



**GOING CASHLESS:
AN OVERVIEW OF PAYMENT TRENDS
IN THE EUROPEAN STREET MARKET**

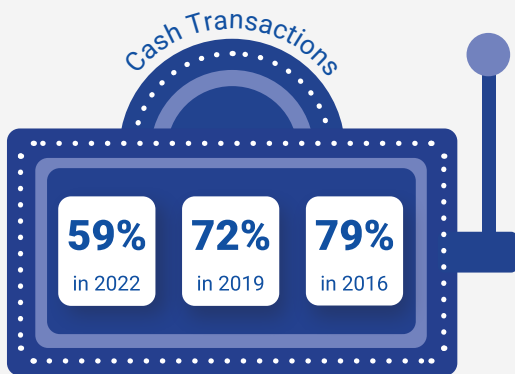


**THE EUROPEAN GAMING
AND AMUSEMENT FEDERATION**

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Digitalisation has changed, and will continue to change, the way people make payments. Today’s payment options are in some ways unrecognisable from what was available a decade ago”.

This is the view of the European Central Bank expressed in its latest study into the European payments market. The same report notes a clear shift in several retail sectors towards various non-cash payment method: only 59% of transactions in 2022 were carried out using cash compared to 72% in 2019 and 79% in 2016.



At the same time, the number of transactions carried out via card or mobile applications have increased steadily with the specific value of card transactions exceeding that of cash transactions for the first time in 2019 and growing since then.

In this context, businesses across the EU have prepared and adapted to new payment methods and trends. However, the land-based gambling sector is not yet part of this payment revolution. Throughout Europe, regulatory acceptance of non-cash payment methods is low, with either not designed for or explicitly prohibiting payment in any form other than cash.

Whilst consumers and many other retail businesses move towards cashless solutions, the gambling sector has not been able to join

this transition. Gambling legislation is lagging behind consumers and businesses but is also seemingly misaligned with financial rules which are increasingly designed not just to promote non-cash payments but restrict cash payments.

Not only is the future of our business impacted by this, our staff are at increased risk of crime as the presence of cash reduces in other contexts while our players are also denied the convenience and possible player protection benefits that can be easily baked in to payment forms other than cash.

We need regulators to look again at payments which is why we established the Payments Taskforce at EUROMAT and this report is the result. Our intention is to showcase emerging innovation even within the restricted frameworks many of us operate in. Looking at examples from the Netherlands, the United Kingdom and Spain we can see our industry balancing innovation with their legal obligations.

Ultimately, my wish is that this report and our work will serve as a basis for a much needed and overdue discussion between industry and regulators.



GREG WOOD

Chair of the EUROMAT Payment Taskforce & Member of the Executive Committee



TICKET IN TICKET OUT TITO PAYMENT SYSTEMS IN SPAIN

Ticket-in Ticket-out systems (TITO) currently cover around 7% of the arcades in Spain but are projected to grow significantly in the coming years. The system is based on a central cash exchange, which is machine based but with prizes above a set level cashed out under the supervision of a cashier, together with a ticket reader in each individual machine. The system allows players to load money onto a ticket which can then be inserted into different machines within a specific site. Once the play is complete then the player can cash in the ticket via the machine or with the cashier if appropriate.

Nowadays, some regional gambling authorities are authorizing the described systems, adding the use of debit bank cards that are integrated into money changers, which are installed in gambling premises. Mobile wallets are also being authorized, which can be used directly by gambling machines in gaming venues.

The system has several benefits both for players and operators.

ENHANCED SECURITY

The system provides an overall substantial increase in security. For the operator the introduction TITO systems reduces the overall amount of cash that has to be held on the premises. The cash that is held on the premises is centralised in the TITO machine or secured with a cashier but not widely distributed across machines. This reduces cash handling by staff and reduces the venue's attractiveness to bad actors intent on stealing cash. For players, they need to carry less cash on their person while in the venue and the act of cashing out is less visible to other players in the venue and can be done at a time of their choosing. For example, many systems allow the player to cash out within 24 hours, which would allow any large winnings to be redeemed without unwelcome publicity.

PROTECTION AGAINST FRAUD OR MONEY LAUNDERING

The ecosystem of the ticket is completely controlled with tickets also allowing for the ability to track certain parameters such as date and time of it being issued and/or collected, for example. At the same time, the ticket has to be collected within one day of it being issued. This is key to ensure that there isn't a buildup of capital through the ticket system. Tickets are also limited to one venue so do not provide any means to cash out in a different location. Finally, the cashing out of the ticket has to be done through the cashier or exchange machine and cannot be transferred into a bank account for example.

OPERATIONAL BENEFITS

Beyond the essential increase in security, the system also allows for an overall increase in efficiency for operators as there is less need for constant cash exchanges. Staff spend



less time cash handling and more time on customer service and other added value operational duties. With money flowing through a digital system in the venue, operators have the ability to upgrade their own accounting practices giving them more automated and real time readouts of performance and overall commercial operations.



CLOSED LOOP PAYMENT SYSTEMS IN THE NETHERLANDS

For over a decade, closed loop payment systems have been in use in the Netherlands. The system is based on RFID readable cards combined with RFID readers in each individual machine. Consumers can purchase said cards at the premises, top them up via cash or card and then use these to play on different machines. The system currently covers approximately 14% of the market in the Netherlands.

REDUCED CASH MEANS INCREASED SECURITY

The system requires less cash overall, with venues able to reduce their cash on premises by 30% - 40%. Employees no longer need to transport or count large amounts of cash. In turn, this reduces the potential for robberies as casinos no longer need to maintain such high levels of cash. At the same time, the efficiency and time gains allow for staff to shift their full attention to the needs of the players. On the player side, beyond the clear benefits in terms of ease of use, they benefit from an increased level of security as the card allows for a more tailored and personalised use of machines, avoiding the possibility, for example, for any other players to play using their credits as well as no longer having to carry cash or coins through the establishment with the potential for loss or theft. The player is therefore in full control.

SAFEGUARDS AGAINST MONEY LAUNDERING

There is a deposit limit of 500 euros and a redemption limit of three thousand euros with the obligation to always pay out any winnings above this threshold. The system cannot cash out direct to a bank account and provides no means to disguise the original source of funds.

ENHANCED PLAYER EXPERIENCE

On the aspect of player awareness, the system has allowed operators to further expand their activities aimed at fostering a better experience. In particular, the system can analyse playing time, total winnings, etc. This information is anonymous in the sense that personal details are not linked to the information. This preserves privacy for the player but also allows operators to tailor gaming experience according to patterns of play.

DIGITAL WALLET SOLUTION IN THE UNITED KINGDOM

The United Kingdom is seeing the growth of a player-designed Digital Wallet solution. The enabled machines currently testing the system stand at around 3,000 and growing. The system is based on a Digital Wallet that can be accessed online through an app. Funds held in this Wallet can then be transferred to machines through a QR Code or a Bluetooth connection with the system secured through encryption and tokenization. The new wallet solution has initially been designed for machines in pubs and not necessarily for traditional gaming venues.

REDUCED CASH MEANS INCREASED SECURITY

The system requires less cash overall, with venues able to reduce their cash on premises significantly. The lower amount of cash on premises, in turn reduces collection times and therefore staff burden. It also reduces the potential for robberies as operators would no longer need to maintain high levels of cash. On the player side, beyond the clear benefits in terms of ease of use, they benefit from an increased level of security as the card allows for a more tailored and personalised use of machines, avoiding the possibility, for example, for any other players to play using their credits as well as no longer having to carry cash or coins through the establishment with the potential for loss or theft. The funds are also more secure in the case a machine fails as the funds are not stuck in the machine but transferred back to the Digital Wallet.

SAFEGUARDS AGAINST MONEY LAUNDERING

There is a fixed deposit limit per week and the system only allows players to continue playing using the payment method they started with so if the player initiates a session through the digital wallet, they cannot introduce or withdraw cash. The funds can also only be sent back to the bank account where they originated from thus providing no means to disguise the original source of funds. Wallets are also constantly monitored to ensure that safeguards aren't circumvented in any way. Operators, for example, monitor and if needed, tackle situations where multiple registered debit cards are used in the same account to circumvent the deposit limit. Furthermore, the system only allows players to use debit cards and not credit cards.

PLAYER FOCUSED DESIGN

The Digital Wallet solution was created with with the idea of granting players an additional level of control over their spend. Player awareness was at the very heart of the design phase. The Wallet includes several important innovations, allowing players to adjust their deposit limits and to include a 'take a break' option during which the app cannot be used for a period of time chosen by the player. Through notifications the player has more awareness over spend and on win-loss balances allowing them to make reasoned choices on the basis of their records. Overall, the system allows operators and players to gain a more granular understanding of play which helps both parties to improve the gaming experience.





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