 11 investigations, while the remaining two investigations concerned tennis.

122

Alerts shared with licensees

As part of its compliance process, the Authority shared a total of 122 alerts with its licensees, out of which 114 were also submitted to the relevant Sports Governing Bodies. The remaining eight events did not merit a report as either the activity did not fall under the Authority's remit or, after discussing such events with the relevant operators, the suspicion was not deemed to be strong enough. There were 16 instances whereby a Suspicious Betting Report was submitted by a licensed operator after an alert was shared.

Furthermore, the Authority collaborates with enforcement agencies, sports governing bodies, integrity units, and other regulatory bodies from across the globe by addressing a number of requests for information specifically on sports activity. There were 23 such requests for information from these organisations in the first half of the year. In certain instances, it is necessary to reach out to the industry to obtain the required information through a data exchange. In the first half of 2022, 10 such data exchanges were carried out.



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Inspections in land-based gaming premises

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 to the relevant laws and regulations. To this end, a number of inspections were carried out covering supervision in Casinos, Commercial Bingo Halls, Gaming Parlours, Lotto Booths and Non-profit Tombola.

Enforcement

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.

1
Warnings

7
Administrative Penalties

1
Suspended Licences

1
Cancelled Licences

As part of its internal structures, the MGA has a Compliance and Enforcement Committee which is entrusted to decide on the most appropriate enforcement measure in relation to breaches of specific provisions from the local gaming framework. Such measures include warnings and 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 (MPF).

A total of 43 decisions were taken by the Compliance and Enforcement Committee, concerning breaches of the Gaming Act (Chapter 583 of the Laws of Malta), (hereinafter 'Gaming Act'), and/or the binding instruments issued thereunder.

Enforcement Actions

Further to a number of enforcement actions taken, the Authority also issued two regulatory settlements, through which it confiscated the proceeds made through unlicensed critical gaming supplies in breach of the Gaming Act. The collective total financial penalty imposed amounted to €85,000.

Actions Towards Better Player Protection and Responsible Gaming

As one of the primary regulatory objectives of the Authority, numerous efforts are made to protect consumers, especially minors and vulnerable persons, by ensuring that licensees offer a fair and secure gaming environment coupled with support structures covering the financial aspect, such as player funds, the operators' financial stability and any related audits.

2503
Received Requests

2578
Resolved Requests

Requests for Assistance

The Authority received just over 2,500 requests for assistance from players, while 2,578 requests were resolved. The latter includes spillover from 2021.

1209
Player Funds Reports Reviewed

16
Player Data Extractions

18
RG Website Checks
22
Misleading URLs
13
Notices on Website
5
Observation Letters

Protecting Player Funds

Licensees are obliged by law to have sufficient funds to cover 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 ascertains this through monthly Player Funds Reports (PFR), of which it received 1,209 in the first half of 2022.

Audits are also carried out by the MGA on player and jackpot funds held by licensees, as well as the accounts held with credit, financial, or payment institutions to cover such liabilities.

In the event of a licence surrender or cancellation, the licensee is subject to a data extraction, giving the Authority 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. A total of 16 data extractions were conducted.

Responsible gaming audits and responsible gaming website checks are carried out by the MGA to ensure licensees' compliance with the requirements outlined in the Player Protection Directive. The focus is on licensee-player relationships and the responsible gaming-related functionalities that are accessible on the B2C operator's website. To this end, 18 responsible gaming website checks were carried out and 22 URLs were found to have misleading information. Following this, 13 notices were published on the MGA website, and five observation letters were sent reflecting responsible gaming issues.

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 Communications Committee evaluates all gaming commercial communications which are brought to its attention by the general public or through the various regulatory and monitoring structures.

6
Letters of Breach

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

Collaboration

Cooperation 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.

International Cooperation

	EU	Non-EU	Total
Received	13	23	36
Sent	41	23	64

The MGA received and actioned various requests from its counterparts to share information on various areas.

International Cooperation Requests	Received	Sent
Generic Request for Cooperation	1	0
Information about the local regime	5	0
Informing other regulators of illegalities	2	1
Regulatory assistance on a locally licensed operator	3	0
Request for background checks as part of an authorisation process	24	61
Request for information about unlicensed person/entity or cancelled licences	0	2
Sports Integrity	1	0
Total	36	64

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

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Official Replies Issued

The MGA also worked closely with other authorities by providing an official reply on the regulatory good standing of one of its licensed operators and by sharing relevant information and any adverse remarks with regards to the licensees and/or associated persons.

Collaborations on a Local Level

With the aim of regulating the Maltese gaming industry in an efficient and effective manner, the MGA works together with other local regulating authorities and governing bodies. This is reflected through responses furnished by the MGA to requests for information made by the Asset Recovery Bureau (ARB), the FIAU, as well as the MPF on the gaming sector. Additionally, the relevant information is provided to the Sanction Monitoring Board (SMB) to assist in issuing sanctions on legal and natural persons.

Gaming Industry Statistics for the period January to June 2022

Preface

The following section presents the performance of the gaming industry regulated by the MGA during the first six months of 2022. 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 proportion of the Maltese gaming industry that comprises those companies that are 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 2022.

3. The data presented in this report is based on the IPRs, 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 96%. Estimations have been projected onto the missing data in order to provide a clear picture of the Maltese gaming industry as regulated by the MGA.

    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 was 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 current regulatory framework became applicable for online gaming operators as of 1 August 2018, whereas land-based operators became subject to these 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 aggregated 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. To this end, dues are based on the Gaming Revenue (GR) generated by the operators, thus abolishing any dues previously payable as a fixed fee. The current legislative framework 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 the 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 till June 2022 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 the National Lottery, the gaming tax was reported in line with the relevant regulations for the years 2019 till June 2022.

- For online gaming, the compliance contribution for the years 2019 till June 2022 included the licence fees and a 5% consumption tax on customers located in Malta, in line with the Gaming Tax Regulations (S.L. 583.10).

9. Unless otherwise stated, the employment figures detailed in this report refer to Full-Time Equivalent (FTE) jobs as of 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 published in 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.

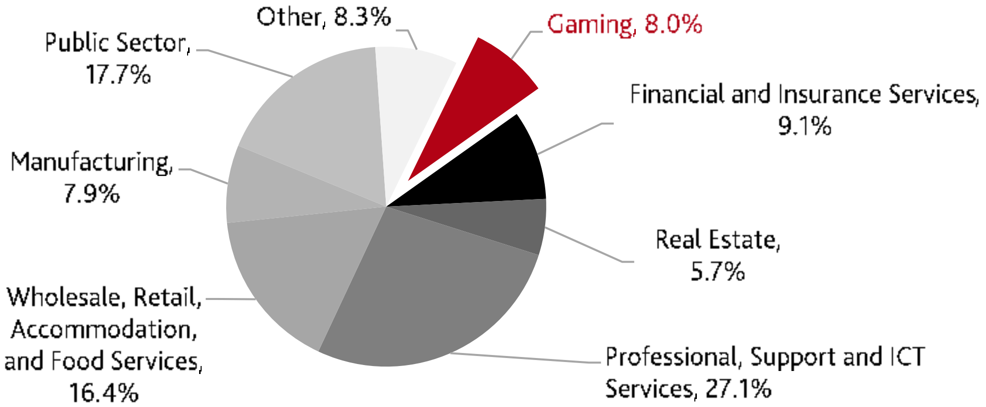
10. The direct contribution of the gaming industry to the Maltese economy relates to gambling and betting activities (NACE 92) in accordance with the European industrial activity classifications. The economic contribution is derived from the National Statistics Office (NSO) data which covers businesses operating in the Maltese territory, which would also include firms that are not licensed by the 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 in Malta sustained its contribution towards the growth of the economy during the first half of 2022, in the context of headwinds coming from international geopolitical tensions which disrupted the chances of a global economic recovery from the COVID-19 pandemic, and from an intensification of regulatory developments across several jurisdictions. The latter had an impact on the overall activity of the industry in Malta, but the growth in the value added of the sector progressed at a steady pace.

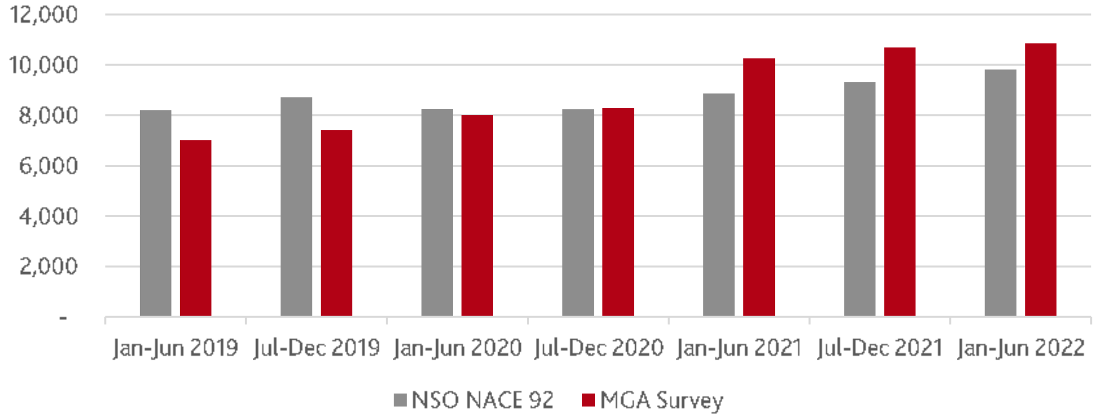
Based on the latest data published by the NSO, the total Gross Value Added (GVA) generated by the gaming industry during the first half of 2022 stood at €573 million, representing around 8% of the economy's GVA. When the indirect effects are included, the contribution of the industry to the economy value added would amount to just over 10%. The gaming industry is estimated to have registered a growth in value added equal to 12.2% during the first half of 2022, when compared to the same period in 2021.



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

Chart 1: Contribution of the Gaming Industry to Value Added

Furthermore, it is estimated that as of the end of June 2022, 10,861 persons were working with MGA-licensed companies on activities covered by the Authority's licence, with 93.0% of these employees engaged in the online sector. A further 2,800 FTEs are estimated to have been working in Malta either on activities licensed under other jurisdictions, with MGA-licensed firms or by providing direct services to MGA-licensed firms while being employed by another associated/related company.



Note: NSO NACE 92 data refers to the mid-point period. MGA survey data refers to the end-of-period point. Enterprise coverage varies slightly between the two sources.

Chart 2: Gaming Industry Employment (FTE)

As of the end of the first half of 2022, the number of companies licensed by the MGA - including both online and land-based entities - stood at 357. By the end of June 2022, gaming companies held a total of 363 gaming licences and 374 approvals to offer various types of games under the B2C licence.

Between January and June 2022, the MGA collected €39.8 million in compliance contribution fees, levies, and consumption tax.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Number of licences *(Note 1)*	287	298	318	328	337	351	363
Number of companies in operation *(Note 1)*	283	294	313	323	328	341	357
Gross Value Added (€m) *(Note 2)*	389.5	396.8	439.6	453.3	510.8	531.5	573.0
Employment - FTE jobs	7,011	7,417	8,009	8,292	10,266	10,685	10,861
Online	6,142	6,593	7,196	7,557	9,496	9,919	10,106
Land-Based	869	824	813	735	770	766	755
Compliance contribution, licence fees, levies and consumption tax (€m)	39.9	40.5	33.7	39.8	37.9	40.0	39.8

Note 1: The number of licences, companies in operation (incl. both online and land-based), and employment figures relate to stock as of 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 2022 in the computation of GVA for NACE 92 by the National Statistics Office.

Table 1: Headline Indicators of Gaming Industry Activity

From a more detailed market behaviour perspective of the land-based sector, the total players' visits across all gaming outlets between January and June 2022 increased by 41.9% when compared to the same period in 2021, as shown in Chart 3 below. The major contributors to this increase were the casino and commercial bingo sectors, which registered increases of 142.2% and 111.2% respectively, when compared to the corresponding period in 2021. In contrast, gaming parlours experienced a drop of 5.5% in visits over the same time period. It should be noted that, in light of the COVID-19 pandemic, casinos and commercial bingo halls were closed to the public between 11 March 2021 and 7 June 2021 due to Legal Notice 87 of 2021 and Legal Notices 101 of 2021, and therefore the considerable increase in attendance is a reflection of such a fact.

Despite the decrease in visits, gaming parlours experienced a sharp increase of 66.4% in GR per visit when compared to the first six months of 2021, indicating that the reduction in visits is mainly related to players that used to wager small amounts. This increase is being monitored for continuous evaluation on whether further responsible gaming measures are required. During the first half of 2022, the GR generated from gaming activity within casinos remained largely stable over the same period of 2021, resulting in a slight increase of 0.1%, while commercial bingo halls experienced a comparative decrease of 11.3% in the GR per visit.

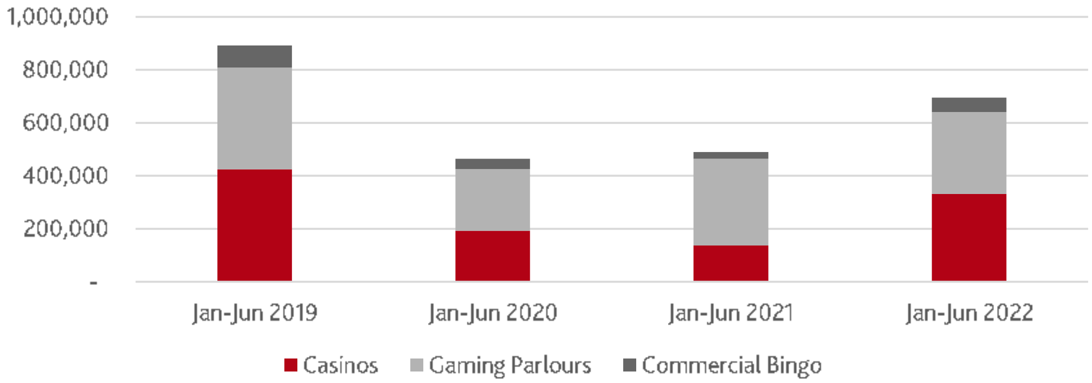


Chart 3: Land-Based - Visits to Outlets

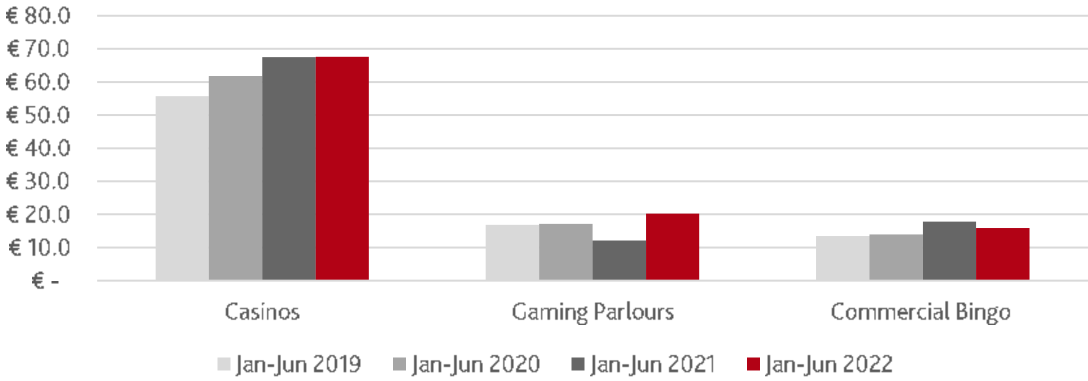


Chart 4: Land-Based - GR per Visit

Gaming Industry Outlook

While the local and international developments which took place over the past few years - from the global pandemic and the Russia-Ukraine war to the country's temporary greylisting - posed a threat to the stability of Malta's robust gaming industry, the sector appears to have emerged in a stronger position. This is witnessed by the steady growth in industry activity during the first half of 2022, both in terms of value added and employment. The resilience of the Maltese gaming industry during these trying times is largely attributed to its ability to remain flexible and adapt to change, while being supported by the MGA's continued efforts to ensure that Malta remains a competitive and reputable jurisdiction of establishment.

On the other hand, regulatory developments in individual markets served by firms holding an MGA licence have continued to adversely impact the activity of the online gaming sector. Indeed, the wave of local regulation which has been sweeping across key European markets is leading to a situation where the markets available to B2C operators licensed in Malta are becoming increasingly restricted within the EU/EEA. Furthermore, the need to comply with different regulatory frameworks in different countries is forcing companies to beef up their compliance teams, thereby putting pressure on their profit margins. Against this backdrop, mergers and acquisitions have continued to be the preferred strategy for operators to boost corporate performance and maximise their business competitiveness. Going forward, the MGA is committed to continue working towards stronger cooperation and new connections with other countries' regulatory and supervisory bodies. In addition, as the segments of iGaming, video gaming and e-sports are becoming increasingly interrelated, industry consolidation can also place companies in a better position to take advantage of this growing convergence. On this front, Malta has continued to work towards ensuring that it has the skills base and international visibility necessary to benefit from this change.

Another key driver of potential change that is being closely monitored is the possibility of a global minimum corporate tax rate of 15% being introduced in the coming years for companies with a combined annual turnover of more than €750 million. Although implementation is by no means certain, the MGA has intensified its efforts, together with the key stakeholders on the matter such as the Office of the Commissioner for Revenue, in ensuring that a sustainable strategy for the gaming sector is in place, to mitigate any potential difficulties and ultimately safeguard Malta's competitiveness as a jurisdiction.

The Financial Action Task Force's (FATF) decision to remove Malta from the grey list in June 2022 has contributed to restoring the country's credibility and to giving Malta the opportunity to continue building on its ecosystem as a major iGaming jurisdiction in the global scene. It also raised the bar in terms of Malta's pledge of maintaining the rigorous standards it has committed to, while remaining business-friendly and sustainable when compared to other competing jurisdictions. Against this background, the MGA remains committed to safeguarding Malta's reputation internationally by ensuring that a robust regulatory framework is in place to sustain a gaming sector which is fair, transparent and secure against crime and corruption. From a policy-making perspective, the Maltese Government remains consistent in its support to sustain the gaming industry, continuing to implement a long-standing Government policy to the effect that gaming is an entertainment service which can be freely provided from Malta to Maltese consumers, as well as consumers abroad, in a safe and well-regulated environment.

Overall, the future of the gaming landscape in Malta remains positive. Industry players are to remain vigilant in the context of the impending economic slowdown, any uncertainties stemming from regulatory developments and the trends that will characterise the future of gaming and entertainment. Nevertheless, the gaming industry is expected to continue to play a fundamental role in Malta, backed by a sound and robust regulatory framework and an economic environment which provides for the required human resources and operational infrastructures.

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.

Gaming Premises - Casinos: Game Types

The current licensing regime categorises all games that can be offered by the licensees into four different game types[1]. An operator can offer one or multiple game types. As of the end of June 2022, all casino licensees were in possession of an approval to offer Type 1, Type 2, and Type 3 games, as presented in Table 2 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 2: Gaming Premises - Casinos – Game Types (end-June 2022)

Gaming Premises - Casinos: Number of Gaming Devices

As of the end of June 2022, the total number of gaming devices in the casinos stood at 892, including 880 slot-type gaming machines and 12 sports betting machines.

	2019		2020		2021		2022
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Slot-type gaming devices	916	937	939	913	908	887	880
Sports betting machines	18	17	17	17	17	17	12
Total	934	954	956	930	925	904	892

Table 3: Gaming Premises - Casinos - Number of Gaming Devices

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 2022, licensed operators reported a total of 60,068 registrations in their establishments, part of which represent multiple registrations by a single player in more than one casino.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	72,807	102,636	26,176	29,500	15,777	59,485	60,068

Table 4: Gaming Premises - Casinos - New Players' Registrations

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

Gaming Premises - Casinos: Players' Visits

The total number of visits to local casinos during the first half of 2022 stood at 331,844, an increase of 142.2% when compared with the corresponding period of 2021. This marked increase is attributed to the reopening of casinos, following the easing of COVID-19 restrictions which were still in effect during the corresponding period in 2021.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	424,022	516,744	192,351	279,511	137,015	340,761	331,844

Table 5: Gaming Premises - Casinos - Players' Visits

As presented in Chart 5 below, when analysing the number of visits reported on a monthly basis, it could be noted that the number of visits recorded during the first two months of 2022 were in line with those recorded during the corresponding months in 2021. In view of the pandemic restrictions which were imposed on casino establishments between March and June of both 2020 and 2021, the number of casino visits recorded from March 2022 onwards can only be compared with those recorded in 2019. Based on this analysis, it could be noted that while the number of visits were on the rise between March and June 2022, these had still not reached the levels recorded prior to the pandemic.

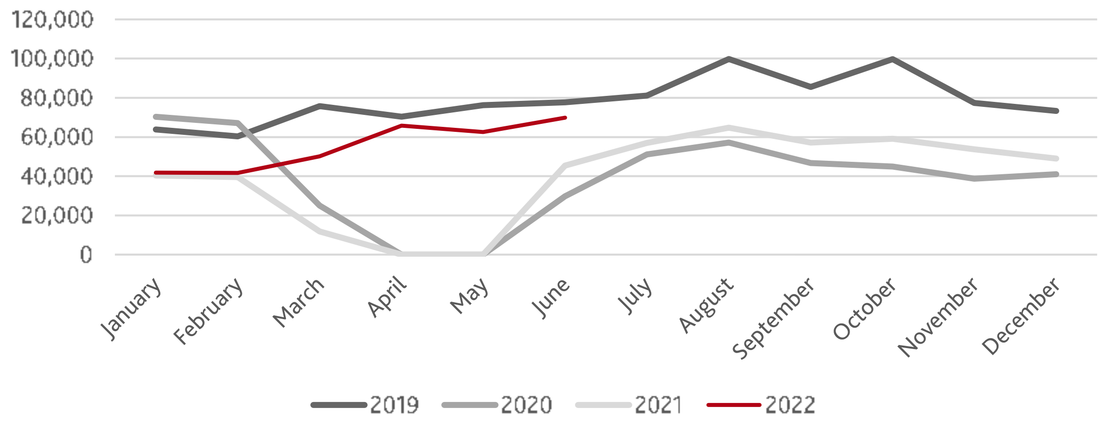


Chart 5: Gaming Premises - Casinos - Players' Visits

Junket Players

During the period under review, local casinos hosted 653 junket players[2]. It could be noted that business on this front started picking up again, resulting in figures which are close to those reported for 2019. Of all junket players hosted by casinos during the period under review, 34.6% referred to the in-house junkets, whilst the remaining players were brought to the casinos by junket leaders.

[2] The purpose of this arrangement is to induce persons residing outside Malta, selected or approved for participation, to travel and come to a gaming establishment in possession of a concession issued by the Government to play licensable games. To this end, any or all costs of the transportation, food, lodging, and entertainment are directly or indirectly paid for by the authorised person operating the gaming premises.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
In-house	300	267	77	106	98	92	226
With junket leader	440	483	184	275	156	363	427
Total	740	750	261	381	254	455	653

Table 6: Gaming Premises - Casinos - Number of Junket Players

Gaming Premises - Casinos: Players' Profile

Nationality

Past trends indicate that the casino sector is dependent on the tourist market since the share of the visits is almost equally split between Maltese and non-Maltese players. During the first half of 2022, visits by non-Maltese players accounted for 53.9% of casinos visits registered during the period under review. Such a share is in line with the same trend prior to 2020. It could be remarked that the increase in the junket activity could have also contributed to this result.

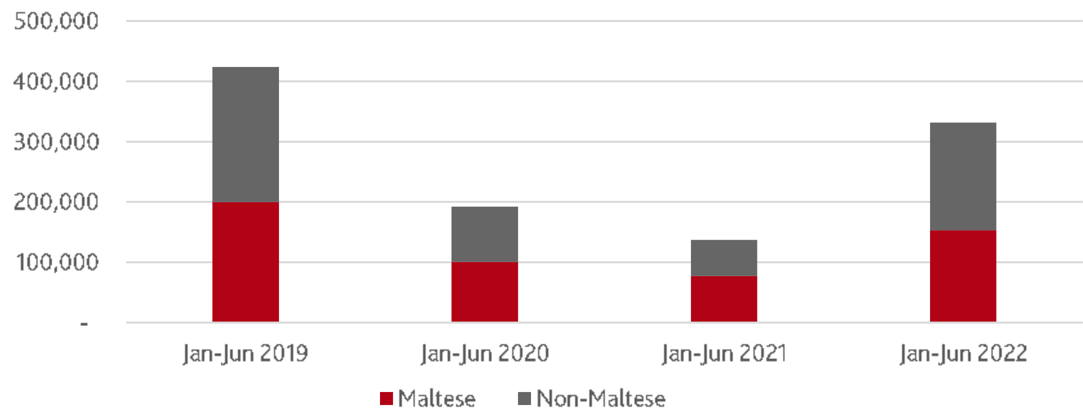
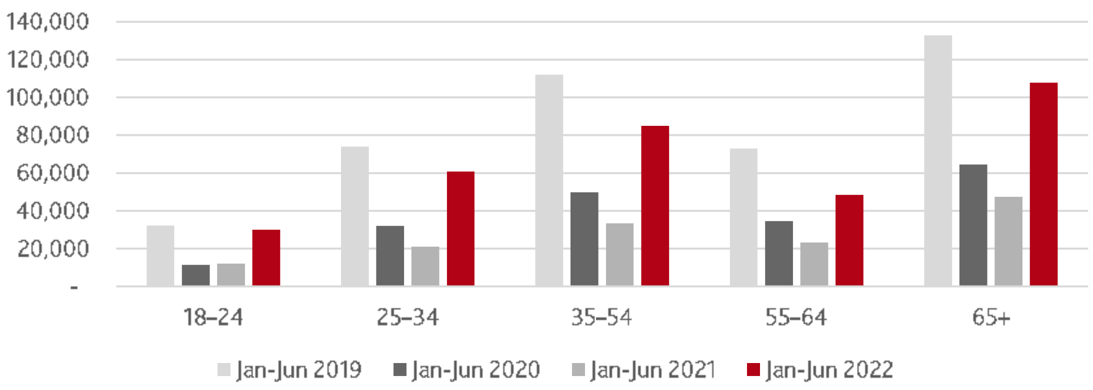


Chart 6: Gaming Premises - Casinos - Players' Profile by Nationality

Demographic Group

Visits by players of all age groups increased in line with the overall increase in the number of visits, with the distribution between age groups following that registered in the past reporting periods. Visits by persons aged 65 and over continued to constitute the largest demographic category of visitors to casinos, accounting for 32.5% of the total visits. Visitors from the 35–54 age bracket constituted 25.6% of the visits, with this being the second largest category. Visits by players from the 25–34, 55-64 and 18–24 age brackets accounted for 18.3%, 14.6% and 9.0% of the total visits, respectively.



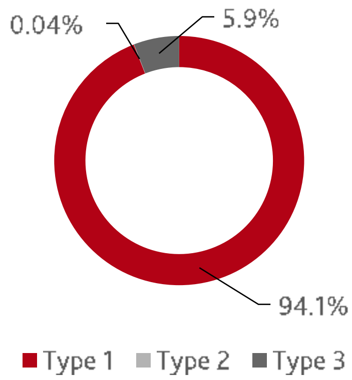
Note: The legal age to enter casinos in Malta is 25 years for Maltese and 18 years for non-Maltese players.

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

It is worth noting that visits by female players accounted for 45.9% of all visits, an increase of 7.1 percentage points when compared with the same reporting period of 2021. This is quite a remarkable change since, with the exception of the first six months of 2019 during which female players accounted for 45.5%, the remaining reporting periods recorded a female percentage which was closer to 40.0%.

Gaming Premises - Casinos: GR

The resuming of casino operations during the first two quarters of 2022 also resulted in a substantial increase in the GR generated by the sector, when compared with the corresponding period of 2021, which was in line with the figures generated prior to 2020. Almost the entire GR was generated from Type 1 games, as shown in Chart 8 below.



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

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

The GR from the junkets' activity stood at 11.0% of the total GR reported in the first half of 2022, again following the trends noted prior to the pandemic.

Average GR per Visit

The average GR per visit stood at €67.6, resulting in the highest GR per visit recorded during the periods under review, reflecting an average higher spend by casino players. To some extent, this may have been caused by a change in the demographic composition of players, reflecting population and tourism movements caused by the COVID-19 pandemic.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	55.7	54.5	61.8	65.3	67.5	62.2	67.6

Table 7: Gaming Premises - Casinos - Average GR per Visit

Gaming Premises - Casinos: Compliance Contribution

The MGA collected a total of €7.3 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.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	7,980,082	9,422,963	3,917,765	6,568,236	2,663,299	7,290,131	7,316,096

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 8: Gaming Premises - Casinos - Compliance Contribution

Gaming Premises - Casinos: Employment

As of the end of June 2022, the total number of FTE direct employees working in casinos stood at 494, a slight decrease of 0.4% when compared to the figure reported at the end of December 2021.

	2019		2020		2021		2022
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	629	582	560	489	506	496	494

Table 9: Gaming Premises - Casinos - Employment (FTE)

The proportion of male employees increased by just under a percentage point over the figure reported as of the end of 2021, reaching 62.1% as of the end of June 2022. Furthermore, the share of non-Maltese employees remained in line with the figure reported at the end of 2021, reaching 65.4%.

Controlled Gaming Premises

Controlled Gaming Premises: Number of Outlets

By the end of June 2022, the number of approved controlled gaming premises[3] in Malta totalled 63, which are spread across 30 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 a significant commercial activity that is also of a touristic nature.

[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 Government concession, or premises in which the only gaming that is carried out consists of tombola games.

There are no specific limits of 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. Table 10 below presents the total number of gaming premises for all the licensed operators.

	2019		2020		2021		2022
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	54	56	60	60	64	64	63

Table 10: Controlled Gaming Premises - Number of Outlets

Controlled Gaming Premises: Game Types

By the end of June 2022, all six of the licensees operating the 63 controlled gaming premises were in possession of an approval to offer Type 1 and Type 2[4] games. Furthermore, some of the licensed operators were in possession of Type 3 approval, as presented in Table 11 below.

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

Table 11: Controlled Gaming Premises - Game Types (end-June 2022)

Controlled Gaming Premises: Number of Gaming Devices

The number of licensed gaming devices amounted to 541 as of the end of June 2022. This brought the average number of gaming devices per outlet to 8.6, which is in line with the regulations limiting the number of devices per outlet to no more than 10.

	2019		2020		2021		2022
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	8.1	8.5	8.6	8.7	8.5	8.4	8.6

Table 12: Controlled Gaming Premises – Average Number of Gaming Devices

Controlled Gaming Premises: Players' Visits

The number of visits to controlled gaming premises decreased by 5.5% when compared with the same period of 2021, to stand at 309,181.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	384,941	414,479	233,381	399,152	327,166	341,537	309,181

Table 13: 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, Chart 9 below presents the number of monthly visits registered in the gaming parlours sector between January 2019 and June 2022. It could be remarked that notwithstanding the fact that during the first six months of both 2021 and 2022, business operations were not affected by the closure of establishments due to the COVID-19 pandemic, the monthly registrations have not yet reached the levels recorded prior to 2020.

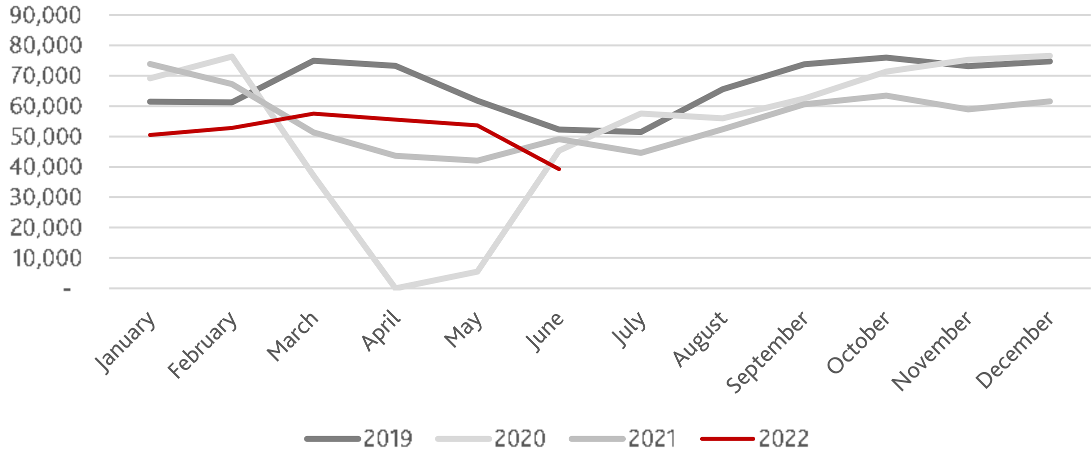


Chart 9: Controlled Gaming Premises - Number of Visits

Number of Visits by Locality

As specified in Appendix 1, for statistical purposes, the Maltese Islands have been divided into six districts, namely the 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 34.1% and 24.7% of all visits respectively. These two districts are also characterised by the highest number of outlets, 20 and 22 respectively, which explains the concentrated numbers of visits. The remaining visits were distributed between the remaining districts, that is, Northern (19.3%), South Eastern (11.3%), Gozo and Comino (6.3%) and Western (4.2%).

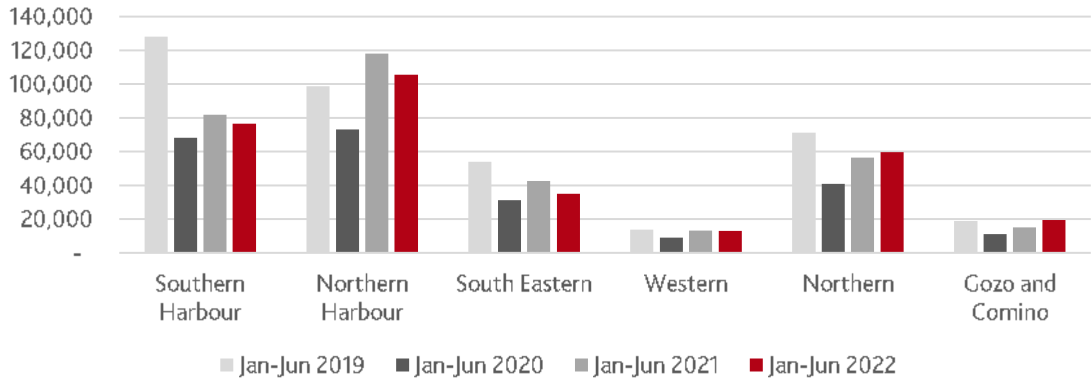


Chart 10: Controlled Gaming Premises - Number of Visits by District

Controlled Gaming Premises: New Players' Registrations

A total of 3,623 new registrations were recorded at the controlled gaming premises. This marks an increase of 17.5% when compared to the same reporting period of 2021.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	4,675	4,129	2,384	3,217	3,085	3,781	3,623

Table 14: Controlled Gaming Premises - New Players' Registrations

Controlled Gaming Premises: Players' Profile

Nationality

The share of visits to gaming parlours by Maltese players continued to decline, reaching 48.9% during the first half of 2022, resulting into an overall drop of 10.4 percentage points from the level recorded during January-June 2019. This trend reflects the changing demographic composition of the resident population in Malta.

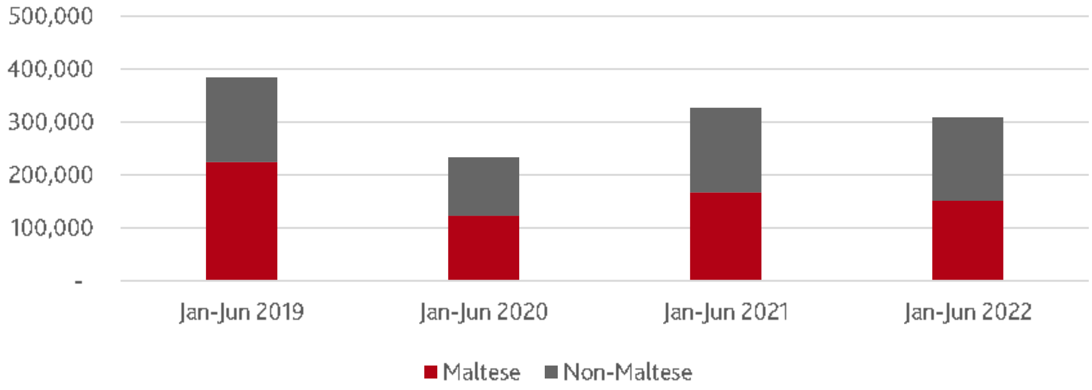


Chart 11: Controlled Gaming Premises - Players' Profile by Nationality

Demographic Group

When considering the age distribution of players, although the distribution between age groups remained similar to previous reporting periods, an increase could be noted across the older three age groups when compared to the same period during 2021. 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 32.0% and 39.2% of all visits respectively. Visits by players from the 18–24, 55–64 and 65+ age brackets accounted for 7.3%, 10.3% and 11.3% of the total visits registered between January and June 2022.

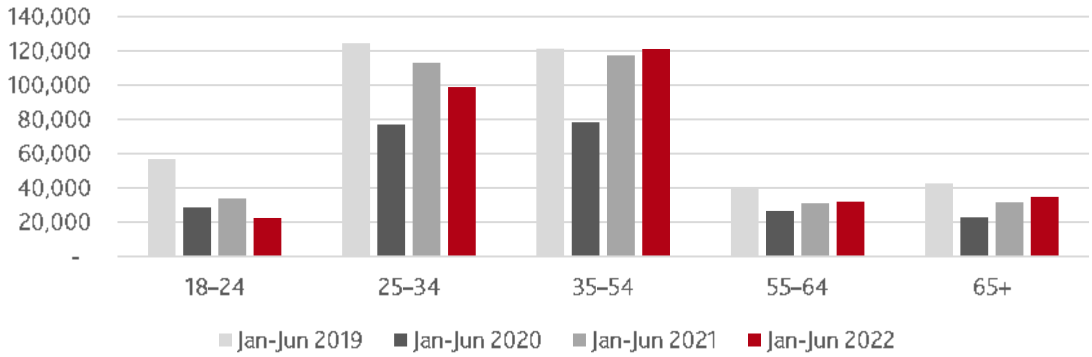
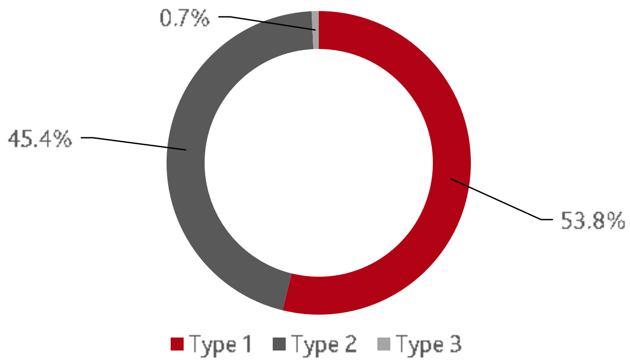


Chart 12: Controlled Gaming Premises - Players' Profile by Age Group Distribution

Furthermore, controlled gaming premises are mostly popular with males, whose visits accounted for 92.2% of the total visits registered during the first six months of 2022.

Controlled Gaming Premises: GR

The GR generated by the gaming parlour sector reported a considerable increase of 57.3% when compared to the same period of 2021, notwithstanding the fact that the number of visits has experienced a decline. This can be attributable to the fact that players have increased their average spend, which could, in this case, reflect to some extent a change in the demographic composition of players, reflecting population movements caused by the COVID-19 event. Out of the total GR generated during the first six months of 2022, 53.8% of the GR was generated from Type 1 games, followed by 45.4% from Type 2 games, and 0.7% from Type 3 games.



Note: The total percentage does not equal 100% due to the 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 €20.2, with the increase in the average GR per visit reflecting the higher average spend by players visiting controlled gaming premises.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	16.8	16.3	17.2	14.5	12.2	15.9	20.2

Table 15: Controlled Gaming Premises - Average GR Per Visit

Controlled Gaming Premises: Compliance Contribution

The MGA collected a total of €1,518,860 (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.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	1,624,494	1,604,083	942,491	1,498,665	987,764	1,388,067	1,518,860

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 16: Controlled Gaming Premises - Compliance Contribution

Controlled Gaming Premises: Employment

By the end of June 2022, the number of FTE direct employees working in the controlled gaming premises sector decreased by 5.1% between December 2021 and June 2022, reaching a total of 168 FTE employees.

	2019		2020		2021		2022
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	143	144	154	153	169	177	168

Table 17: Controlled Gaming Premises - Employment (FTE)

As of the end of June 2022, 61.3% of all controlled gaming premises' employees were male, a decrease of 7.3 percentage points when compared to the ratio reported in December 2021. On the other hand, the ratio between Maltese and non-Maltese employees increased by 2.5 percentage points when compared with the figures reported in December 2021, with the figure for Maltese employees standing at 81.8%, as of the end of June 2022.

Gaming Premises - Commercial Bingo

Gaming Premises - Commercial Bingo: Number of Establishments

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

Gaming Premises - Commercial Bingo: Game Types

As of the end of June 2022, all commercial bingo licensees were in possession of an approval to offer Type 3 games[5].

Gaming Premises - Commercial Bingo: New Players' Registrations

The commercial bingo sector reported 434 new registrations, a considerable increase over the figure reported for the previous year. This was expected since during the first half of 2021, commercial bingo halls were temporarily closed.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	1,582	1,305	378	341	150	497	434

Table 18: Gaming Premises - Commercial Bingo - New Players' Registrations

Gaming Premises - Commercial Bingo: Players' Visits

The number of players' visits registered between January and June 2022 is in line with other reporting periods during 2020 and 2021, when business operations had resumed after the temporary closure. However, players' visits have not yet reached the levels recorded prior to 2020.

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

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	83,238	83,324	38,190	51,544	25,597	57,563	54,071

Table 19: Gaming Premises - Commercial Bingo - Number of Visits

For a better comparison, Chart 14 below presents the number of monthly visits registered in the commercial bingo sector between 2019 and 2022.

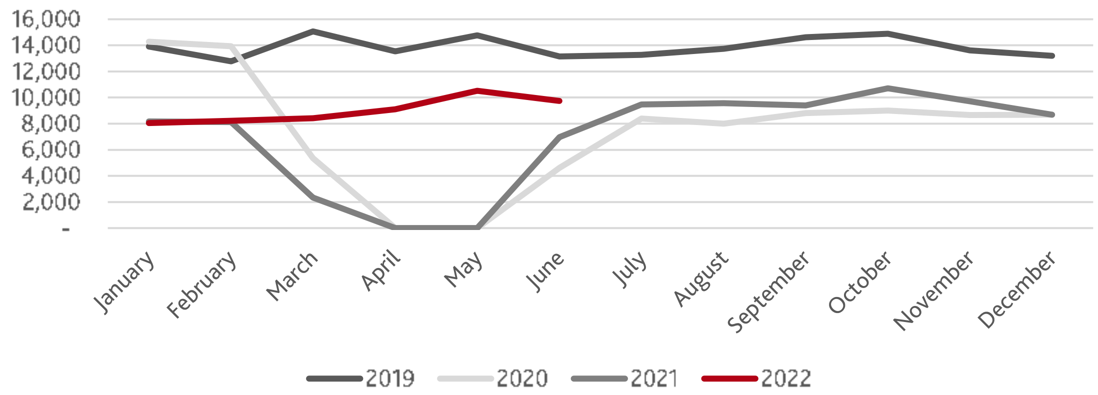


Chart 14: Gaming Premises - Commercial Bingo - Number of Visits

Gaming Premises - Commercial Bingo: Players' Profile

Nationality

Visits to commercial bingo halls were predominantly made by Maltese residents, constituting 98.4% of the total visits reported. This is in line with the trends observed in the previous reporting periods.

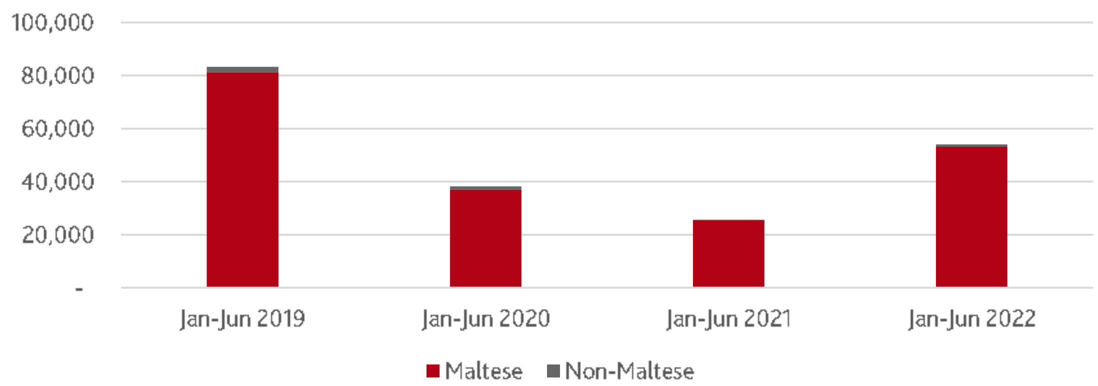


Chart 15: Gaming Premises - Commercial Bingo - Players' Profile by Nationality

Demographic Group

Visits by players aged 65 years or over continued to represent the highest share (63.9%) 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 0.8%, 1.8%, 11.4% and 22.1% of total visits registered during the reporting period, respectively.

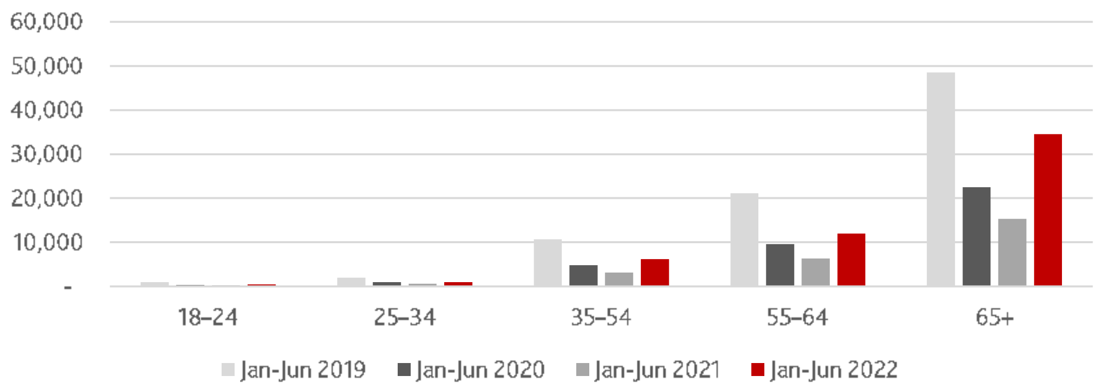


Chart 16: Gaming Premises - Commercial Bingo - Players' Profile by Age Group Distribution

Similar to what was recorded in previous reporting periods, the vast majority of players who visited commercial bingo halls during this reporting period were women, accounting for 89.1% of all the visits made.

Gaming Premises - Commercial Bingo: GR

In absolute terms, the GR of the commercial bingo sector recorded during the first half of 2022 was in line with other reporting periods during 2020 and 2021, when business operations had resumed after the temporary closure. However, it has not yet reached the levels recorded prior to 2020.

Average GR per Visit

The average GR per visit for the period January to June 2022 stood at €15.80.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	13.4	12.9	14.0	17.3	17.9	13.7	15.8

Table 20: Gaming Premises - Commercial Bingo - Average GR Per Visit

Gaming Premises - Commercial Bingo: Compliance Contribution

The MGA collected a total of €162,430 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.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	248,349	200,004	118,344	167,818	77,826	171,958	162,430

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 21: Gaming Premises - Commercial Bingo - Compliance Contribution

Gaming Premises - Commercial Bingo: Employment

By the end of June 2022, the commercial bingo sector directly employed 31 FTE employees.

	2019		2020		2021		2022
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	37	40	37	32	33	33	31

Table 22: Gaming Premises - Commercial Bingo - Employment (FTE)

As of the end of June 2022, 79.4% of all commercial bingo halls' employees were female, an increase of 6.4 percentage points when compared with the figures reported as of the end of December 2021. The ratio of Maltese nationals employed in the commercial bingo sector was 73.5%, at par when compared with year-end 2021.

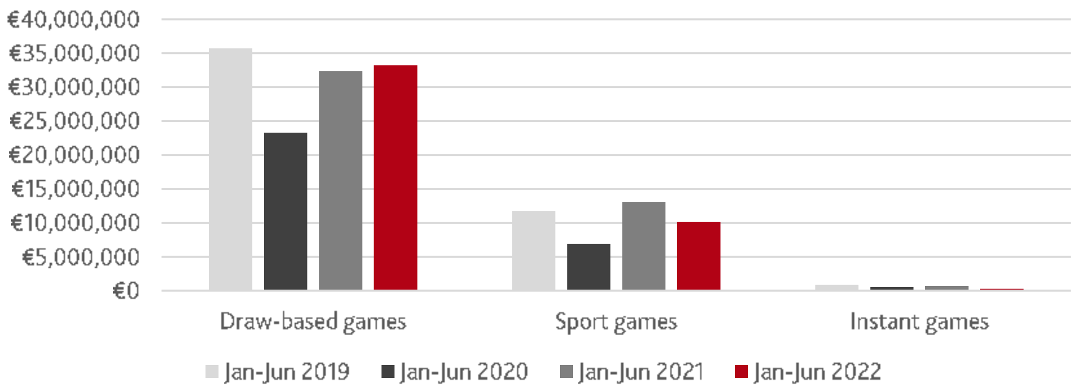
National Lottery

The following section presents the data for the entire operations of Malta Lotteries Limited (Maltco) during 2022, that is, between 1 January and 3 July 2022.

National Lottery: Turnover by Game Category

The total turnover of Maltco stood at €43.7million, 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 just above 1% of the total turnover stated above.

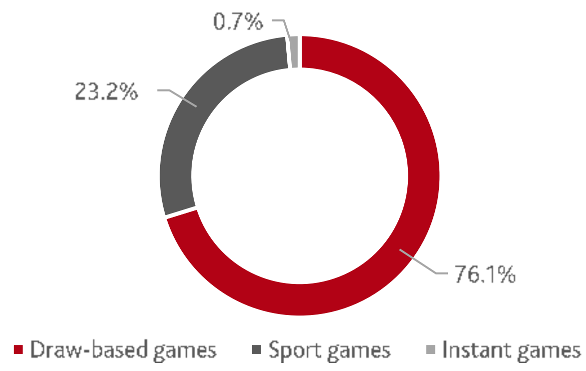
When compared to the same period of 2021, an overall decrease of 5.3% was reported. It could be noted that turnover from draw-based games increased by 2.7%, while that from sports games and instant games resulted in a decrease of 22.4% and 56.6%, respectively.



Source: Maltco Lotteries Limited

Chart 17: National Lottery - Turnover by Game

When analysing the split in turnover between the three game categories, sales of draw-based games accounted for 76.1% of Maltco's total sales, sports games accounted for 23.2% whilst instant games accounted for 0.7% of the total sales.



Source: Maltco Lotteries Limited

Chart 18: National Lottery - Turnover by Game

National Lottery: Gaming Tax

The total gaming tax payable by the National Lottery operator stood at €5.5 million.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	6,135,020	5,788,070	4,009,402	6,008,709	5,598,972	6,655,617	5,542,862

Table 23: 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, which during the period under review amounted to €340,987.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	406,727	305,478	235,354	338,565	312,802	541,178	340,987

Table 24: National Lottery - Contribution to the Social Causes Fund

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 its operations, the number of Points of Sale amounted to 202 outlets spread across the Maltese Islands.

	2019		2020		2021		2022
	end-Jun	end-Dec	end-June	end-Dec	end-Jun	end-Dec	end-Jun
Total	221	215	207	203	202	206	202

Table 25: National Lottery - Points of Sale

Land-Based Self-Exclusion

The legislative framework enables players to voluntarily exclude themselves from gaming activities 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 gaming 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 767 players submitted a request to be self-excluded from the land-based gaming outlets in Malta, an increase of 273 when compared to the figures for the same period in 2021. This increase is partially due to the fact that both casinos and commercial bingo halls were closed between 11 March and 7 June 2021 to combat the spread of COVID-19.

	2019		2020		2021		2022
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
6 months	449	331	231	346	187	322	344
12 months	422	401	279	401	307	431	422
Indefinite	0	3	0	1	0	0	1
Total	871	735	510	748	494	753	767

Table 26: Land-Based - Number of Self-Exclusion Requests

Out of all the players that requested a self-exclusion, the majority of players, 55.0%, opted for a one-year exclusion, while 44.9% applied for a six-month exclusion. One player requested an indefinite exclusion.

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 36.8% of all requests, while only 3.3% of these requests came from the youngest age group (18–24). The remaining requests were shared between the other age group categories, namely the 25–34, 55–64, and 65+ age brackets, registering 22.7%, 18.0% and 19.3%, respectively. The total percentage does not equal 100% due to the rounding of figures. In terms of the gender distribution, which was in line with previous trends, during the period under review, 76.7% 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.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Non-profit lottery	20	14	5	1	6	10	6
Non-profit tombola	869	961	396	471	126	617	558

Table 27: Non-Profit Games - Permits Issued

It is to be noted that non-profit tombolas organised by political candidates' during the first half of 2022, prior to the General Election, did not require an authorisation due to the exemption granted through Directive 1 of 2021 'The Non-Profit Games during Political Events Ruling'. This could have contributed to the lower number of permits issued between January and June 2022.

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 2022, the MGA issued a total of 32 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 a 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

Online Gaming: Number of Companies

As of the end of June 2022, the number of gaming companies offering online services stood at 346, as shown in Table 28 below. 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 of the end of June 2022, 43 companies held corporate group licences, with a total of 169 entities forming part of the respective groups.

	2019		2020		2021		2022
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
No. of companies	273	284	303	314	319	332	346
Additional companies falling under the Corporate Group Licence	74	86	100	141	158	165	169

Table 28: Online Gaming - Number of Companies

Online Gaming: Distribution of Licences by Category

Under the current licensing regime, operators do not require multiple licences to offer different games unless they wish to offer both B2C and B2B services. As of the end of June 2022, the B2C group of licences accounted for 56.4% of the total licence base.

Out of the 43 corporate group licences that were active up to the end of June 2022, 28 referred to B2C-related operations whilst the remaining 15 were for B2B-related activity.

	2019		2020		2021		2022
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
B2C - Gaming Service Licence	194	195	196	196	192	197	199
of which are the B2C - Corporate Licences	10	14	20	24	27	27	28
B2B - Critical Supply Licence	82	92	111	122	135	144	154
of which are the B2B - Corporate Licences	6	9	11	11	12	13	15

Table 29: Online Gaming - Distribution of Licences by Category

Online Gaming: Distribution of B2C Licences by Game Type

The current licensing regime categorises all the games that can be offered by the licensees into four different game types[6]. An operator can offer one or multiple game types. As in previous reporting periods, by the end of June 2022, the vast majority of active B2C operators were in possession of an approval to offer Type 1 and Type 2 games, as presented in Table 30 below.

	2019		2020		2021		2022
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Type 1	146	152	153	164	183	167	164
Type 2	112	118	116	118	125	125	125
Type 3	37	41	34	38	51	47	46
Type 4	11	12	10	10	14	13	14

Table 30: Online Gaming - B2C - Game Types

Online Gaming: Customer Accounts

Active Player Accounts

The number of active player accounts[7] registered on the websites licensed by the MGA grew by 8.7% when compared to the corresponding period of 2021, reaching the highest figure ever recorded, that of 19.3 million accounts.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	15,386,270	15,260,941	17,203,612	18,992,389	17,738,298	17,721,199	19,275,887

Table 31: Online Gaming - Active Player Accounts

New Active Player Accounts

The estimated number of new active player accounts stood at 8.9 million, which corresponded to a 3.1% growth in comparison with the same period in 2021.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total	6,725,792	7,071,300	7,551,239	8,387,679	8,621,937	7,876,693	8,889,281

Table 32: Online Gaming - New Active Player Accounts

On the other hand, the number of new registrations experienced a decrease of 1.2% when compared to the first six months of 2021.

[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.

Online Gaming: Players' Profile

Demographic Group

In keeping with the trend noticed over the past reporting periods, players from the 25–34 age group constituted the largest category of players, accounting for 39.0% of all the customers playing on the websites regulated by the MGA during the first half of 2022. Customers from the demographically wider 35–54 age group constituted 30.3% of the player base. The share of players falling within the 18–24 age bracket stood at 24.6% while the players aged 55 and over continued to account for a minimal share of online gaming activity licensed under the Maltese jurisdiction.

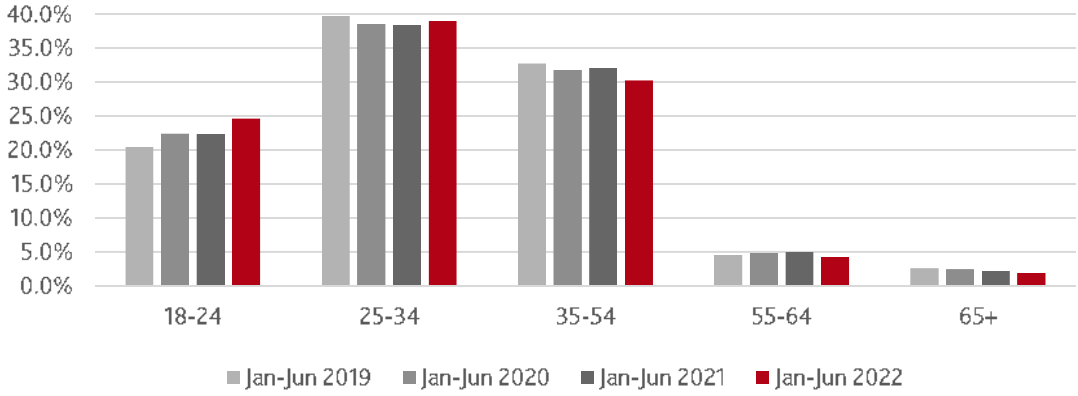


Chart 19: Online Gaming - Players' Profile by Age Group Distribution

In terms of gender distribution, males continued to constitute the largest category of players, accounting for 72.6% 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 gaming 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 MGA[8] for the period January to June 2022, from online gaming licensed operators, it has been estimated that the total number of self-exclusion requests (sign-ups) by online players amounted to more than 1 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 0.25 million.

The number of exclusions imposed by the B2C licensees increased by 13.1% since June 2021, while the total number of self-exclusion requests (sign-ups) by online players decreased by 29.3%. The registered drop in the number of sign-ups can be attributed to the uncertainties caused by COVID-19 in 2021, which likely resulted in a higher number of self-exclusions during that period.

In terms of the choice of period for which online players self-exclude themselves, behavioural patterns were consistent with those recorded during the same period in 2021. The highest number opted for the up-to-one-month option (36.1%), followed by those who preferred an indefinite exclusion (30.4%). During the same reporting period, 6.1% of the self-excluded players approached operators

[8] Industry Performance Return data collection exercise for the period January–June 2022.

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 (86.2%) were imposed for an indefinite period of time.

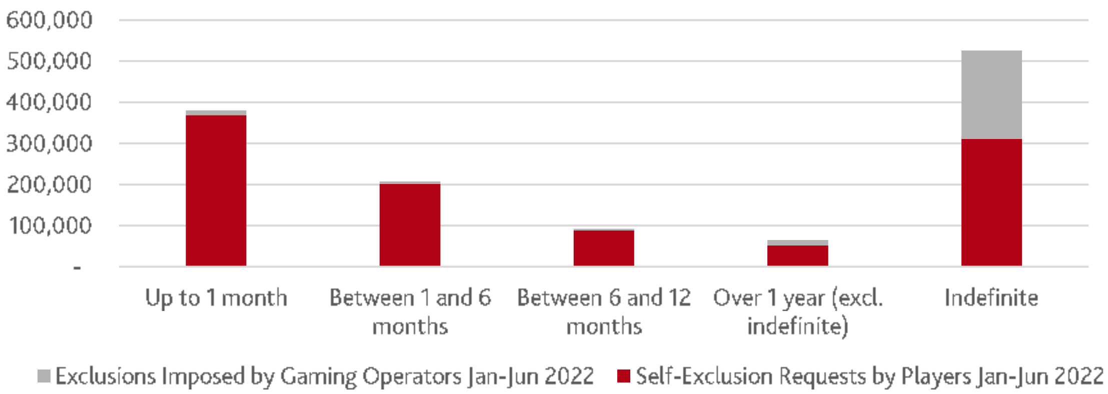


Chart 20: Online Gaming - Number of Self-Exclusion Requests

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 38.8% of all requests that were made, followed by those within the 35–54 age category (35.2%) and the 18–24 age group (19.5%). The remaining 6.5% of exclusion requests pertained to those individuals aged 55+. In terms of gender distribution, in line with previous reporting periods, 69.6% 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 gaming measure aimed at reducing gaming 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 gaming activities.

Online players have set over 3.7 million limits covering the four different limit categories, with the absolute majority of the total limits set pertaining to deposit limits (85.2%). During the same period, more than 20.7% of these set limits have been hit by the players, with the total hits during this period amounting to 0.8 million.

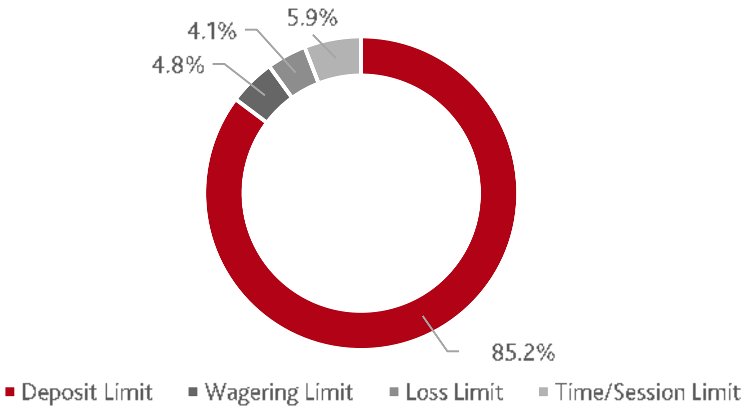


Chart 21: Online Gaming - Limits Set Distribution

Methods of Payment for Deposits

Bank transfers continued to be the most common deposit method used by clients of MGA-licensed companies, accounting for 47.3% of all deposit methods. Comparatively, deposits made through credit/debit cards accounted for 31.4% of all payments, whilst deposits made through e-wallets and online accounts constituted 10.4% of the total deposits. The remaining 10.9% of payments were made through other methods.

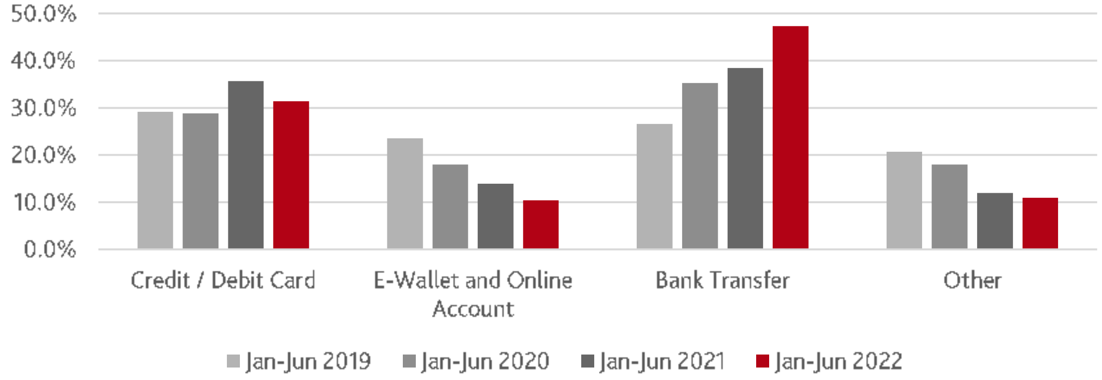


Chart 22: Online Gaming - Method of Payment (Deposits)

Methods of Withdrawal

Similar to the preferred methods of deposits, bank transfer was the most preferred method of withdrawal by players, constituting 68.7% of all withdrawals. Online gaming operators indicated that e-wallet and online accounts and credit/debit cards were the chosen method for 13.1% and 15.5% of withdrawals, respectively. The remaining 2.6% of the withdrawals were made through other methods.

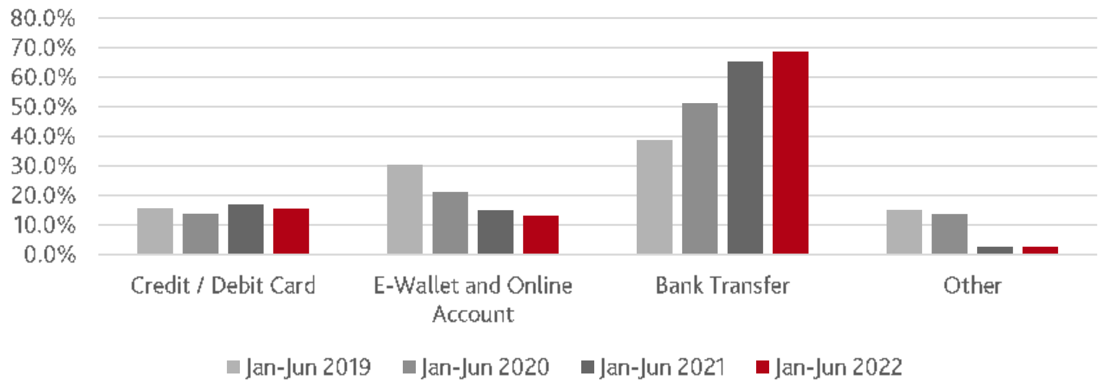
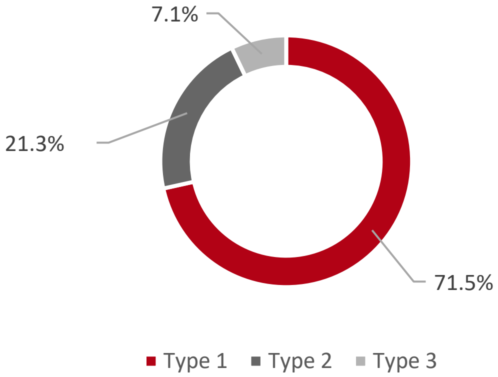


Chart 23: Online Gaming - Method of Payment (Withdrawals)

Online Gaming: GR from Customer Gaming Activities

It is estimated that 71.5% of the total GR of the B2C licensees operating in the online industry was generated through gaming activities classified under the Type 1 group, an increase of 2.7 percentage points when compared to the same period of the previous year. In contrast, the GR generated from games falling under the Type 2 category decreased slightly, accounting for 21.3% of the total, in comparison with the 24.1% share of the total GR reported for the same period of the previous year. The share in GR of Type 3 remained constant at 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 2022.



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

Chart 24: Online Gaming - GR Distribution by Game Type

The GR maintained a relatively similar distribution between the various game types, when compared to the last reporting period. COVID-19 caused a shift from Type 2 to Type 1 games in 2020, due to the complete cancellation of national leagues and major sporting events during that time, causing players to shift their interest to different game types. This behavioural change was sustained throughout successive reporting periods, to date, as indicated in Chart 25 below.

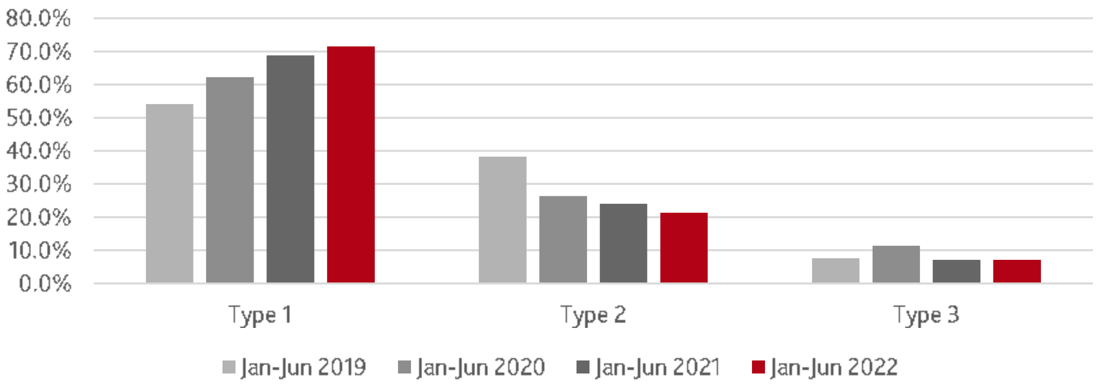


Chart 25: Online Gaming - GR Distribution by Game Type

Type 1 Games

Out of the 71.5% of the total GR generated through Type 1 games, 79.8% was attributed to slot games whilst 14.0% was generated through table games. The remaining 6.2% 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.

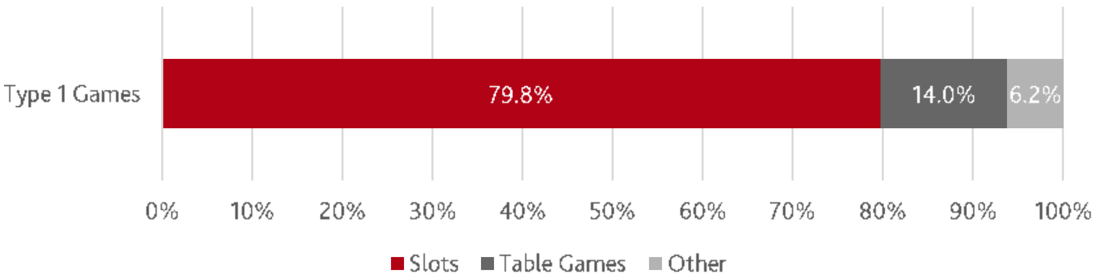


Chart 26: Online Gaming - Type 1 Games - GR Distribution

Type 2 Games

When considering the GR generated from Type 2 game categories, the most popular type of sports remained football, generating the highest portion of GR from Type 2 games and standing at 69.7%. Bets on tennis accounted for 7.4% of the GR from Type 2 games, followed by 6.3% from cricket. The GR generated from basketball constituted 6.2%, while the remaining 10.4% of the GR was generated through other bets, including esports, betting on horses, golf and motorsports.

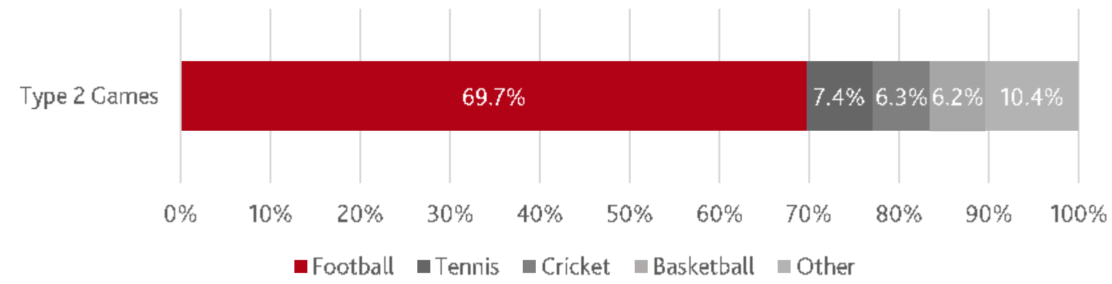
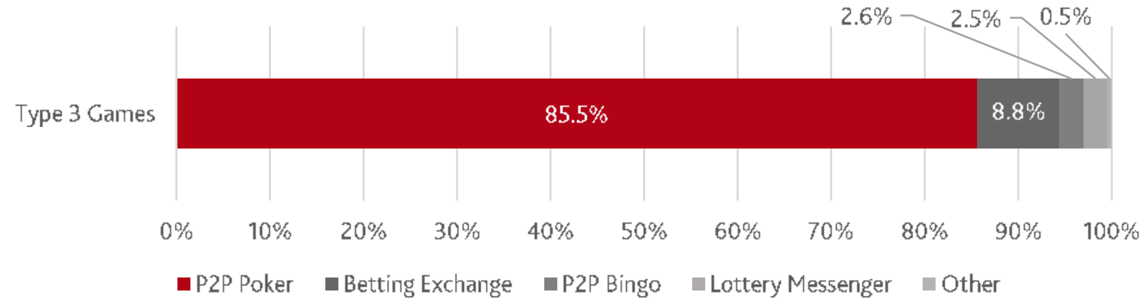


Chart 27:Online Gaming - Type 2 Games - GR Distribution

Type 3 Games

The percentage share of GR generated through Type 3 games in the first six months of 2022 was equal to that generated during the same period of last year. The figures appear to have stabilised again after the sharp increase reported in 2020, which was attributed to an above-average interest in such games due to the cancellation of national leagues and major sporting events.

Peer-to-peer (P2P) poker is repeatedly reported to be the highest GR generating game, covering 85.5% of the GR generated from Type 3 games. Betting exchange accounted for 8.8%, registering a marginal drop of 0.2% when compared to the same period of last year. P2P bingo and lottery messenger remained at par with previous shares of the GR from Type 3 games, accounting for 2.6% and 2.5% respectively. The remaining 0.5% of the GR was generated by other games offered through Type 3 approval.



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

Chart 28: Online Gaming - Type 3 Games - GR Distribution

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 and in the first half of 2022, which amounted to €25.2 million.

	2019		2020		2021		2022
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Total [€]	23,856,146	23,399,034	24,600,256	25,503,614	28,544,223	23,759,809	25,224,756

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 33: Online Gaming - Compliance Contribution

Online Gaming: Employment

The number of FTE employees directly working with online gaming companies licensed by the MGA on the activities covered by the Authority's licences at the end of June 2022 stood at 10,106[9].

	2019		2020		2021		2022
	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun	end-Dec	end-Jun
Total	6,142	6,593	7,196	7,557	9,496	9,919	10,106

Table 34: Online Gaming - Employment (FTE)

Similar to the levels reported in previous reporting periods, as of the end of June 2022, 59.0% of all employees within the online gaming industry in Malta were male. Of all the employees in the gaming sector, 70.7% of the workers are non-Maltese, 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

Local Administrative Units (LAUs)

Districts (LAU 1)	Locality (LAU 2)
Southern Harbour	Cospicua, Fgura, Floriana, Ħal Luqa, Ħaż-Żabbar, Kalkara, Marsa, Paola, Santa Luċija, Senglea, Ħal Tarxien, Valletta, Vittoriosa, Xgħajra.
Northern Harbour	Birkirkara, Gżira, Ħal Qormi, Ħamrun, Msida, Pembroke, San Ġwann, Santa Venera, St Julian's, Swieqi, Ta' Xbiex, Tal-Pietà, Tas-Sliema.
South Eastern	Birżebbuġa, Gudja, Ħal Għaxaq, Ħal Kirkop, Ħal Safi, Marsaskala, Marsaxlokk, Mqabba, Qrendi, Żejtun, Żurrieq.
Western	Ħad-Dingli, Ħal Balzan, Ħal Lija, Ħ'Attard, Ħaż-Żebbuġ, Iklin, Mdina, Mtarfa, Rabat, Siġġiewi.
Northern	Ħal 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.