



FAQ on Illegal Betting

What is illegal betting in a global context?

Illegal betting has grown significantly worldwide due to increased wealth, greater internet accessibility, and a lack of regulation – or in some cases over-zealous regulation – around legal betting in many countries. This illicit industry is often operated by transnational organized crime groups that exploit regulatory gaps and varying enforcement levels across different regions.

Since the mid-2000s, certain jurisdictions have become major hubs for so-called 'licensed'—but largely unregulated—online betting operators. The COVID-19 pandemic further exacerbated the expansion of these operations as they adapt to shifting regulatory pressures and enforcement actions by authorities globally.

The evolution of illegal betting has seen organized crime groups continually adapt to changes in regulations and increased scrutiny from law enforcement. Starting in the 1990s, local illegal betting syndicates in various parts of the world began expanding their operations internationally. The rapid economic development in emerging markets contributed to a surge in consumer demand, fuelling the growth of illegal betting activities.

In recent years, massive markets with passionate sports fan bases—such as those in Asia, Europe, North America, Africa and Latin America—have significantly expanded the reach of illegal betting. This expansion has resulted in a global market, making illegal betting a widespread and complex issue that transcends borders.

What is the IFHA Council doing about Illegal Betting?

The IFHA Council on Anti-Illegal Betting & Related Crime is a think tank comprised of members from organisations engaged in horse racing and sports integrity, law enforcement, the UNODC, and academia. In October 2024 it succeeded the ARF Council on Anti-Illegal Betting & Related Financial Crime, which was established in 2017, and brings a global focus from the global leader for the international sport of thoroughbred racing.

The purpose, objectives, and impact of the original ARF Council have become global, and as such have outgrown the original regional role. With a global impact, a global set of stakeholders, and addressing global issues affecting racing and other sports relating to illegal betting and financial crime, the Council moved under the auspices of the IFHA to become a global organisation.

IFHA Council on Anti-Illegal Betting and Related Financial Crime Secretariat

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The purpose of the IFHA Council is to foster and enhance international cooperation among horse racing operators, regulators, intergovernmental organisations, government agencies and NGOs in order to better combat the threat of illegal betting and other crime risks to the integrity of the sport of horse racing in particular, as well as sport in general.

The IFHA Council performs the following functions:

- Conduct research into illegal betting, related crime and associated integrity threats to horse racing and other sports by:
 - Developing materials highlighting the modes of operations of illegal betting markets at national, regional and global levels, where possible
 - Researching the impacts of illegal betting and related crime on horse racing, other sports, and society
 - Researching the impacts of regulation of legal betting on the illegal betting market
 - Identifying practical measures to combat the problems of illegal betting and related crime affecting integrity in horse racing and other sports and communicate these to governments, regulators, racing and sports administrators, and other stakeholders relevant to the issues
- Share findings of this research with stakeholders to protect the integrity of horse racing and other sports, and raise awareness of the wide-ranging dangers illegal betting and related crime pose to horse racing and other sports as well as society at large by:
 - Sharing information relating to illegal betting and related crime risk with stakeholders
 - Showing how betting monitoring models can support horse racing and other sports integrity management
 - Formalizing anti-illegal betting intelligence sharing among Council members
 - Raising awareness generally and educating stakeholders of the risks created by the existence of illegal betting markets.

How big is this market?

Measuring an unregulated, underground market is by its nature very difficult but reliable estimates used by e.g. the UNODC put it at as much as USD 1.7 trillion a year in turnover.

Council research has also shown consistently that the market grows at a faster rate than the legal market, as it is not restricted by any limitations as to product offering, advertising, nor price (via taxation).

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Why should this be a global concern?

The other business lines of the organized crime groups involved in this industry and their negative impacts are not limited to one part of the world but are, by their nature, transnational.

Illegal betting is a core business activity for organized crime groups globally due to its high profit margins and low operational risks. It is difficult to prosecute and usually not a high priority for law enforcement.

Transnational organized crime groups often run major illegal betting operations spanning across jurisdictions, and illegal betting is a major source of funding for their other criminal business lines such as drug production and distribution, wildlife trafficking and even modern slavery.

As well as the direct impacts of e.g. drug trafficking on societies, the huge volumes of money generated by illegal betting has to be laundered into seemingly legitimate industries, distorting and corrupting markets. This has been seen across the globe.

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How is Illegal Betting linked to Money Laundering?

Illegal betting facilitates money laundering by offering high payout rates and anonymous transactions. Criminal groups can set up licensed betting sites in offshore betting licensing tax havens to mix proceeds of crime with 'legitimate' profits from gambling. Many jurisdictions that specialise in providing licences for these types of operators lack adequate regulatory oversight and due diligence structures and pose financial crime risks.

The complexity of these operations and the international nature of online betting make it difficult for authorities to effectively combat.

How does Illegal Betting harm the Integrity of Racing and Other Sport?

Illegal betting is one of the biggest threats to sports integrity as it allows corruptors to profit from manipulating competitions.

The threats to the integrity of racing and other sports from the illegal markets are greater than the legal, well-regulated markets which – either out of self-interest, regulation or both – raise alerts with sports authorities and other bodies or otherwise share information to prevent corruption of sport.

Competent match-fixers use unregulated betting sites to place large wagers without oversight, unlike legal operators who share data on suspicious betting patterns. The massive liquidity and lack of transparency in these markets provide a perfect platform for sports manipulation. Match-fixers can arrange fixes knowing that leading unregulated bookmakers have traditionally accepted significantly larger bets on even obscure sporting events. These operators do not share information about suspicious betting activity, unlike licensed and regulated operators. This lack of cooperation and transparency makes it easier for corruption to infiltrate sports and for bad actors to avoid detection.

In racing, the threat is arguably even greater, as one of the biggest online betting sites in the world in terms of amounts wagered specialises in horse racing, allows users to profit from horses losing a race, and is completely unregulated.



What are the key challenges faced when combatting Illegal Betting?

As sports betting continues to globalize, it becomes harder for regulators and the public alike to differentiate between online legal and illegal betting. Illegal betting operators often purchase licences in jurisdictions that do not confer legality beyond that jurisdiction, creating a grey area for consumers and regulators. Technology also aids illegal operators, making it a challenge for law enforcement agencies to tackle this problem.

The global nature of online betting has made it difficult to clearly define what constitutes illegal betting. This ambiguity is exploited by illegal betting operators who claim to be ‘licensed betting operators’ because they have purchased licences from certain jurisdictions which specialise as offshore licensing havens. However, these licences provide zero legality in the jurisdictions in which these betting operators take bets. This has resulted in a growing number of jurisdictions offering such betting licences. The widespread misconception among consumers that offshore online betting operators with a licence in a jurisdiction other than where they are located are legal has further compounded the issue.

The danger is that regulators focus on what is visible and easy to understand, and over-regulate the legal market, which has been shown will only drive consumers to illegal markets.

What are some actions can be taken in the fight against Illegal Betting?

Combatting illegal betting requires collaboration between all stakeholders: the betting industry, government regulators, sporting bodies, law enforcement, financial institutions, and the media. Measures such as consumer education, blocking financial flows to illegal websites, law enforcement training, and athlete betting bans can be effective. However, the fight against illegal betting requires international cooperation due to its transnational nature. There are no quick fixes, but progress is achievable with a sustained, multi-faceted approach.

It is essential to establish a clear, universal definition of illegal betting at an international level. For instance, adopting the definition outlined in the Council of Europe’s Macolin Convention against match-fixing could be beneficial. It’s also important to address the misconception among consumers that offshore online betting operators with a licence in a jurisdiction other than where they are located are legal. This requires education and clear communication from authorities and the media.