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Esports betting report 2021

Written by Felix Ng





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Editor's Letter

A sector that's impossible to ignore

Welcome to the ICE365 Esports betting report, in which we look to provide a clear, concise and accurate depiction of this growing subsector of the global gaming industry.

Compared to traditional sports, the growth of esports has been astronomical, but as with any significant, technology-driven sector, regulation has largely failed to keep pace.

This has created a patchwork of different regulatory models, while some continents lag behind others as they lack the necessary infrastructure to support competitive gaming events. But as this wonderful sector continues its exponential growth, it is becoming increasingly ingrained in popular culture – and gambling operators are taking note.

In short, esports is too hard to ignore. Indeed, it's hard to call it an emerging sector. With this report, ICE365 aims to provide the industry with the intelligence necessary to spot opportunities as they emerge.

My sincere thanks to Felix Ng, who has authored this report for Clarion Gaming; to Martin Dachsel and the team at Bayes Esports Solutions, whose sponsorship made this report possible; and to Newzoo for providing us with exclusive data.

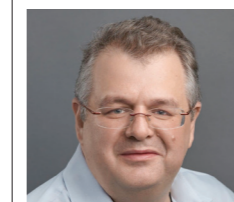
William Harding, Head of Esports, Clarion Gaming



Felix Ng is a gambling and esports industry writer and editor, with a distinct focus on the B2B sector. He is the current Asia Editor for Asia Gaming Brief, producing daily news content, infographics, interviews with industry leaders and podcasts. Felix is also an experienced copywriter having worked on affiliate gambling sites in Asia and Australia. He is based in Sydney, Australia.



Bayes Esports Solutions is the go-to address for the esports data industry. Based on the worldwide, best-performing esports data platform, the German tech company creates innovative technology, offers full-service support to engage partners and customers and guarantees a fair distribution of official esports data. It holds exclusive partnerships with Riot and the ESL.



"We are tremendously happy to be involved with the Esports Betting report. With Clarion Gaming, we have learned that together we can achieve so much more. Our vision is to introduce standards to an industry where there are few and push to tie in the ecosystem as much as possible by enabling esports betting-specific insights." **Martin Dachsel, CEO, Bayes Esports Solutions**

State of play ICE365 Esports betting report 2021

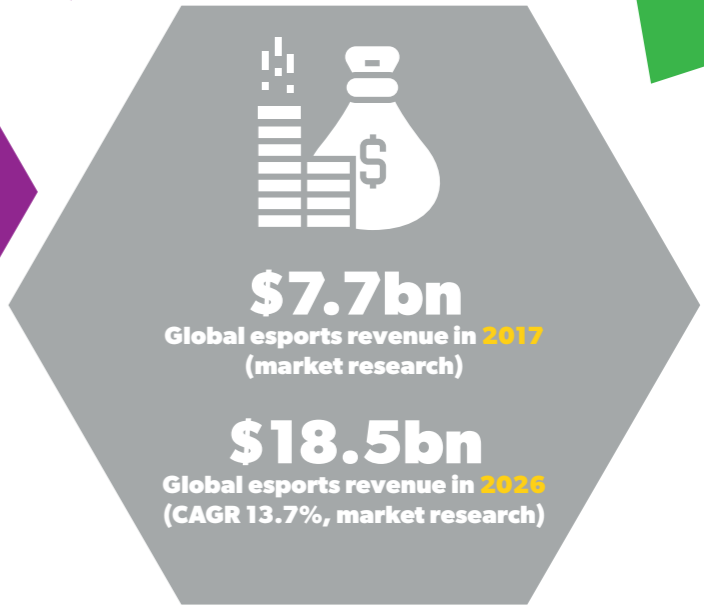
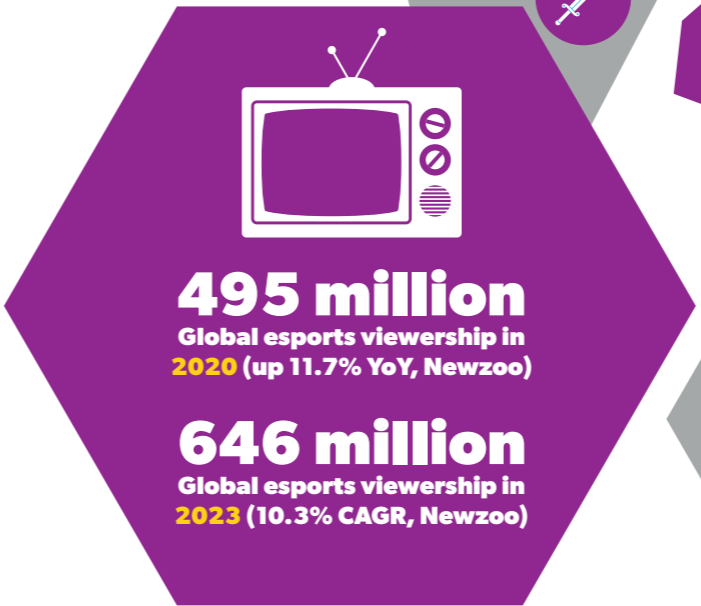
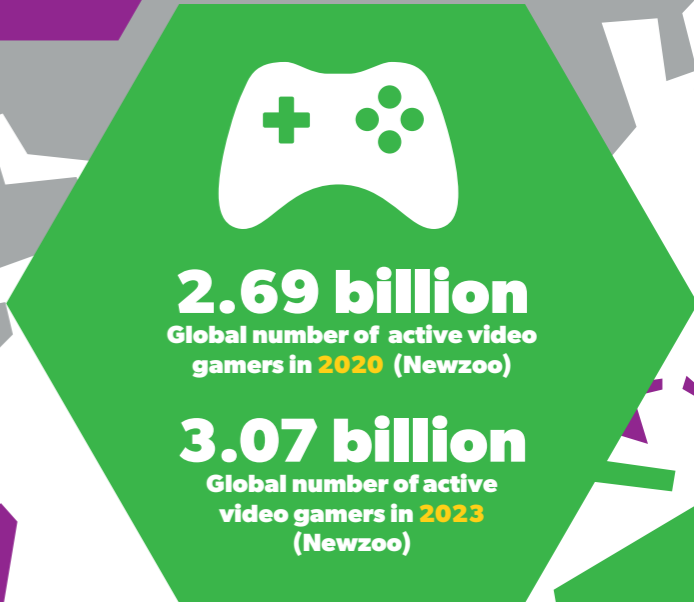
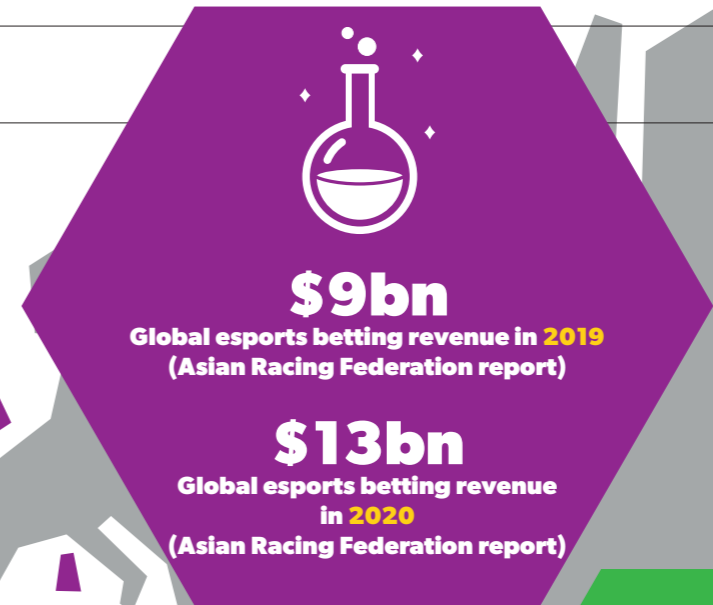
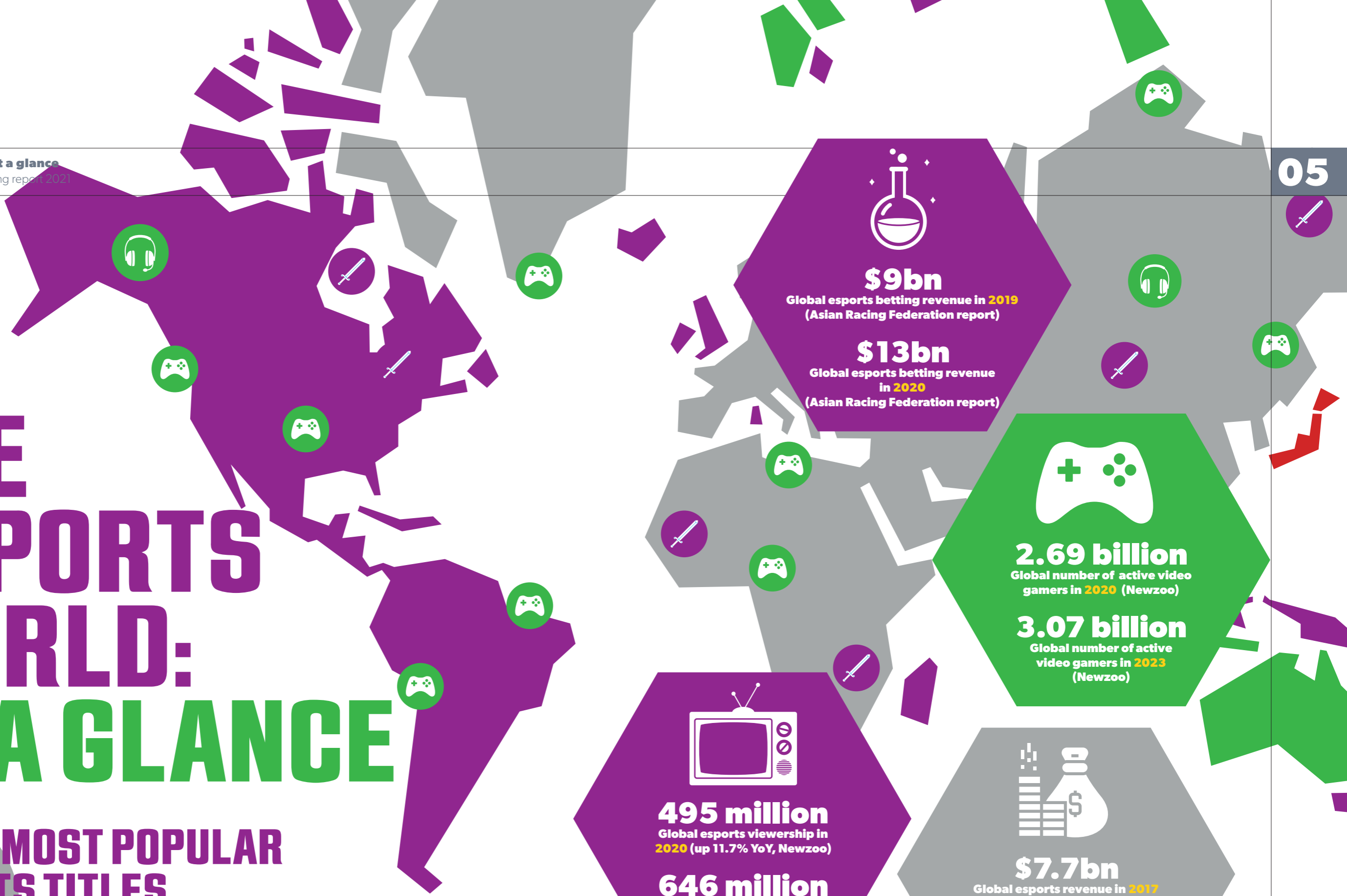
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THE ESPORTS WORLD: AT A GLANCE

TOP 10 MOST POPULAR ESPORTS TITLES

- Counterstrike: Global Offensive • Dota 2 • League of Legends
- Fortnite • Call of Duty: Modern Warfare • Rainbow Six: Siege
- Overwatch • PlayerUnknown's Battlegrounds • Hearthstone
- Rocket League



US: A NEW WAVE OF BETTORS



BY REVENUE, the US is the second largest esports market in the world, with \$252.8m in revenue generated in 2020 (Newzoo), made up mainly of sponsorship money.

This should come as no surprise, as the US has the second-highest number of gamers in the world at 244 million, meaning as many as three out of four people in the nation are gamers.¹

With most professional and collegiate sports put on hold during the 2020 pandemic, esports took the spotlight, garnering mainstream media attention. This in turn caused a significant rise in viewership (10.6%) and awareness during the pandemic year.


The increased attention on esports, and the lack of traditional sporting tournaments, caught the gaze of non-endemic brands looking for ways to engage young people. US-based companies and organisations that made their foray into esports in 2020 include Levi's, Duracell and even the US Navy.

Technology consulting firm Activate estimates that the US will have 84 million viewers of esports in 2021. The country is also home to a significant number of the world's active esports

competition players; they number more than 19,000 and enjoy total player earnings of \$169.4m.

A wave of betting regulations is currently making progress through state and federal legislative bodies. Many betting operators consider the US a top priority for 2021 expansion.

STATE OF ESPORTS BETTING IN THE US

 The striking down of the Professional and Amateur Sports Protection Act (PASPA) in May 2018 helped pave the way for legalised esports betting in the country.

However, like sports betting regulation, each individual state across the US has been given free rein on how to regulate the activity. Some states have specifically ruled out esports wagering, while others have not mentioned it in their legislation.

States including Nevada, New Jersey, Colorado, Washington, Tennessee, Virginia and West Virginia have deemed esports betting to be legal. Maine even has legislation that specifically allows for esports wagering under discussion.

The states where esports betting is

regulated include Arkansas, Delaware, New York, Iowa, Illinois, Michigan, Rhode Island, Montana, New Mexico, Oregon and Pennsylvania.

However, there is one overarching law that is seen as prohibiting the growth of esports in the country: the Interstate Wire Act (1961), also known as the Federal Wire Act. This law makes it a crime for an entity that is in the business of betting or wagering

to use a wire communication facility (such as a telephone line) to take bets or wagers, or to assist in the placing of bets or wagers on any sporting event or contest.

The taking of bets over the internet, which traditionally involves the transfer of data through telephone lines and similar, could be interpreted to fall within this prohibition.

This means that an operator licensed

in one state will be restricted to offering bets to punters within state lines.

STATE OF ESPORTS BETTING IN NEVADA

Las Vegas is certainly preparing itself to become the esports capital of North America. It has some distinct advantages given its MICE and travel infrastructure, robust domestic and international visitor numbers and a fairly conducive attitude towards sports betting and gambling.



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USA ESPORTS BETTING PROJECTION*

26.8m ▲ **29.1m**
2020 2021

*Number of people (in millions) betting on esports. Data projected by selecting those in Newzoo's esports audience aged 20+

In the US, Nevada is also seen as the most advanced state when it comes to esports betting regulation, with the Nevada Gaming Control board allowing operators to offer wagers on esports tournaments (albeit on a case-by-case basis).

One of the more contentious bills being discussed in the state is one brought up by Nevada senator Ben Kieckhefer in February 2021, which proposed the creation of the country's first government regulatory body for esports.

At the time, Kieckhefer said that esports regulation could provide "greater stability and security" for the emerging industry and would be modelled after the Nevada Athletic Commission, which regulates combat sports such as MMA and boxing through licensure and sanctions.

While the proposed commission will not touch wagering, it would have oversight over esports tournament organisation and regulation, which some believe could lead to over-taxation and over-regulation and thus scare away tournament organisers. Others see it as necessary and a step towards further legitimising the industry.

STATE OF ESPORTS BETTING IN NEW JERSEY

New Jersey has been taking steps towards opening up its esports betting industry, and the state could light the way for others in the US to legalise the activity in the same way.

In late January 2020, New Jersey state lawmakers Ralph Caputo and Eric Houghtaling proposed a bill that would permanently allow legal wagers on esports.

Until that point, authorisation to bet on an esports tournament was handled on a case-by-case basis by the Division of Gaming Enforcement (DGE). An example of this was the 2019 Legends World Championship, where betting was permitted but with conditions including a \$1,000 maximum bet and no in-play wagering.

"Esports is the next big thing when it comes to sporting events," said Caputo at the time. Caputo is the chair of the Assembly Tourism, Gaming and the Arts Committee and a former Atlantic City casino executive.

"It's important for our state to capitalise on this rapidly growing industry in order to both give our residents what they want and boost

our economy," said Assemblyman Eric Houghtaling. "With online sports betting now legal in New Jersey and a large number of people already interested in this type of gaming, the time is right for us to expand legal wagering beyond traditional sports."

Caputo and Houghtaling's plan was to legalise esports wagering through the framework of the state's regulated sports betting apparatus.

The bipartisan bill, official name A-637 but unofficially referred to as the 'esports betting bill', had made its way through both the Assembly and Senate as of 21 June 2021.

STATE OF ESPORTS BETTING IN OREGON

Oregon joined the growing list of states with legal online sports betting in August 2019, though the regulation of esports betting is currently still in its planning stages, according to industry sources.

The Oregon State Lottery Commission, the regulator and only legal operator of mobile sports wagering in the state, is said to be working on the rules regarding esports betting.

ASIA: A GREY MARKET TO BEHOLD



WHILE ASIA is considered the birthplace of modern esports and is regarded as a trendsetter in the space, the take up of esports (and esports betting) across Asia is as varied as it is fragmented.

As a region, Asia has the largest audience of esports players and fans in the world, with 510 million fans and 595 million esports gamers. Together, the region generated \$519m in esports revenue in 2019, around half of all global esports revenue at the time.²

One of the most interesting developments in Asia has been the rise of mobile gaming, which has now outpaced the growth and scale of PC and console gaming. It is estimated that Asia contributed about 68% (or \$13.3bn) of global

mobile games revenue as of 2019, the same year that saw mobile esports tournament prizes in South-East Asia grow 244% compared to 2018.

Next year, esports is expected to make its medal sport debut at the 2022 Asian Games. A total of 27 National Olympic Committees (NOC) have entered players in the esports categories at the games, which will take place in Hangzhou, China.

This will offer invaluable help when it comes to legitimising esports as a 'real' sport in the public and governmental realm globally.

Unlike regions such as North America, Asia's esports and betting landscape is far from homogeneous. The popularity of games titles varies enormously depending on which part of the region



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² Niko Partners

you are in, while the legality of esports betting also varies greatly.

STATE OF ESPORTS BETTING IN ASIA

Gambling and betting remain contentious issues for the majority of jurisdictions throughout Asia, with governments more often than not imposing blanket bans on the activity, including esports betting. That being said, there exists a sizeable grey market in Asia for both esports betting and traditional sports betting, meaning that the region should not be ignored.

However, it should be noted that some of the region's traditional sports tournaments have long been identified as being susceptible to betting-related match-fixing and integrity issues, due to the proliferation of unregulated bookmakers. Match-fixing and corruption has also flowed into the region's esports industry and is impacting its growth.

Last year, global sports technology firm Sportradar said it flagged 160 suspicious matches in Asia during the course of 2020, across all sports from football to esports. In its 2020 annual report, the International Betting Integrity Association also issued 28 alerts about suspicious bets on esports, up from just three in the prior year.

In 2020, David 'GoDz' Parker, an Australian Dota 2 commentator, analyst and co-founder of Beyond The Summit, aired allegations that as many as 75% of teams in South-East Asia are involved in match-fixing in some way.

CHINA

 **ASIA MAKES UP** the lion's share of global esports revenue and viewership, and the majority of this is driven by China, currently the largest esports market in the world by revenue and viewership.

As of July 2020, it is estimated that China has 665 million gamers, 400 million of whom are esports fans. They were expected to generate \$385m in esports revenue in 2020.

And this growth has shown no signs of abating. By 2023, the number of gamers in the country is expected to reach 878 million, making up one-third of video gamers globally.

It's an industry that has seen such meteoric growth that the Chinese government designated esports as an official sport on 12 April 2019, and had recognised 'esports operator' and 'esports professional' as official careers. According to China's Ministry of Human Resources and Social Security, the country has as many as 100,000 active professional esports players.

Shanghai, the economic capital of China, has been positioning itself to



CHINA ESPORTS BETTING PROJECTION*

89.3m
2020

97.1m
2021

*Number of people (in millions) betting on esports. Data projected by selecting those in Newzoo's esports audience aged 20+

become a global esports events hub. In 2020, it hosted the League of Legends World Championship, one of the biggest events in the esports calendar, and earlier this year broke ground on a \$989.2m esports venue named the



DEGREE OF INFLUENCE

The country was one of the first in Asia to allow its universities to offer degrees relating to esports. The Communication University of China (left) teaches how to play, produce and promote video games, as well as covering esports tournaments organisation and team management.

Shanghai International New Cultural and Creative E-sports Center, which is expected to open in 2024.

STATE OF ESPORTS BETTING IN CHINA

Gambling, which is strictly prohibited under Chinese law, has been officially outlawed since the Communist Party came to power in 1949.

Other than the state-run China Welfare Lottery and China Sports Lottery, all forms of the pastime, including esports betting, are illegal. Given the country's tough stance on all forms of gambling, there is little chance of esports betting being approved in the foreseeable future.

Ian Smith, the integrity commissioner of the Esports Integrity Commission (ESIC) has said that the biggest problem for esports integrity is found in Dota 2.

"It is completely out of control. The fixing is rife," Smith was quoted as saying in a blog piece by World Lotteries Association (WLA) earlier this year.

"If you get a raft of fixing in any game you can guarantee it comes from China," he said. It's because of the sheer volume of liquidity in the Chinese market and their experience in match-fixing. Games that are popular in China will always, always, always have issues with fixing."

Smith estimates that Chinese betting drives at least 50% of all match-fixing in any sport, but the figure could actually be closer to 80%.

SOUTH KOREA

 **SOUTH KOREA** is widely regarded as the birthplace of modern esports. Its origins can be traced back 20 years through a combination of the PC bang/internet cafe culture, cable TV and in-person competitions. OnGameNet, the first dedicated esports cable TV channel, began life in the country in the early 2000s, broadcasting StarCraft tournaments.

Esports' popularity was so strong in those early years that the government created the Korea Esports Association (KeSPA) to manage esports in the country. The association later played a major part in building the world's first esports stadium in 2005 in Yongsan.

While the country is no longer the biggest esports market in the world, it remains an important cornerstone of the global esports landscape, providing some of the most talented players and teams in the world. The country also created Game Coach Academy, the world's first government accredited esports academy, which is aimed at training future professional gamers.

SOUTH KOREA ESPORTS BETTING PROJECTION*

4.5m
2020

4.9m
2021

*Number of people (in millions) betting on esports. Data projected by selecting those in Newzoo's esports audience aged 20+

Though it trails Philippines and Vietnam, South Korea is also home to one of the highest number of gamers per capita. Around 70.5% of South Koreans were reported to play games in 2020.³

STATE OF ESPORTS BETTING IN SOUTH KOREA

The country has a complex relationship with gambling. As a rule of thumb, with the exception of lotteries, horse racing, boat racing and cycling (which are offered through a government-regulated Sports Toto), all forms of online gambling and betting are considered illegal for South Korean locals.

Under South Korean law, not only are foreign betting operators targeting South Koreans committing a criminal offence, so are its citizens if they are discovered betting on an illegal online gambling or betting site. That being said, the laws don't apply to foreigners, expats and tourists, as well as, technically, Koreans holding a foreign passport.

JAPAN

EARLIER THIS year, gaming research firm Famitsu said that Japan's esports market grew by 9% in 2020, driven by sponsorship and advertising fees, and is set to see further growth over the next few years.

The country's esports market was valued at \$56m, driven by a 42% rise in the number of esports fans, which reached around 6.9 million people.

Famitsu said the country's esports market revenue is expected to be worth \$141m in 2023, driven by greater use of 5G services and more game providers entering the market.

In 2018, it was estimated there were 67.6 million gamers in Japan (around half of the population), the majority of whom played mobile games.

However, the esports industry in Japan has been suffering from severely stunted growth, due mainly to decades-old anti-gambling laws, which has also restricted the growth of esports tournaments, due to a section of the law that prohibited very large prize pools.

The Act Against Unjustifiable Premiums and Misleading Representations, passed on 15 May



1962, was initially aimed at protecting Japanese citizens from the effects of widespread gambling. However, the current interpretation of the law caused esports tournaments to fall within the confines of "inducement of customers by means of unjustifiable premiums",

which essentially put players competing in a tournament for a prize in the same boat as a person betting on a roulette wheel, which is illegal in Japan.

The outcome of this outdated law is that players were not able to win any significant-sized prize pools. Similarly,

they had to go through a complicated string of loopholes in order to obtain any sort of financial prize from winning.

It is understood, however, that the government is working on amending the laws in favour of growing the esports industry. In 2020, the Japanese government outlined an ambitious plan to expand the country's esports industry by collaborating with the private sector and legal experts to draw up guidelines to promote Japan's esports industry, which currently lacks expertise in organising large scale tournaments and dealing with legal issues that come from

the use of intellectual property from game developers.

Through these efforts, the Ministry of Economy, Trade and Industry is hoping to generate at least \$2.6bn in economic benefits for regional economies through ticket sales, online viewing fees and advertising revenue, as well as from tournament hosting and corporate equipment supply by 2025.

In the meantime, the Japan Esports Union (JESU) has been seen leading the charge in changing how esports is viewed in the nation, and to put in place frameworks that allow players to

earn more than the prize pool cap set by the old anti-gambling laws.

STATE OF ESPORTS BETTING IN JAPAN

At present, the only betting allowed in Japan is on horse racing, motor boat racing, cycling and motorbike racing. However, that has not stopped online operators offering other sports, including esports, from targeting this market. Should Japan open up its own regulated, legal sports betting market, it is estimated the market could be worth around \$65bn per year.

JAPAN ESPORTS BETTING PROJECTION*

10.8m
2020

11.8m
2021



*Number of people (in millions) betting on esports. Data projected by selecting those in Newzoo's esports audience aged 20+



HOTEL WITH A DIFFERENCE

The country is home to the world's first esports hotel. Opened in April 2020, the eight-storey e-ZONE Denno Kukan in Osaka (left) has three floors that are used as a massive esports gaming area, fitted with 70 high-spec PCs and live streaming equipment. The hotel is primarily aimed at travellers who want to dip their toe in the esports space or any esports competitors in town for a tournament who want to continue practising.

INDIA

INDIA'S ESPORTS sector is poised to see significant growth over the next few years, with multiple platforms emerging as well as a growing number of professional gamers in the country.

Game revenue in India has doubled in the last five years, reaching \$1bn in 2020, due mainly to a steady flow of new releases from publishers, growth in in-game microtransactions and advertising revenue. Countrywide, online gaming revenue is expected to reach \$2.1bn by 2023.

It is also a country where more than 50% of the population is aged under 25, the majority of whom are gamers. According to KPMG, India's total online gaming user base reached 360 million in 2020,⁴ with casual mobile gamers making up the largest segment.

Esports recorded revenue of some \$95m in FY21, about 9.8% of the global esports market in 2020.⁵

The esports audience grew to 17 million in 2020, while the prize pool for esports grew around 25-30% in the same year. KPMG expects the audience for esports to grow to 130 million by 2025.

"In the aftermath of the pandemic, mobile esports and streaming witnessed a significant surge in user base as people had more time on hand. In order to cater to this audience, multigaming platforms, streaming players and telcos have



Esports titles popular in India
PUBG, CS:GO, Dota 2, Overwatch

INDIA ESPORTS BETTING PROJECTION*

60.9m
2020

66.2m
2021

*Number of people (in millions) betting on esports. Data projected by selecting those in Newzoo's esports audience aged 20+

started to invest in esports tournaments to capture or engage their users," Girish Menon, head of media and entertainment at KPMG in India told The Economic Times.

STATE OF ESPORTS BETTING IN INDIA

While there is an overarching federal law called The Public

Gambling Act of 1867, which prohibits all gambling in India, the country has left it to individual states to regulate the activity.

However, there are currently no laws in place that specifically legalise betting on esports across the Indian states. The only state that comes close is Sikkim, which has expressly allowed sports betting and online gambling under the Sikkim Online Gaming (Regulation) Act 2008. The legality of esports betting in Sikkim would be reliant on whether esports is considered a sport for the purposes of the Act.

To this end, there have been moves from the government to consider recognising esports as an official sport. Esports Federation of India (ESFI) director Lokesh Suji has been a vocal lobbyist in this regard.

⁴ EY-FICCI Report
⁵ Inc42 Plus

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EUROPE: A LEADER IN REGULATED BETTING



THE LAST 10 years has seen an explosion of the esports industry in Europe, with viewer numbers and revenue figures behind only those seen in Asia and the United States.

Video games and esports research firm Newzoo predicted the European esports audience would reach 92 million by the end of 2020, a 7.4% increase from 2019, and a figure that is expected to continue to rise post-pandemic. Meanwhile, Western Europe recorded esports revenue of \$201.2m in 2020.

A 2020 Paypal report titled 'Europe and esports: High engagement and even higher potential' stated that, during Covid-19, countries that had the strictest lockdown measures saw the highest year-on-year uptick in esports viewership.

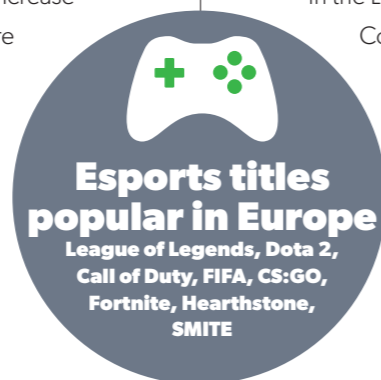
Of those that watched an esports event under lockdown, 59% indicated that they would continue to watch esports even

after lockdown measures were lifted.

The continent's esports industry has also seen significant participation from females, with women making up one-third of the total number of people engaged in esports. In 2019, the region introduced the first all-female professional esports team, Vaevictis Esports, to compete in the League of Legends Continental League.

Brands have already latched onto the esports trend, with a partnership between Louis Vuitton and Riot Games for the 2019 League of Legends World Championship, Renault collaborating with Team Vitality, Armani Exchange teaming up with Italian esports organisation Mkers, and Gucci joining forces with British-based Fnatic, just some of the examples from recent years.

Similar to North America, Europe's video games market represents an interesting mix of PC, console and mobile games. The Interactive Software Federation of Europe reported that in



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2018 the \$14.6bn European gaming industry was made up of 47% console, 34% mobile and 18% PC. The exact breakdown varies across the continent; those in Western and Northern Europe are more likely to play PC games while Eastern and Southern Europe gamers prefer mobile games.

In terms of global sports betting, Europe is the second largest market, accounting for 41% of global market share in 2020, behind Asia & the Middle East with 45%.⁶ With figures like these, Europe could also become a powerhouse of esports betting, should esports-specific regulation catch up.

⁶ H2 Gambling Capital

Only a handful of countries have specifically defined esports within their gambling regulations. The list includes the UK, Malta, Spain, Italy, France, Finland and Denmark.

STATE OF ESPORTS BETTING IN THE UK

The UK is considered a world leader in regulated esports betting. This is down to the country's mature sports (and esports) betting regulation and the relevant infrastructure, such as sporting integrity organisations, which sprouts from the traditional wagering industry to support its growth.

In March 2020, during the height of the pandemic, the UK saw an incredible 3,000% year-on-year increase in gross gambling yield for esports betting, reaching \$1.9m in the month, up from \$63,500 in the prior-year period. These numbers persisted throughout the remaining months of the year, reaching a high of \$6.4m in May 2020.

In the UK, all esports gambling operators fall under the jurisdiction of the Gambling Commission of Great Britain, which was the first in the world to issue a discussion paper on esports legal clarifications, back in August 2016.

The paper determined esports betting as constituting gambling, thus placing esports betting under the purview of the Gambling Act 2005, and also discussed licensing for online skin betting and for regular esports betting. There are currently 295 licensed remote betting operators, and 772 licensed non-remote betting operators active under the GC's jurisdiction.

STATE OF ESPORTS BETTING IN GERMANY

 Germany has its own fair share of top-performing esports players and a sizeable esports fanbase, supported by a rapidly growing PC, console and mobile gaming market.

By 2023, Germany's esports market is projected to be worth nearly \$240m, equivalent to an annual growth rate of 21%.⁷ The country boasts 343 gaming startups and is home to the organisers of the ESL One Tournament, which is headquartered in Cologne. However, on the esports betting front, the country still has some ways to go.

In March 2020, a federal treaty was proposed which would expand Germany's nationwide igaming offerings beyond online betting to online casino games. Previously, the country left betting legislation up to the local state parliaments.

This treaty, the State Treaty on Gambling or Glücksspielstaatsvertrag

(GlüStV) 2021, came into force on 1 July this year.

While this new legislation is set to regulate online slots and poker, it does not specifically cover the subject of esports betting. According to Christoph Suess from the Regional Council of Darmstadt, the body responsible for sports betting licensing, the State Treaty defines a sports event as "a sports competition between human beings according to defined rules".

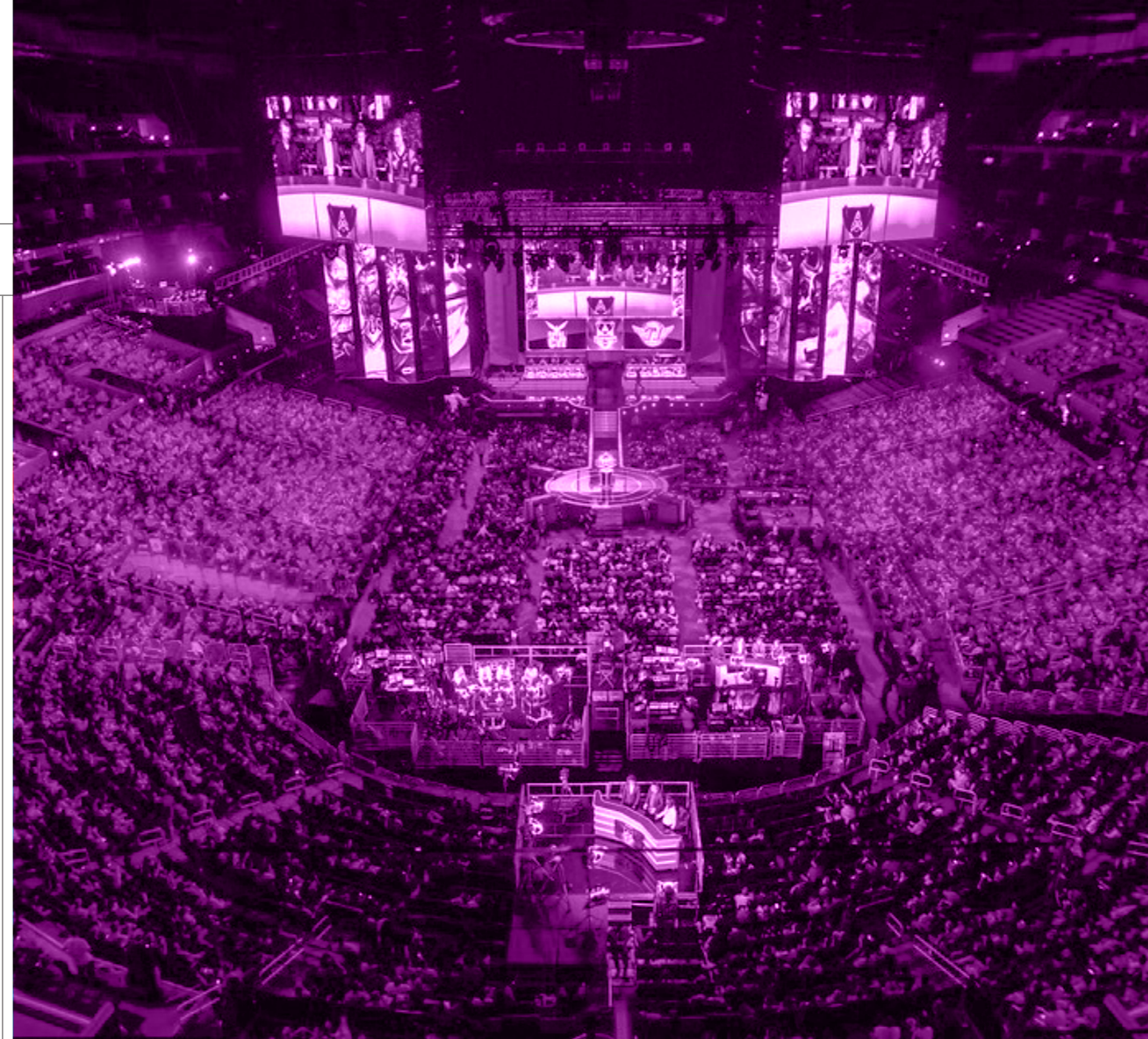
However, the term "sports" has not yet been defined in the treaty, meaning that the treaty neither bans or gives explicit permission for bets on esports games.

Until now, foreign esports betting operators and German esports punters have benefited from the legal ambiguity afforded by the previous treaty, though the finalisation of the new regulatory framework in July could spell the end of this grey market.

STATE OF ESPORTS BETTING IN ITALY

 2016 saw the full liberalisation of Italy's sports betting market, which did away with an old legal framework that required certification of every event that an operator wanted to offer by the Agenzia delle dogane e dei Monopoli (ADM).

However, according to DLA Piper's Esports Laws of the World 2021, esports is not formally recognised as a sport in Italy, and there is no dedicated



legal or regulatory regime applicable to esports or esports betting.

Interestingly, esports tournaments in Italy fall under the purview of the gambling regulator, as esports tournaments are regarded as "the organisation and exercise of games of skill and betting competitions, for which a reward of any kind is paid and whose participation requires the payment of a monetary stake".

Thus companies offering online esports tournaments, bets and fantasy games are required to hold an online gambling licence in order to stay compliant.

⁷ Let's Play! The European esports market, report by Deloitte Touche

SPAIN ESPORTS BETTING PROJECTION*

3.9m
2020

4.2m
2021



*Number of people (in millions) betting on esports. Data projected by selecting those in Newzoo's esports audience aged 20+

STATE OF ESPORTS BETTING IN SPAIN

 Spain is one of the most lucrative betting markets in Western Europe. The Spanish Gambling Act of 2011 has made the country a hotspot for online gambling and total participation is expected to grow even further in 2021.

Spain also has a close connection to several competitive esports titles. One of the most decorated teams in the world, G2 Esports, is based in Spain.

According to the Spanish regulator, Directorate General for the Regulation of Gambling (DGOJ), there are a total of

46
number of DGOJ-licensed betting operators in Spain

46 betting operators licensed under the Spanish licensing system.

Any of these licensed operators is allowed to offer esports betting as part of its license, though the government is not looking to open another licensing window for any new operators in the near future.

One aspect of legislation that is soon to impact sports and esports bookmakers comes in the form of a Royal Decree, which places a ban on all forms of gambling advertising. This was passed by the Spanish government in February 2020.

The new measures stipulate a complete ban on betting advertisements, sports sponsorship and new player bonus incentives. Most of these provisions have not yet been put into force, but it is expected they will have a significant impact on Spanish sportsbooks once in place.

LATIN AMERICA: WATCH THIS SPACE



THE ESPORTS market in Latin America may be dwarfed by North America, Europe and Asia, but it is by far the fastest-growing region in the global esports market today.

Analysts forecast the esports audience in Latin America is set to grow from 55 million at the end of 2020 to 70 million by 2022. Juniper Research forecasts that there will be 130 million esports viewers in the region by 2025.

According to Esports Bar, brands such as Coca-Cola, Red Bull, Samsung and Mastercard are all now investing in the esports scene in Latin America.


When it comes to gaming revenue, Mexico is the largest market in Latin America, with the industry generating roughly \$1.8bn. This is followed by Brazil with \$1.6bn, then Argentina, Chile and Colombia.⁸

However, Brazil is out in front in the esports space, with 18.5 million fans, made up of 10.7 million casual esports followers and 7.6 million esports enthusiasts.⁹

As in Asia, mobile esports titles are beginning to gain steam in Latin America, led by the rollout of 5G technology, though the region is currently still dominated by

console games. Mexico is seen as an opportunity for many PC game developers due to its increasing adoption of PC gaming.

STATE OF ESPORTS BETTING IN MEXICO

 The general principle in Mexico is that anyone can conduct any activity as long as it is not expressly prohibited or restricted. Fortunately, gambling is legal in Mexico and is subject to federal regulation. Article 2 of the gaming law defines gambling as any games involving wagers, including chess, dominoes, dice, bowling, billiards, ball games, racing, and, in general, all kinds of sports betting.

Esports betting is thus a permitted activity under this law and is seen as an activity garnering increasing interest from punters.

According to estimates disclosed by Eduardo Peláez, online products director at Strendus, the pandemic drove a 200% increase in esports betting in Mexico. This tapered off after the resumption of traditional sports, though Peláez expects esports betting to rise by 20% over the next five years.



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“It was expected that 2020 would usher in full sports betting regulation to [Brazil], only for the pandemic to bring a temporary halt to these plans”

STATE OF ESPORTS BETTING IN BRAZIL

 Esports is expected to become one of the most popular sporting categories in Brazil over the next few years, with fans interested in games such as League of Legends, CS:GO, Dota 2, FIFA 21 and Call of Duty.

It's Latin America's leading gaming market, and is known for its rapidly growing fanbase of esports enthusiasts.

Until recently, gaming and betting in Brazil had generally been regarded as illegal since 1946 and was considered a criminal misdemeanour pursuant to Article 50 of Decree Law 3.688/1941.

Although the Decree Law provides a clear prohibition on sports betting, on 12 December 2018, the Brazilian congress approved Law 13.756/2018, which permits fixed-odds sports betting via lottery. This granted powers for the Ministry of Economy to regulate the activity, within a four-year time span, and issue licences. The law is still subject to further regulation before the

BRAZIL ESPORTS BETTING PROJECTION*

14.5m
2020

15.8m
2021



*Number of people (in millions) betting on esports. Data projected by selecting those in Newzoo's esports audience aged 20+

first legal wager can be struck, however.

It was expected that 2020 would usher in full sports betting regulation to the country, only for the pandemic to bring a temporary halt to these plans.

Last year, Waldir Eustáquio Marques Jr., an undersecretary with the Ministry of Economy, told the BgC Digital Experience that he expected fully regulated sports betting to launch in Brazil ahead of the 2022 World Cup.

With regards to esports, under the Senate Bill of Law 383/2017, esports has been recognised as a valid category of sports, meaning that

esports betting may be officially allowed in Brazil under certain limitations. That being said, the esports betting industry is already flourishing, with companies involved in the space more than happy to publicly announce their expansion into the country.

STATE OF ESPORTS BETTING IN ARGENTINA

 There is no overarching federal regulation of esports or sports betting in Argentina. Instead, under the country's constitutional system, the regulation of esports betting (and other forms of gambling) is made to fall within the jurisdiction of the different provinces.

For example, Buenos Aires Province has enacted Law 15.079, which regulates online gambling, including those based on the ability of players as well as those based on pure chance.

This includes electronic machines, casino games, esports betting, lotteries, horse racing betting and wagers on real sporting and non-sporting events.

AFRICA: A NASCENT MARKET



AFRICA IS steadily growing as an area of interest in the esports world, with countries such as South Africa, Egypt, Nigeria and Kenya leading the fray. However, the esports industry is still in its infancy compared to other continents.

That being said, it is seen as a region with untapped potential, with 60% of Africa's population aged under 25. It's this group that has driven an increased uptake of internet and smartphone technology. It is estimated that the esports audience will increase from 20 million in 2020 to 53 million by 2023.¹⁰

"As the audience grows, more businesses are expected to invest in African team talent, with South African and Egyptian gamers already starting to feature on international rosters," says Morris Garrard, a market analyst at Futuresource Consulting. "This opens up sponsorship opportunities for companies investing in these athletes,

with advertising targeted to better reach African fans."

However, Africa's esports industry has been held back by a lack of technological infrastructure and publisher support, which in turn produces fewer players able to effectively compete in international tournaments. It is understood that the development of this infrastructure in Africa could lead to an uptick in participation from an esports fan and professional player perspective.

STATE OF ESPORTS BETTING IN SOUTH AFRICA

 South Africa is the centre of African esports and one of the first few nations (along with South Korea, China, Russia, Italy, Denmark and Nepal) to recognise esports as an official sport.



"More businesses are expected to invest in African team talent, with South African and Egyptian gamers already starting to feature on international rosters"

**MORRIS GARRARD,
FUTURESOURCE CONSULTING**



Esports titles popular in Africa
CS:GO, League of Legends, Dota 2, Tekken 7, PUBG Mobile, FIFA

While it is difficult to put an accurate figure on the number of gamers in South Africa, the country's betting market is projected to be worth \$519m this year.¹¹

Online sports betting and the business of bookmaking is legal in South Africa, providing that the person or organisation conducting

such business is licensed by one of South Africa's nine provinces' gambling and racing boards. This applies also to any operator offering esports betting. According to Western Cape Gambling and Racing Board, there are currently 39 licensed online sports betting sites in South Africa.

SOUTH AFRICA ESPORTS BETTING PROJECTION*

3.5m
2020

3.8m
2021



*Number of people (in millions) betting on esports. Data projected by selecting those in Newzoo's esports audience aged 20+



What's your view?

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¹⁰ Futuresource Consulting
¹¹ PWC

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