

Creating best practices in the online gambling industry

The demand for fairness and efficiency testing of online gambling operators by licensing jurisdictions - as well as by the player community - has become stronger over the years. Andrew Beveridge, Chief Executive of e-Commerce and Online Gaming Regulation and Assurance - a non-profit player protection and standards organisation - explains why quality standards, checks and best practices are necessary to guarantee fair play.

Major governments (mainly in Europe) are turning increasingly to regulatory - instead of prohibitory - strategies when it comes to online gambling. This important policy shift, together with the development of a vastly more savvy player community capable of differentiating between meaningful and merely cosmetic licensing, has added renewed impetus to an industry-wide demand for effective testing procedures that meet the requirements of regulators. More and more companies with ambitions of achieving top positions in the competitive and demanding tier one sector of internet gambling are starting to realise that merely obtaining a Random Number Generator (RNG) certificate from a one-dimensional test facility is insufficient to remain competitive with the companies already occupying that coveted space. In just over a decade-and-a-half, a more educated and in-touch player community has evolved in the industry, which is developing a growing awareness of the importance of genuinely regulated gambling venues governed by acceptable and enforced international best practice standards for fairness, efficiency, responsible gambling and player respect. The fast development of online gambling technology has also meant that standards, and the regulations they support, have to be constantly monitored in order to keep pace with new elements and even new gambling platforms. Mere RNG testing is inadequate. In this dynamic and constantly evolving situation, the strategy is to establish areas that require addressing whilst these are still developing and then engage with research, technology, international standards and other global experts to frame the best practice response.

Currently, 15 software providers have achieved accreditation for their software in the form of the Certified Software seal. One hundred and forty-three online gaming sites are accredited with the Safe and Fair seal. The accreditation process remains open to all software companies, operators and their affiliate programs, and embraces industry sectors that include online casino and poker, mobile gambling, live dealer operations, sports book, and bingo. Like entry to most successful and prosperous enterprises, it is not an easy or cosmetic process, demanding as it requires strong management commitment and a determination to succeed by being among the best in a competitive global business.

Structure and history

eCOGRA was incorporated in 2003 as an independent non-profit organisation registered in the UK, with the goal of promoting player protection and better business efficiencies through the introduction of effective self-regulation procedures applicable to operators and software suppliers in the online gambling industry. Initially, the compliance review work was outsourced to international auditors PricewaterhouseCoopers (PwC). However, in 2007, PwC withdrew its services from a large part of the online gambling industry. Consequently, eCOGRA established an in-house auditing function by employing key individuals previously involved in the PwC review work, professionally qualified and experienced in compliance testing. Compliance reviews involve the organisation's eGAP Standards, the European Gaming and Betting Association Standards and a diverse range of jurisdictional regulations.

Scope of the facilities

The development of in-house and wider testing has expanded the scope of its services. Initially, the mandate was for self-regulation. Now, the facilities extend to compliance, advisory and data analysis services to online gambling jurisdictions and other industry-related third parties.

Compliance and advisory

- The 'Safe and Fair Seal' is awarded to those operators which comply with Generally Accepted Practice (eGAP) standards, covering player protection, fair gaming and responsible operator behaviour. Applicants are assessed annually through a compliance review by auditors. On demonstrating compliance, a report is submitted to Seals Compliance Committee for final approval by the organisation's independent directors.
- The 'Certified Software Seal' is awarded to software suppliers able to demonstrate compliance with the applicable eGAP standards. The software supplier standards focus on the internal controls governing the development environment. The controls ensure the software is implemented, maintained and continuously operated in a fair, safe, secure and reliable manner, and in accordance with best practice.
- The 'Affiliate Trust Seal' has recently been introduced due to demand from affiliate programs, and is awarded to those programs that have been reviewed for compliance with the business-oriented eGAP standards applicable to affiliate programs.
- eCOGRA is responsible for ensuring that the European Gaming and Betting Association's members - which include most of the major European betting groups - continually comply with the EGBA's standards and conduct

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their activities in a responsible, secure, safe and reliable environment.

eCOGRA's compliance function is not restricted to compliance assessments. However, industry best practice methodology and implementation guidance now form a part of the review process. By integrating advisory services, clients are able to achieve full compliance with the relevant regulations and standards in accordance with best practice and in the shortest time possible. The advisory role also includes assisting jurisdictions with updating regulations to accommodate changes in the rapidly evolving global online environment, and providing *ad hoc* advice on matters such as dispute mediation channelling and responsible gambling initiatives.

Data analysis

Ongoing data analysis is performed on the live gambling data drawn from accredited operations on an ongoing basis to ensure that the games offered are random and fair. The output-based testing approach was pioneered by PwC, and is now widely recognised by the industry and associated jurisdictions as an appropriate and effective means of testing online gambling software on a wider set of criteria.

Quality assurance

The compliance, advisory and data analysis services are overseen by Audit and Seals Compliance Committees. The Seals Compliance Committee is chaired by Bill Galston OBE, retired Chief Inspector for the Gambling Board of the UK.

KPMG performs an annual quality assurance review with the objective of ensuring that the governance structure, responsibilities, processes and

approach implemented within the data services and compliance and advisory departments are in line with best practice and industry requirements, and comply with recognised audit practices and principles.

Comprehensive testing

From the foregoing, it is clear that the professional and comprehensive testing of online gambling companies should be every bit as all embracing and thorough as other enterprises that include extensive financial, technical and dynamic business components. Every element in the mix should be subjected to a consistent, practical and regular inspection and assessment regime if full compliance leading to improved safety and business success is to be achieved.

The industry is now entering a mature stage in its development, with higher expectations from investors, regulators and most of all the gambling public that this entails. An annual RNG is no longer sufficient in an industry that delivers billions rather than millions in revenues, and serves literally millions of players.

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