

The Crypto Betting Industry



Research Report

State of the Industry

Forecasting the outcome of a future event and placing a wager on that outcome is considered betting. Formally, it's known as a prearranged commercial activity between two parties; one that predicts an outcome and places a bet, and another who either forfeits the bet or pays the agreed money or value to the betting player.

The **global** gambling market size reached a value of nearly \$450 billion in 2018. It's expected that by the year 2022 the market size is to surpass \$560 billion and if the trend continues the industry will exceed \$630 billion by the year 2025. The main drivers for this massive projected growth are; an increase per capita income, high adoption, growing interest, and a growing number of dual-income households will expand the transformation of the global market. The market continues to surge in popularity and is one of the fastest-growing in the world, offering incredible potential for all that are involved. Across the US, Europe, and the Asian-Pacific region demand for online games and increasing penetration of mobile apps helps greatly in attracting new players in this industry. The Online Gambling Market size in 2017 was around \$46 billion and is set to reach beyond \$85 billion by the year 2024. The ease of cashless approach of payment, due to technological progression is bound to boost the online gambling market to new highs.

The **European** market is the largest when it comes to online gambling. In 2017, Europe had a 48.9% share of the global online gambling market. According to the European Gaming & Betting Association, online gambling is set out to grow from \$22.3 billion in 2017 to \$28.1 billion in 2020, which is more than a 26% increase over this period. Online Sports Betting and Casino add up to over 72% of all online activities. All online gambling activities combined makeup 20.7% of the total gambling space on the continent. In 2018, Sports betting continued to dominate the online gambling industry in Europe. This is because of the region considerate of a large number of countries like Germany, Italy, the UK, Spain, and France where online gambling is legal.

The **Asia-Pacific** region is the biggest market for gambling, accounting for 32.7% of the global market in 2018. It houses the second biggest online gambling market in the world. While the gambling industry is rapidly developing in the region, not all countries allow gambling activities. In countries where it's legal to partake in such activities, it's very strictly regulated by the authorities. Philippines - Since the election of President Rodrigo Duterte, gaming markets and their regulations are undergoing profound change. Macau - Uncertainty surrounding the issuance of the next wave of casino concessions. China - Online sales of the state Sports and Welfare Lotteries remain banned, awaiting further regulation. Japan - Problem gambling and IR implementation legislation are ongoing. India - Potential national reform of sports betting.

The **American** Gaming Association examined that the annual economic impact of gambling activities is worth \$261 billion, spreads across 43 states, and supports 1.8 million jobs. The American market is showing the biggest growth in the sports betting market with a current market capitalization of \$67 billion, the market has grown at a rate of around \$10 billion per year. In 2018, AGA reported that half of the tracked states experienced an all-time high in gaming revenue. On the regulatory side, the statutes and regulations addressing responsible gaming differ from state to state. Many casinos and gaming suppliers voluntarily implement programs with a range of responsible gaming measures that go beyond what is required by law.

Crypto Betting Evolution

Innovation in this industry has historically been challenging for several reasons. One of the main reasons is the highly regulated market where a wide range of sanctions can be applied to any company that offers gaming without a license, and getting licensed is an intensive process. Where in many other industries innovation is easier because the adjustment of products and technology can be done with fewer regulatory oversight. Another reason is, that these games are typically designed by independent providers who then sell or lease the games to casino operators to offer to their clients. While casino operators gather a lot of data on game performance, the manufacturers are in part dependent upon these operators to share that data to more effectively reconfigure their products based on user feedback.

The shift towards online games is already showing its worth since the platform that's being used, is one that gathers data by default, thus platform developers can readjust and more effectively tailor their service to customers' demand. The opportunity that occurs, is one of innovation and with the potential to disrupt. With crypto, it's possible to innovate and improve on most, if not all aspects.

The most obvious one being, **transparency**. Concerns about the fairness of games and the integrity of online casinos have existed since the very start. The industry relies heavily on trust, if there's no trust, players won't participate, it's that easy. What other technology than blockchain, which is trustless by nature, is a better fit to tackle this? Being able to verify each bet, game, play, move, and hand will lead to a fairer game for all.

Moreover, the online betting industry is lacking **proper security**, due to most platforms having a centralized design and thus have a single-point-failure and attack. Player deposited funds aren't always secure therefore wagers held by independent blockchain escrow are required. The ability to play games using funds directly from a crypto wallet enables players to keep control over their funds at all times. Furthermore, the lack of privacy and high fees are reasons which either put bettors off and could even drive them to unofficial ways of betting.

Consumers want **faster, easier** gaming, and they demand **guaranteed payouts**. By verifying a user's identity only once and using tokens to place a bet, there's no need to register traditional payment methods. By using a token, the problem of failed deposits is also eliminated. When a player wins, they'll be paid immediately once the game session ends, no matter the size of the winnings.

Running an online **regulatory compliant** casino is complex, costly, and challenging to enforce. Starting a casino can be done in weeks without the need to invest heavily in centralized infrastructure like traditional casinos. A combination of provably fair games, escrowed instant payouts, and proper KYC will produce a new generation of operators with the highest standards of integrity and transparency.

Open to all and access to untapped markets. The **borderless** nature of crypto enables anyone, anywhere in the world to participate in & create markets, games and realize truly unique ideas.

Projects On the Move



Augur is a trustless, decentralized oracle and prediction market platform built on top of the Ethereum blockchain. In a prediction market, individuals can speculate on the outcomes of future events. Moreover, it's non-custodial, 100% peer-to-peer and thus owned & operated by those who use it. Users must ensure that the actions they are performing are compliant with the laws in all applicable jurisdictions and must acknowledge that others' use of the Augur protocol may not be compliant.



Betterbetting is a provably fair, peer-to-peer decentralized sports betting platform. It's aimed at facilitating sports betting with; no fees, no margins, no percentages, and instant payment. Ethereum smart contracts are used to store the bets, after this, the user authentication is performed. When a transaction is placed, an amount is agreed between the bettor and the layer. Then funds from either side are escrowed through a smart contract on the blockchain until the underlying event is finished, at which point the bet is settled in favor of the winner. Using blockchain they provide sportsbook clients, that operate with no human or business entity in the middle.



DecentBet is an open-source peer-to-peer blockchain gaming platform. In its present state, it's fully focused on eSports with self-wagering. Tournaments are on the agenda for the coming period. The platform runs on the VeChain blockchain and uses smart contracts for its activities. The teams aspire to allow anyone with an idea to create; a game, market bet or casino room, and even share in the revenue, which is all on the long term roadmap.



FunFair is a blockchain technology platform that provides low cost, high quality, transparent casino experiences that are faster and provably fairer to play when compared to other platforms. Their turnkey solution enables users to create a casino in moments and begin accepting players and processing payments instantaneously. Funfair incorporates so-called 'Fate channels' that perform off-chain execution of smart contracts and are a type of 'second layer' scaling technology aimed at reducing delays and costs when playing games while delivering real-time provably fair random number generation and cheat-proof gaming with automated dispute resolution. By building on the Ethereum network, Funfair grants its users transparency and security that they're seeking.



WINK, formerly known as TRONbet, is a blockchain gaming platform for users to play, socialize, and stake across multiple blockchain ecosystems. WINK is an open, non-exclusive platform that supports applications running on different blockchains like TRON, Ethereum, EOS, Binance Chain, and more. By giving users custody of their funds and deploying transparent DApps, WINK puts the player first. Innovations such as the exclusive WIN token and "play to mine" modes will ingratiate VIP users while building a platform with a loyal fanbase.

The Good, The dApp, & The Ugly

dappradar.com

When checking for dApps on dappradar.com, that tracks 2638 dApps at the time of writing. We find a total of 890 dApps placed in the category 'Gambling'. We zoom in on the three most active networks that are listed on the site; Ethereum, EOS, and Tron. By doing so, we find the following numbers; Ethereum 410, EOS 284, Tron 167 summing up to a total of **861** gambling dApps. Across the board, we're able to see overall activity over the last seven days in terms of users, volume, and transactions. Only 233 out of the listed 890 dApps show one transaction or more over the past seven days. It gets even more interesting when checking for volume over the same period, the list gets shorter with only 162 projects showing 1 USD or more as 'volume'. When we set a standard of a somewhat reasonable amount of 1000 USD as volume, we are left with just **83** dApps.

Transactions – 7 Days

1 Dice – EOS – 4.9M
2 WINK – Tron – 4.4M
3 BLUEBET – EOS – 3.1M

Volume USD – 7 Days

1 Wink – Tron – 31M
2 BigGame – EOS 6.9M
3 BLEUBET – EOS – 5.5M

Users – 7 Days

1 Dice – EOS – 6700
2 BingoBet – EOS – 5800
3 Wink – Tron -5700

dapp.review

When checking for dApps on dapp.review, that tracks 3717 dApps at the time of writing and filter for the same networks in the category 'Casino' we count the following numbers; Ethereum 335, EOS 328, and Tron 188, 167 adding up to a total of **851** gambling dApps. The total number of listed gambling dApps is 909 across 12 different networks. Again we check for activity and find that only 246 out of the 909 dApps show one transaction or more over the past seven days. Checking for volume over the same period, we count the same number, 246 projects showing 1 USD or more as 'volume'. When we set a standard of a somewhat reasonable amount of 1000 USD as volume, we are left with **101** dApps.

Transactions – 7 Days

1 Dice – EOS – 4.7M
2 WINK – Tron – 4.6M
3 BLUEBET – EOS – 3.1M

Volume USD – 7 Days

1 Wink – Tron – 32.9M
2 BigGame – EOS 6.8M
3 BLEUBET – EOS – 5.3M

Users - 24H

1 Dice – EOS – 6700
2 BingoBet – EOS – 5800
3 Wink – Tron -5700

Of course, this doesn't represent all betting/gambling dApps out in the wild, and certainly doesn't reflect all activity for each dApp, since the data presented only covers seven days. Still, it gives us some insights into the usages of gambling projects in crypto-space. The question rises how legitimate are the measured activities and how can we separate the ugly actors from the good? Of course, scripts can do the heavy lifting. However, this is something that can only accurately be done by reviewing each of them independently before actually being able to rate them properly. Needless to say, this would be a very demanding and time-consuming task.

Conclusion

The gambling industry is one of the fastest-growing in the world and the foresight is positive when looking at market size, overall availability & accessibility, and upcoming regulations on nearly all continents. Virtually all market research points to one thing behind the continued popularity: the ongoing digital revolution. The many advantages' crypto brings along are likely to set the stage for an influx of new players in the industry. With quick and cheap transactions, worldwide access, full transparency to ensure fair play, and guaranteed anonymity players can be certain, that games will be fair and operators will act with integrity. The advance of the industry is expedited by the active incorporation of innovations like internet access through mobile devices, and new outlines in regulation.

Technological innovation in many cases equals a broader availability of services & products and in this case, it's no different. Technology transformed the way we work, live and play. It already changed how we gamble and bet. Alongside the ongoing and unstoppable crypto-revolution, we find a notoriously hard industry when it comes to innovation. Through the utilization of blockchain technology, transactions can run rapidly and overall security increases. This not only grabs the attention of existing online casino operators but also aspiring ones.

Besides, blockchain-based financial transactions are in many cases anonymous and don't require intermediaries, which is advantageous for players. By lowering entry barriers and adding multi-device support we are seeing easier ways to participate. Moreover, new gambling projects and startups can raise investments through ICOs and IEOs. These types of fundraisers are considered by many to be rather efficient ways to raise capital and to start activities in the online gambling market.

Recent years have seen notable progress on regulatory reforms designed to encourage greater innovation. With so much going on in this field, it's hard to keep up to date for most people. Therefore, when searching for accurate information, the best practice is to turn to industry bodies representing online gaming and betting operators like AGA and EGBA as well providers of independent legal, regulatory and business intelligence to the global gambling industry. It's advisable to search for which projects are working pro-actively with regulators and are taking steps to acquire licenses to make sure their users, partners, and investors won't get in trouble in the long run. The projects that have zero eyes for regulatory compliance should be considered high risk, on the flip-side, some will probably bring in high rewards because of it.

Does this mean you should consider buying into your favorite crypto-gamble-project at current rates? Looking at the numbers provided, it should be safe to say that at least a few of these projects are bound to have a bright future. To decide which ones are considered high-potentials, proper due diligence is required and still even after this, you could end up with another low activity project token... It's better to stay calm and remain patient when fear runs high in the market.

In many ways, it's never been easier to place a bet and with crypto already changing the industry, it's safe to say that it will make it fairer, bigger, and better.

Disclaimer

The information contained in this document is confidential, privileged and only for the information of the intended recipient and may not be used, published or redistributed without the prior written consent of TheCrypto.Community. The content in this document is solely the property of TheCrypto.Community.

Any partial, complete, or public access to a third party of the content in this document, TheCrypto.Community reserves the right to pursue legally. And request its confidentiality to the acquiring part, in order to hold the information on the document private.

The opinions and information expressed in this document are in good faith, and while every care has been taken in preparing the document; TheCrypto.Community makes no representations and gives no warranties of any nature in respect of the investment the acquiring party decides to take over the information stated in this document or the reviewed project.

TheCrypto.Community Research Report is not limited to the accuracy or completeness of any project it reviews nor is responsible what the researched project does in a certain period of time.

TheCrypto.Community is not affiliated or economically compromised with the projects it reviews, all information is researched on an unbiased way, in order to provide the clearer pros and cons of any project is reviewed.

This document facts and opinions are TheCrypto.Community alone and are not to be considered investment advice for the acquiring party nor TheCrypto.Community will be responsible for any outcome the acquiring party might have upon taking action with the information contained in this document. Sources are available on request, we reserve the right to refuse such requests.

The acquiring party hereby declares that is completely aware there is no commitment from TheCrypto.Community in any action it takes upon this Research Report. Nor any compensation will be made to any loss of assets, goods or services the acquiring party does upon the reviewed project.

