Responsible gaming and IVT’s
(Interactive Video Terminals)

The Norwegian story
- with a happy ending?

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*Norsk Tipping AS - Norwegian National Lottery*

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Norsk Tipping AS, Norway
• Brief **introduction** - Norway and Norsk Tipping

• Background - The **rise** and **fall** of the **slot machines**

• Our **solution**

• **Did it work?** - The results
Norway

- Population 5 million
- Density 15 persons /km²
- 3.6 million over 18 years old
- 20% of the population never plays
- 1 - 2% have gambling problems (estimate)
Norsk Tipping – key facts
(Norwegian State Lottery)

• Est **1948** – State owned by the Ministry of Culture

• 16.2 BN NOK = **$2.8 BN**
  Gross Revenue (2011)

• **31 %** return to beneficiary causes
  – 45.5 % Sports
  – 36.5 % Culture
  – 18 % Humanitarian/health
  – **12 mill NOK** to fight gambling addiction
Norsk Tipping – key facts
(Norwegian State Lottery)

- **2 million** customers
  - = 55% of population 18+
  - (mandatory registered play)

- **4 000+ retailers**

- **370 employees**

- **Retailer** 57%
- **IVT's** 30%
- **Internet** 10%
- **Mobile** 3%

<table>
<thead>
<tr>
<th>Product</th>
<th>Share</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lottery</td>
<td>49%</td>
<td>(70%)</td>
</tr>
<tr>
<td>Sports</td>
<td>14%</td>
<td>(13%)</td>
</tr>
<tr>
<td>Instant</td>
<td>7%</td>
<td>(10%)</td>
</tr>
<tr>
<td>IVT</td>
<td>30%</td>
<td>(7%)</td>
</tr>
</tbody>
</table>
Our Mandate

- Provide **responsible** games
- Provide **attractive** games
- Profit for **good causes**
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The Norwegian Gaming Market (gross Revenue)

- **Slot Machines**
- **Multix (IVT)**
- **Bingo** (Data/electronic)
- **Other**
- **Horse betting**
- **Norsk Tipping (excl Multix)**

**Ban on Slot machines (July)**

**Ban on bank notes (June)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Slot Machines</th>
<th>Multix (IVT)</th>
<th>Bingo (Data/electronic)</th>
<th>Other</th>
<th>Horse betting</th>
<th>Norsk Tipping (excl Multix)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>37%</td>
<td>39%</td>
<td>31%</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>2001</td>
<td>39%</td>
<td>37%</td>
<td>31%</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>2002</td>
<td>50%</td>
<td>52%</td>
<td>31%</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>2003</td>
<td>59%</td>
<td>59%</td>
<td>31%</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>2004</td>
<td>62%</td>
<td>59%</td>
<td>31%</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>2005</td>
<td>59%</td>
<td>59%</td>
<td>31%</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>2006</td>
<td>53%</td>
<td>53%</td>
<td>31%</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>2007</td>
<td>32%</td>
<td>32%</td>
<td>31%</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>2008</td>
<td>17%</td>
<td>17%</td>
<td>31%</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>2009</td>
<td>19%</td>
<td>19%</td>
<td>40% (46)</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>2010</td>
<td>18%</td>
<td>18%</td>
<td>38% (50)</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>2011</td>
<td>15%</td>
<td>15%</td>
<td>18% (51)</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
</tbody>
</table>
Slot machines and Multix development

[millions NOK]

- 2000: 8 bn
- 2001: 9 bn
- 2002: 15 bn
- 2003: 23 bn
- 2004: 26 bn
- 2005: 27 bn
- 2006: 23 bn
- 2007: 11 bn
- 2008: 2 bn
- 2009: 4 bn
- 2010: 5 bn
- 2011: 5 bn

- Red bars: Slot Machines
- Green bars: Multix
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Introducing **Multix** (2008)

Norsk Tipping introduced a **new state of the art gaming terminal** to meet **strict gaming demands** of the Norwegian regulators.

Delivered by **Aristocrat Lotteries**
What makes our solution special?

= Opens totally new possibilities in responsible gaming
Multix (IVTs) terminals

- **2 750** terminals in 1 200 venues (mostly kiosks)
- **Cash less** (player account, ID on player card)
- Age limit **18** years old
- Global **limits** (net loss):
  - NOK **400** ($ 75) per day
  - NOK **2 200** ($ 390) per month
  - Mandatory break after **1** hour

- All terminals connected to one **central server**
- More restrictive distribution
Multix (IVTs) terminals

• **Personal** limits (time and money)
• Personal player breaks: day/week/month
• Permanent exclusion

• Max bet: NOK 50 ($ 10)
• Min. game duration: 3 sec
• Max win: NOK 1 500 ($ 300) per game round
Players ID card – Multichannel Identification & Payment

Retailer

Mobile

IVT

WWW
Examples of player card data:

Demographic data:
• Age, gender, address, phone number

Transaction data per customer
All sales and pay-out transactions are stored in our data warehouse:

• What game did you buy, how many tickets, what did you pay, for how many weeks, when did you buy, where did you buy? (pr day/month/year, channel, game etc)

• Did you win/lose, how much, on what game, at what date?

All channels: Retailer, Multix, Internet, Mobile
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Multix – figures 2011

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of players</td>
<td>58,785</td>
<td>59,425</td>
<td>62,500</td>
<td>65,743</td>
</tr>
<tr>
<td>Average age</td>
<td>42</td>
<td>42</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>GGR per player NOK (cash box)</td>
<td>1,600</td>
<td>1,705</td>
<td>1,661</td>
<td>1,632</td>
</tr>
<tr>
<td>Average days played</td>
<td>12,1</td>
<td>12,7</td>
<td>12,9</td>
<td>13,1</td>
</tr>
</tbody>
</table>

Quarterly limit: 2200 x 3 = 6600
<table>
<thead>
<tr>
<th>Age Group</th>
<th>Women</th>
<th>Percentage</th>
<th>Men</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 18-30</td>
<td>3 454</td>
<td>5%</td>
<td>17 419</td>
<td>26%</td>
</tr>
<tr>
<td>Age 31-50</td>
<td>5 603</td>
<td>9%</td>
<td>19 759</td>
<td>30%</td>
</tr>
<tr>
<td>Age 51-65</td>
<td>4 334</td>
<td>7%</td>
<td>9 616</td>
<td>15%</td>
</tr>
<tr>
<td>Age 66+</td>
<td>2 200</td>
<td>3%</td>
<td>3 358</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>15 591</td>
<td>24%</td>
<td>50 152</td>
<td>76%</td>
</tr>
</tbody>
</table>
Monthly pattern – monthly limits

Cashbox pr day

01.10.2011 01.11.2011 01.12.2011
Facts – Multix Q4 2011:

- 26% of the players -> 80% of the revenue
  (Average loss = 4250 NOK, Max = 6600)
- 15% plays maximum (6600) -> 45% of cash box

Hypothesis - Slot machines:

- 20% of the players -> 80% of the revenue
Did it work?
Multix – more details (Q4 2011)

- 15 % stopped by Global monthly limit (NOK 2 200)
- 1.6 % of gambling sessions stopped with the mandatory break (after 1 hour continuous play)
- 1.1 % have set personal limits for time
- 2.3 % have set stricter personal limits for money spent
Player can set personal limits for spend per day, week or month...

... also on time spent per day, week or month.
Other indications

• Calls to Help line (problem gambling)

Ca 700
1st half of 2006 (slot machines)

7
1st half of 2010 (IVTs)

5
1st half of 2006 (Bingo games)

46
1st half of 2010 (Bingo games)
So, did it work?

<table>
<thead>
<tr>
<th></th>
<th>2005 (Slot machines)</th>
<th>2011 (Multix)</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales/Revenue [millions NOK]</td>
<td>27 000</td>
<td>4 800</td>
<td>82 %</td>
</tr>
<tr>
<td>Number of players</td>
<td>490 000</td>
<td>105 000</td>
<td>79 %</td>
</tr>
<tr>
<td>Number of machines/units</td>
<td>&gt;20 000</td>
<td>2 750</td>
<td>86 %</td>
</tr>
</tbody>
</table>

15% of the players reached their monthly limit of NOK 2,200 (USD 380) in 2011.
3% of the players uses personal limits/exclusions.

<table>
<thead>
<tr>
<th></th>
<th>1st half 2006</th>
<th>1st half 2010</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calls to Help line (slot/IVT)</td>
<td>711</td>
<td>7</td>
<td>99 %</td>
</tr>
</tbody>
</table>

• **Yes,** it is definitively a success, but ...?
Yes, but ...

- Ban on bank notes and the later ban of slot machines had the biggest effect
  - but introduction of Multix didn’t bring problems back = SUCCESS

- Bingo games GROWTH in the market (indicate players moved)

- The Player Card imposes some challenges
  - Impulse (transfer of money, availability)
Yes, but …

• No clear answer to the **Philosophical dilemma**:

  Should players regulate themselves?
  or
  Should government regulate players?
Responsible Gaming Platform - **Next steps**

- Increased focus on this in Norsk Tipping
- **Monitoring** (in process of purchasing a tool)
- Cooperation with **R&D institutions** (public procurement)
- Customer data/monitoring + cooperation R&D
  - Insight and knowledge
  - better basis, tools and communication
... and one more thing
2011: Introducing BELAGO (IVT)

- Computer bingo was «forgotten» in the 2008 Multix discussion
- The Bingomarket experienced a large growth
- BELAGO is another new state of the art IVT introduced to meet strict gaming demands of the Norwegian regulators
- Same platform as Multix
Thank you

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