



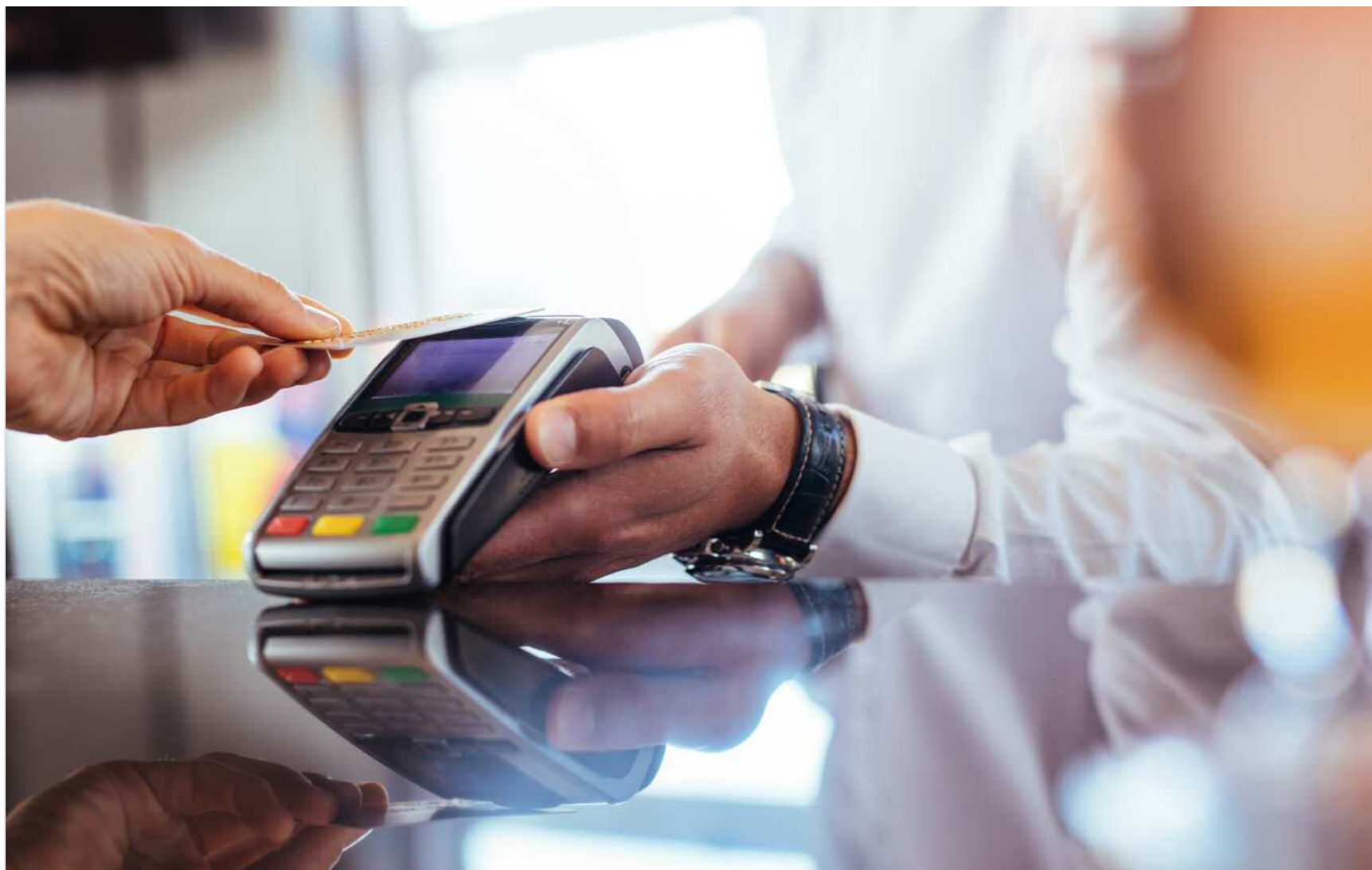
**Quentin Stott**  
Founder & Managing Director,  
Reflex Gaming

1985 to 1998 – Joined the gaming industry straight from school working for a small but entrepreneurial manufacturing business called BWB, which was subsequently acquired by The Barcrest Group (now Scientific Games). Stott became heavily involved with the company's expansion into international markets at a time the group was awarded the Queens Award for Exports. He was promoted to Director of Sales and saw the Barcrest Groups change of ownership to IGT.

1998 to 2004 – Stott produced a business plan which was presented to Michael Gauselmann of the Gauselmann Group. He secured Gauselmann funding and established QPS Interactive as a brand within the Bell Fruit Group (now Novomatic), as the Group's "rebuild" specialist. Progressed developments from purely 'rebuilt' into brand new machine sales, providing a stream of games to the UK pub retail market. QPS also exported into Poland, Ukraine, Latvia, Greece and other emerging markets.

2004 to today – Established Reflex Gaming which now employs 54 people at its 28,000sq.ft (2,600 m<sup>2</sup>) premises in Newark, plus small teams in both Bulgaria and The Netherlands. Core skillsets span the areas of Game Development, Software, Graphic Design and QA/Test which complement in house Mechanical Design and Production capabilities. Known for its innovative approach to product development. Today the company's product range spans both analogue and digital machine production for land-based customers, provides first class game content to many tier 1 online operators, has the UK's largest social gaming app for Pub Fruit players and is launching its own online casino brand called Casino Wishes.

## Alternative payment options: Is it a case of now or never?



**All the statistics suggest that cash is no longer king. Alternative payment options (e.g. card or e-wallets) have to become a reality if the industry is to avoid its customers leaving street gaming behind. The EUROMAT Summit has drawn together a leading panel of industry and payment experts on the range of alternative payment options in the market today and their potential for application to the AWP market in Europe. In this article, G3 focuses on the issues surrounding the UK alternative payments sector and the solutions on offer**

Regulation 4 of The UK Gaming Machine Regulations 2007, which is intended to establish safeguards as to how players interact with gaming machines, states that a gaming machine shall not be made available for use if it is designed or adapted to permit money to be paid by means of a credit card or debit card. However, the Department for Culture, Media and Sport (DCMS) concluded that while it would be inconsistent with the licensing objectives to permit debit card payments directly in machines, because of the potential amounts of money this could allow a player to gamble without interruption; allowing players to use debit cards to purchase smartcards and other cash alternatives introduces an additional step to the decision to gamble and, therefore, is acceptable.

The fact that the current UK legislation does not

permit gambling machines to be adapted to directly accept payment by means of debit cards, has led to the gaming industry seeking alternative payment solutions to navigate around this problem. The current debate has centred around the use of both eWallets and vWallets, as practical ways to address the issue.

An example of an eWallet is Apple Pay, an electronic version of your credit/debit card held as a proxy on your phone. Alternatively, a vWallet, which is a virtual wallet, is linked to a bank account or debit card, whereby you deposit a sum into the vWallet that is made available to spend on machines as and when you want. When the sum is gone, you have to make a conscious decision to deposit more funds into that vWallet – just as you'd have to return to an ATM if you ran out of cash.

displays a unique QR code. The player scans the QR code using their mobile phone, and the amount chosen is debited from the vWallet and credited to an account operated by G-Squared. Once the player has finished their gaming session and wants to cash out, they then chooses to recredit their vWallet.

The issue with any vWallet system in the UK gambling market is that the Gambling Commission considers a break in play to be a basic harm minimisation safeguard that applies across the board, including to innovations. This is because it provides the player with the opportunity to consider whether he/she wishes to continue to play and spend more. Going one step further, the Gambling Commission is known to consider its own regulatory policy, and this essential safeguard, to be more important than the letter of the law.

Does the process of adding more funds via the App and scanning a new QR code form a meaningful break from gambling, given the ease of use of vWallets and mobile phones? It's a question that needs to be answered by the Gambling Commission, but due to the fact that the player is not required to leave the gaming machine at any point in the process (though a prompt to do so could be implemented by the supplier), this could prove a sticking point, as it appears designed to minimise the interruption and streamline the player experience to make his journey quicker and easier.

The anomaly right now is that gaming machines in book-makers are adapted to accept debit cards and have been since the Gambling Act 2005 came into effect. Customers walk up to the counter, ask an attendant to put up to the maximum £250 onto a machine, they validate the transaction through chip and pin, and the money is transferred to the machine within the venue. The Gambling Commission is comfortable with this because there's human intervention at the chip and pin station. The person at the counter verifies that the player is over 18, they can assess how many times a player requests a money transfer, and can ask questions of the customers regarding their behaviour etc.

So machines in bookmakers are already adapted to take payment via debit card. The Gambling Commission has acknowledged that this is working in the bookmakers and there's an argument that single sites and AGCs should follow suit. If you enter an Adult Gaming Centre or Bingo Hall in the UK, there are now payment stations where you enter your chip and pin into a TITO dispenser. Users collect their ticket, play the machines and take any winnings back to the TITO station to redeem their ticket for cash – not back to their card. Recently, bingo and AGC operators have added contactless payment options to their Payments Stations, so that players can pay £30 directly from a card to a TITO ticket and play in the same manner.

The problem with this system is that people paying in cashless forms must exit the venue with cash, as they can't transfer money from a ticket directly to a bank account. In a contactless sense, drawing money from a card onto a TITO ticket is not a big deal. However, depositing money from a ticket into a bank account is



### Playgo App – G-Squared Games

Playgo, which was due for UK launch on April 16th, is the first mobile payment solution of its kind. The app-based system enables users to seamlessly transfer funds to and from a gaming machine using their mobile device.

The app is free to download and will be available for both iOS and Android platforms. Once downloaded, the user can create an account and deposit funds into that account via their debit card. Gaming funds are then transferred by simply scanning a QR code on the machine the user wishes to play. Pressing collect on the machine moves any winnings or residual credit back to the users Playgo account which, in turn, can be withdrawn to their bank account. The system boasts numerous advantages over other payment systems. Firstly, Playgo can be retroactively fitted to any gaming machine at a fraction of the cost of TITO systems. Alternatively, direct integration into digital platforms can eliminate the hardware cost entirely, as the system can be installed exclusively through software.

Secondly, Playgo is the most progressive system for land-based gaming in terms of regulatory compliance. Playgo offers meaningful player protection methods as well as the option for anonymised tracked play. Users can set deposit limits, time warnings, cool off periods and even have the option to self-exclude. The app features a host of responsible gambling information including direct contact links to gambling helplines and charities.

Playgo is an exciting APS that could fundamentally change the way users interact with gaming machines. The system has been highly praised as it serves the needs of both operators and regulators whilst offering players the convenience of cashless play. Being platform agnostic and not prohibitively expensive, mass scale adoption is feasible, practical and beneficial to the industry as a whole.

# Events

MONTE-CARLO  
EUROMAT Summit 2018

tricky, because as far as banks are concerned it's 'a new business use,' which requires many different banking protocols to be navigated.

The alternate method, the G-Squared's Playgo App, which is a prepaid vWallet, downloaded from the App Store and linked to a credit or debit card is an ideal solution, because it doesn't require any hardware investment in the site, it doesn't require a ticket reader and dispenser, or a contactless card reader, and it doesn't take up any space in the location as it's all delivered via the customer's smartphone. There's just the worry that the Gambling Commission might not differentiate this from directly using a debit/credit card at the gaming machine itself, which is why the industry is currently taking legal advice on this point.

Adding to the list of hurdles is the fact that each of these solutions is, technically, a placeholder, because the industry wouldn't be considering any of these convoluted systems if gaming machines could directly accept debit cards. If you're looking at the way most retail outlets in the UK are heading, driven by consumer spending habits, people are carrying less and less cash. In a nutshell, legislation is prohibiting the gaming sector from keeping up with changes in global spending habits, with the Gambling Commission reluctant to address this concern because the political fallout would be extreme. If the mainstream UK media learned that the Gambling Commission allowed people to play on gambling machines directly from their bank account the fallout would be toxic. Perversely, using untraceable cash, with which operators can't track the spending of their customers, nor allow customers to set their own spending limits, block cards for a period of time etc., which would all be practical with a vWallet solution, isn't allowed for reasons of player protection.

And there's another problem. Let's say Reflex and G-Squared are successful in launching their systems and both start to gain traction as they're early to market. The pub retail sector would be a major beneficiary as we're increasingly seeing the removal of ATMs from pubs and bars in the UK. If there were two different systems running in parallel, without cross-over, you could see a scenario in which a Reflex machine running PlayPass is located on the same site as a machine using the G-Squared App. The player would be required to use two different sources of payment in the same environment, with the potential that competing manufacturers such as Novomatic and Gauselmann, would either license the systems from Reflex and G-Squared, or launch their own solutions.

Irrespective of whether Reflex and G-Squared machines work with each other's solution, the player potentially needs an App to play on the G-Squared machine, a PlayPass for a Reflex machine and further Apps for Gauselmann and Novomatic machines. It's just fraught with issues and problems for operators and players.



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On top of this issue is another potentially larger one - who owns all the data? If you look at the bookmaker model, payments and KYC and social responsibility measures aside, an operator such as William Hill absolutely believes that gaming machine payment data gathered in their locations belongs to William Hill PLC. However, technically it's the machine supplier, whether that be Inspired or Scientific Games, for example, that is actually collecting the data. If you walk into a Wetherspoons pub in the UK and there's a Bell Fruit product operated by Gametec, it's logical to think that Gametec would want to gather, store and use that data,

though it's actually being sourced in a JD Wetherspoons site.

Since the Novomatic Group owns both Bell Fruit and Gametec, there shouldn't be a conflict between Gametec and Bell Fruit as regards to the collection of the data. However, if Gametec were to install a Reflex, G-Squared or Blueprint product, who should then have access to the data? In many ways the solution needs to be provided by a non-partisan entity, such as CPI or JCM, companies that already have a huge presence in the retail sector and, as such, would be best placed to provide the equipment the

industry needs. How big a step would it be to create an integrated contactless payment reader/acceptor and bring that to market? If the solution is provided by a partisan entity, there will always be parties that won't work with that solution, which could fragment the market.

The Reflex solution and the G Squared App both allow for the continued acceptance of cash, which from an operator perspective, offers the convenience of cash while giving players the choice of using a cashless solution. However, running these solutions in tandem with cash doesn't address the desire of operators to switch to a cashless environment, dispensing with the machine float, hand-pays and a cashier. Most issues relating to servicing within the machine environment are due to coin jams, note jams or hopper jams. Issues surrounding security and fraud are also addressed if there's less money in the machines themselves. Ultimately, operators could dispense with cash altogether and utilise the Reflex and/or the G Squared solutions, but they'd need to be convinced that their playerbase is ready for such a radical change.

Currently, if you play with cash in a UK AGC or single-site you're paid out in cash. If you play with a TITO

ticket it's returned as cash, whereas via a vWallet, the money can be transferred back to the original bank account, which seems the most practical solution. After all, forcing players to carry cash from a location presents a sizeable security risk for the player.

Both the Playgo App and PlayPass offer responsible gambling functions that address many of the concerns of the Gambling Commission, but require the Commission to green light solutions that make payments more convenient for players. We've seen supervised payment methods adopted in the book-making sector, which sets a precedent for transferring of funds from cards to machines and back again - but both Playgo and PlayPass forgo this human intervention - which might step over a red line for the Gambling Commission. The final danger is that if the Gambling Commission and the DCMS do concede to the use of vWallets and/or eWallets, this intermediary step might clear the way for direct payment at the device via a debit card, which would make investment into these systems redundant. Common sense would dictate that with time, direct payment is the end of the journey. However, right now it's the hottest potato being juggled by the Gambling Commission in the UK.

# Events

MONTE-CARLO  
EUROMAT Summit 2018

EUROMAT Summit 2018  
Monte-Carlo Bay Hotel & Resort  
June 4-6, 2018

The European Gaming and Amusement Federation (EUROMAT) has confirmed that its annual summit will take place June 4-6, in Monaco at the Monte Carlo Bay Hotel & Resort. As the body representing the views of the low-stakes gaming and amusements industries to European institutions, EUROMAT has designed the new-format summit to enable operators, regulators and manufacturers to exchange information in a relaxed and informal setting.

In addition to a full-day focusing on pan-European developments in social responsibility, the event will address developments in regulation and the impact of new technologies as well as also exploring the possibilities for the market place of the future.

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