

PUBLIC CONSULTATION ON PROPOSED AMENDMENTS TO LAWS GOVERNING GAMBLING ACTIVITIES

1. The Ministry of Home Affairs (MHA) is seeking feedback on proposed amendments to laws governing gambling.

Background

2. Singapore adopts a strict but practical approach in its regulation of gambling. It is not practical, nor desirable in fact, to disallow all forms of gambling, as this will drive it underground, and cause more law and order issues. Instead, we license or exempt some gambling activities, with strict safeguards put in place. Our laws governing gambling seek to maintain law and order, and minimise social harm caused by problem gambling.

3. Our approach has delivered good outcomes. First, gambling-related crimes remain low. Casino crimes have contributed to less than 1% of overall crime since the Integrated Resorts started operations in 2010. The number of people arrested for illegal gambling activities has remained stable from 2011 to 2020. Second, problem gambling remains under control. Based on the National Council on Problem Gambling's Gambling Participation Surveys that are conducted every three years, problem and pathological gambling rates have remained relatively stable, at around 1%.

4. To continue to enjoy these good outcomes, we need to make sure that our laws and regulations can address two trends in the gambling landscape. First, advancements in technology. The internet and mobile computing have made gambling products more accessible. People can now gamble anywhere and anytime through portable devices such as smart phones. Online gambling has been on the uptrend. Worldwide revenue from online gambling is projected to almost triple, from US\$49 billion in 2018 to US\$135 billion in 2027.¹ Second, the boundaries between gambling and gaming have blurred. Business models have adapted to suit changing customer preferences by introducing gambling elements in products that are traditionally not perceived as gambling. For example, gambling elements, such as chance-based loot boxes that players can buy for randomised rewards, are increasingly prevalent in video games.

Review of Laws and Regulations Governing Gambling

5. To ensure that our laws and regulations governing gambling remain effective in view of these two trends, MHA intends to amend them later this year. We intend to consolidate existing gambling legislation covering both online and physical gambling, and update our laws and regulations so that they remain effective in the face of evolving gambling products and business models. The main changes are outlined below.

Definition of Gambling

¹ Information from latest report by Transparency Market Research published in Feb 2020.

6. Currently, the definition of “gambling” differs across different pieces of legislation, as these were enacted at different points of time and for different gambling products. We will amend the definition of gambling to make it technology-neutral, so that it can cover existing and emerging gambling products. **We propose to define gambling as follows:**

Gambling means all or any of the following:

- a. Betting, which is the staking of money or money’s worth on the outcome of any competition, event or process, and any other event, thing or matter specified in subsidiary legislation;
- b. Gaming, which is playing a game of chance for money or money’s worth; or
- c. Participating in a lottery, which is any game, method, device, scheme or competition whereby money or money’s worth is distributed or allotted in any manner depending upon or to be determined by chance or lot.

7. This broader definition of gambling may, however, cover products that MHA has no intention of treating as gambling products. This includes investments in financial products already regulated by Monetary Authority of Singapore through other legislation (e.g. Banking Act, Insurance Act and Securities and Futures Act). We will carve out these products from the definition of gambling. This approach has also been adopted in other jurisdictions, such as the United Kingdom, Australia, Switzerland, and Denmark.

Social Gambling

8. As mentioned earlier, we take a practical approach towards gambling – we will only regulate or prohibit when there is a risk to law and order, or potential to cause social harm.

9. We recognise that gambling amongst family and friends in homes is socially acceptable and commonplace amongst many Singaporeans. It also poses low law and order concerns. **Hence, we are proposing to exempt physical social gambling among family and friends**, subject to conditions that safeguard against criminal exploitation. In other words, social gambling among family and friends will be explicitly permitted under legislation. We will take strong enforcement action against syndicates seeking to exploit this exemption to conduct illegal gambling activities. **Annex A** outlines the proposed exemption criteria and a non-exhaustive list of activities which would be exempted.

10. **MHA considered whether to also exempt online social gambling among families and friends (e.g. gambling over the Internet), but propose not to.** Currently, online social gambling is criminalised under the Remote Gambling Act.² Explicit exemption of online social gambling will pose enforcement difficulties, as it will be difficult to establish if individuals are sufficiently and meaningfully acquainted with each other in the online context to qualify as social gambling.

² Under the Remote Gambling Act, all online gambling activities in Singapore are prohibited unless exempted. This prohibition includes family and friends playing mahjong using real money, on an unauthorised mobile application or website.

Games with Gambling Elements

11. As mentioned in para 4, the lines between gambling and gaming are blurring. For example, gambling elements in certain games have become increasingly commonplace – mystery boxes, arcade games and claw machines. In response, we have reviewed our stance and regulatory approaches, and propose the following for each of the products.

12. Mystery Boxes. Mystery boxes are similar to lotteries. Customers purchase a box containing items of unknown value. Some mystery boxes hold low-value products such as cheap plastic toys, similar to *tikam* games that many older Singaporeans would remember from their childhood. These are not of concern to us. What is of concern are mystery boxes that promise high-value prizes that can easily be traded for cash, such as smart phones and game consoles. As the value of prizes increases, their potential to induce gambling behaviour increases.

13. Arcade Games and Claw Machines. Physical arcades have been giving out prizes to entice patrons. For example, a patron may play a game, and depending on his/her performance, the patron may win tickets which can be redeemed for prizes. We have observed that some arcades have started to offer high-value prizes such as smart phones. This trend, coupled with the fact that arcade games and claw machines can have elements of chance, is of concern as it brings the operation of these machines close to gambling.

14. We are careful not to over-regulate. We recognise that many Singaporeans consider mystery boxes, arcade games and claw machines as a form of entertainment. However, there remains a need to impose safeguards to ensure that these activities do not induce gambling behaviour and cause social problems. **On balance, MHA proposes to introduce a prize cap of \$100 for mystery boxes, arcade games and claw machines.** This cap is sufficient to eliminate the offering of high-value prizes, thereby reducing the risk of inducing gambling behaviour, without increasing regulatory burden on operators. MHA conducted a survey in 2020 on this proposal, and about 70% and 68% of respondents (comprising Singapore Citizens and Permanent Residents) agreed that \$100 is an appropriate cap for mystery boxes and arcade games respectively. Of those who disagreed, about 90% suggested a stricter approach – they suggested a *lower* cap, with the median value suggested being lower than \$50.

15. Online Games of Chance with Virtual Prizes. It is increasingly common for online and video games to incorporate in-game micro transactions that can resemble gambling, with loot boxes as the most common example.³ Currently, our laws and regulations do not consider such games of chance with virtual prizes as gambling as long as there are no in-game monetisation facilities that allow players to exchange virtual prizes for real-world payouts (i.e. money, or items that can be exchanged for money).

³ A loot box is an increasingly popular type of in-game micro transaction in video and online games that give players randomised virtual items such as skins or weapons in exchange for in-game credits or real-world money.

16. This approach has served us well – striking a balance between entertainment and safeguarding against gambling inducement. However, there is room for further finetuning in two areas. First, we want to update our laws and regulations to address virtual items which can be transferred out of the game, and potentially be exchanged for money or money’s worth on a third-party hosted exchange. Specifically, for pay-to-play games without in-game monetisation facilities, we propose to introduce conditions to ensure that transferable virtual items given as prizes in these games of chance are retained within the context of gameplay and entertainment, as intended by game developers. Online games of chance that allow players to use virtual items from other games as a form of stake on casino games or match outcomes, such as skin-betting sites, will not be allowed. Second, we propose to allow in-game monetisation facilities for free-to-play games (i.e. players do not have to pay to play or receive virtual prizes), subject to safeguards similar to those imposed on currently exempted business promotion lucky draws. **Annex B** outlines the proposed safeguards for free-to-play games with in-game monetisation facilities. [*Note: These business promotion lucky draws that are currently exempted will remain exempted under the amended gambling legislation.*]

Penalties

17. We propose to rationalise penalties across various gambling legislation. The Remote Gambling Act provides a three-tier penalty structure for punters, agents, and operators involved in illegal online gambling activities. The highest penalties are imposed on operators, as their culpability is greater than that of agents, followed by punters. This structure is not present across other legislation regulating physical gambling activities. **We propose to apply this penalty structure that differentiates between punters, agents, and operators across all forms of gambling activity**, so as to ensure consistency between online and physical gambling activities.

18. **We propose to raise penalties for repeat offenders who facilitate or operate illegal gambling services**, to increase deterrence:

- a. An agent who facilitates others to gamble illegally to be liable to a fine of not less than \$20,000 and not more than \$200,000, and imprisonment not exceeding 5 years. A repeat offender to be liable to a fine of not less than \$30,000 and not more than \$300,000, and imprisonment not exceeding 7 years.
- b. An operator of an illegal gambling service to be liable to a fine of not less than \$50,000 and not more than \$500,000, and imprisonment not exceeding 7 years. A repeat offender to be liable to a fine not less than \$70,000 and not more than \$700,000, and imprisonment not exceeding ten years.

19. We are not proposing to raise the penalties for repeat offenders for punters of illegal gambling services for now. We intend to focus our enforcement efforts on illegal gambling agents and operators.

Invitation to Provide Feedback

20. Members of the public are invited to submit their feedback and comments by 10 August 2021 via email at MHA_Gambling_Feedback@mha.gov.sg or mailed to the address below.

Ministry of Home Affairs

New Phoenix Park

28 Irrawaddy Road

Singapore 329560

Re: Gambling Legislation Consultation

21. Your feedback is important to us. All comments received will be considered. However, we will not be able to individually acknowledge or address every comment. To maintain confidentiality of feedback contributors, we will anonymise and aggregate the results of this public engagement.

Annex A – Gambling amongst family and friends

We propose to exempt gambling amongst family and friends if all of the following criteria are met:

- a. The primary purpose of the gathering is for a social occasion and there is a bona fide social relationship among participants;
- b. The gambling is not promoted or conducted for the purposes of trade or business;
- c. The gambling activity is not for the private gain of any person other than the extent of the game's winnings; and
- d. The gambling activity is conducted in enclosed areas of private residence, provided that the participants are invitees of the owner/tenant.

No.	Example	Is it exempted?
1	Private household of family members playing Mahjong in their home.	Yes, as all four exemption criteria are met.
2	Private household of family members playing Mahjong in their home's <u>outdoor</u> driveway.	No, as the social gambling activity is not conducted within enclosed areas.
3	Person A puts up a post on a public forum asking other players to come to his home to play Mahjong. All the players do not know each other prior to this gathering.	No, as there is no bona fide social relationship among the participants.
4	Person B is an events planner. He invites his clients to his home for Mahjong, to promote his event planning business.	No, as this is promoted or conducted for the purposes of trade or business.
5	Private household of family members playing Mahjong in another person's home, where the family members pay the host an admission fee to play.	No, as there is private gain by the host in the admission fee.
6	Person C hosts a dinner for his friends. After the dinner, Person C and his friends play Mahjong in the home.	Yes, as all four exemption criteria are met.
7	Family members play Mahjong at the HDB void deck.	No, as this is not conducted in a private residence.

Annex B – Proposed safeguards for free-to-play online games of chance with in-game monetisation facilities

We propose to allow online games of chance with in-game monetisation facilities if the following conditions are met. These conditions serve as safeguards, and are similar to those currently in place for exempted business promotion lucky draws.

- a. Online game must be for purpose of business promotion. The online game of chance conducted by the business organisation is for the purpose of promoting the sale of any product or service (other than a gambling service) sold or supplied by that business organisation in the course of business in Singapore.
- b. No stake involved. No payment for participation, or to affect the odds of winning, in the online game of chance except a reasonable charge for the promotional product or service where sold or supplied to qualify for participation;
- c. No profits from the game of chance. The online game of chance must be organised in such a way as to ensure that no profits are made by the business organisation conducting the online game of chance, from the game per se;
- d. No gambling iconography. The online game of chance cannot involve (i) any game, method, device, scheme or competition declared to be a game of chance or a mixed game of chance and skill, (ii) any instrument or appliance for gaming declared to be instruments or appliances for gaming (see tables below for examples of games of chance and instruments as declared by the Minister of Home Affairs in existing gambling legislation);
- e. No gambling-related advertisement and promotion. The online game of chance should not contain any gambling-related advertisement or promotion.

Examples of Specified Games of Chance

No.	Example
1	Poker
2	Baccarat
3	Mahjong
4	Roulette
5	Fishing or <i>Ang Tiam</i> or <i>Tiew Yue</i>

Examples of Specified Instruments and Appliance for Gaming

No.	Example
1	Dominoes
2	Mahjong Tiles
3	Roulette Wheel
4	Playing Cards