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SEPTEMBER 2022

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December 2022

# Casinos, Gambling And Gaming Platforms Bet On Instant Payments

Money Mobility Tracker® Series

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PYMNTS



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## Need To Know

# Bet On Gambling Having A Promising Future

The gambling industry is hotter than ever. Since a 2018 Supreme Court [ruling](#) struck down a federal law prohibiting gambling in most states, online sports betting has exploded in popularity. Sports betting is now [live](#) and legal in 31 states and legal but not yet operational in five states. All told, Americans have bet an [estimated](#) \$125 billion on sports betting since the court's decision.

Wagering on video games is also on the rise. eSports have become exceedingly popular and, in some cases, lucrative. The total prize pool for the video game Dota 2's top tournament, for example, [exceeded](#) \$40 million in 2021. Although betting on Dota 2 [comprised](#) nearly one-fifth of all eSport wagers, the most popular video game for betting was League of Legends, with nearly 40% of the market.

The popularity of sports betting is growing.



**19%**

of American adults have [reported](#) betting on sports in the past year.



**132M**

Americans [reside](#) in states where sports betting is now legal.

## Need To Know

### Traditional casinos are winning too.

Traditional casinos are also benefiting. The industry is recovering from the pandemic, and casino foot traffic is increasing. In 2022, 34% of Americans visited a casino, up from 28% the year prior. The global market for casinos, worth an estimated \$123.4 billion in 2020, is expected to reach \$153.2 billion by 2026, with the United States making up the biggest chunk of the market. The U.S. commercial gaming industry's combined revenue in 2021 was \$53 billion, a record total.

Casinos have helped fuel this growth by innovating on their product offerings and payment methods, including upgrading to cashless slot machines. Though cash remains king, casinos, aided by some major financial institutions agreeing to support gambling transactions, are starting to allow customers to pay with debit and credit cards as well as higher-tech methods such as digital wallets and cryptocurrencies.

Traditional casinos are recovering from the pandemic and remain popular.



of American adults have participated in some form of gambling in the past year.



of American adults have visited a casino in the past year.

## Need To Know

# Gambling has grown, but payment problems persist.

The remarkable growth of online gambling has thrown a persistent problem into stark relief: payments. From casinos to eSports tournaments to online betting platforms, the payment process is often slow, error-prone and vulnerable to misuse, exasperating consumers and regulators alike.

Consumers want quick access to their winnings but often find the process delayed and lacking options. The disbursement of prize funds in eSports is particularly problematic, with one major tournament taking more than a year to pay the winners. For regulators, fears abound over money laundering, exploitation of consumers and shady business practices. Companies in the gambling and gaming space should therefore focus on modernizing their payment systems.

Regulators have concerns around gambling payment options, including the following:



Cash-based payments facilitate money laundering.



Easier access to gambling may lead to abuse.

## News And Trends

# Cashless Payments Come To Las Vegas Casinos

While most industries have embraced cashless payments in recent years, the casino industry has been largely holding out. This is changing in Las Vegas, the casino capital of America. The latest mega-resort on the Vegas Strip, Resorts World, now allows customers to play cashless slot machines and table games.

Casinos were slow to adopt cashless payments until COVID-19 forced their hand. To cater to consumers wary of handling physical currency, casinos started embracing cashless alternatives. In addition to Resorts World, Station Casinos has also begun adopting cashless payments at six of its Vegas-based locations. Casinos in Oklahoma are also exploring cashless options.

“COVID was one of those catalysts that really sparked the cashless conversation in gaming. ... I think operators are seeing better results, even with the fact that we might see a second year in a row of record revenues, from those who have cashless as a solution.”

CHRIS JUSTICE  
President

globalpayments

Source: Horwath, B. Las Vegas casinos, late to the cashless game, appear ready to capitalize with young players. *Las Vegas Sun*. 2022. <https://lasvegassun.com/news/2022/oct/17/las-vegas-casinos-late-to-the-cashless-game-appear/>. Accessed December 2022.

## News And Trends

### Maryland finally rolls out mobile betting

Maryland has taken two years to operationalize online betting. Having legalized betting in 2020, the state took until November 23 of this year to launch its online sportsbooks, with offerings from Barstool, BetMGM, FanDuel and others finally going live. In-person sportsbooks have been live since December 2021.

The delay in online betting is attributable to onerous laws and regulations unique to Maryland. To obtain a sports betting license, an applicant had to be approved by Maryland Lottery and Gaming as well as Maryland's Sports Wagering Application Review Commission.

### Australian regulators call for cashless gaming to stem tide of money laundering

Regulators in Australia recently concluded an investigation finding that billions of dollars of dirty money was being laundered through pub- and club-based gambling operations each year in New South Wales (NSW). The regulators found almost no mechanisms currently in place to detect criminal activity related to the AU\$95 billion (\$65 billion USD) flowing through NSW gambling establishments.

The investigation was conducted by the NSW Crime Commission and resulted in a range of recommendations. Of note, the commission recommended that the Australian government introduce a mandatory cashless gaming system to curb money laundering. The commission also called for better data collection and analysis practices.

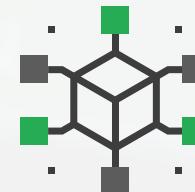
**PYMNTS Intelligence**

# Lack Of Payments Modernization Is A Risky Decision

As the online gambling and casino industries continue to grow, payments present both a challenge and a considerable opportunity. Customers involved in gambling have traditionally preferred making and receiving payments in cash due to its anonymity, but times are changing. A KPMG [survey](#) taken in the pandemic's wake found that 55% of respondents would use a mobile application or contactless method of wagering at a casino if given the choice.

The problem is that customers often are not given a choice. Only 58% of consumers had a choice of disbursement method for their gambling or gaming winnings in 2022, according to a recent PYMNTS [survey](#). This is a substantial drop from 2021, when 73% of these winners had a choice. Though casinos have started to embrace cashless payment methods, it is clear that the transition is still in its infancy.

**Consumers are being given less choice in how they receive their winnings from gambling and gaming.**



**58%**

**Share of consumers who were given a choice of disbursement method in 2022**



**73%**

**Share of consumers who were given a choice of disbursement method in 2021**

## PYMNTS Intelligence

### Instant disbursement options should be table stakes

PYMNTS' [survey](#) indicated that consumers want their disbursements through a variety of methods, with instant payments being the most popular. The study found that 21% of recipients selected instant payments to receive their winnings, while 19% went with same-day bank account transfer and only 15% opted for cash.

It is likely that a greater share of people would select instant payments if that option were more widely available. The portion of consumers wanting to receive disbursements via instant payments grew from 40% in 2020 to 47% in 2022, according to the same [research](#). Despite this interest, PYMNTS found that consumers who used instant payments for disbursements more than other options were given 6% less choice in how to receive those disbursements in 2022 than in 2021.

Consumers are interested in receiving their winnings in a variety of ways.



**21%**  
Instant payments



**19%**  
Same-day bank account transfer



**15%**  
Cash



**5.8%**  
Check

## PYMNTS Intelligence

# Payments modernization can pay for itself

All this underscores the need for casinos and online platforms to invest in payments modernization, as using legacy payments systems limits their ability to meet the demand for instant payments.

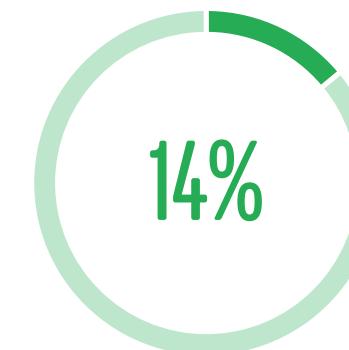
Although companies might be hesitant to upgrade their payments architecture due to upfront costs or the uncertainty of how best to go about the process, modernizing is worth it. An updated payments system that supports instant payments and other payment methods will attract new customers and retain old ones. PYMNTS [found](#) that 67% of consumers would be more inclined to continue business with a company that offered instant payments.

Moreover, transitioning away from cash can help assuage regulators' fears over money laundering as well as enable casinos to put better safeguards in place to deter unhealthy gambling behavior. A shift to real-time or instant payments can also [improve](#) accounting efficiency. Finally, there are a variety of FinTechs that can help companies navigate the transition.

**Modernizing payments infrastructure to support real-time payments has many benefits.**



**Share of surveyed business executives who say improved accounting efficiency is an important benefit of making real-time payments**



**Share of executives who say reduced risk of payment failure is the most important benefit of making real-time payments**

## Chart Of The Month

# Instant Payments Are Everywhere

Across the various disbursement use cases, instant payments are a constant. Instant payments make up an aggregate 22% of all disbursements, reflecting just how popular they are among consumers. Though they are most popular for product purchase-related and income disbursements, instant payments are also very popular for disbursements related to gambling winnings. Nearly 21% of consumers report using instant payments to receive these winnings.

## Popularity of instant disbursements

Share of consumers receiving at least one instant disbursement

Source: PYMNTS

Disbursements Satisfaction Report 2022, September 2022

N varies based on disbursement categories, fielded June 9, 2022 – June 23, 2022

	2018	2019	2020	2021	<b>2022</b>
• All categories	9.5%	12.8%	14.0%	19.7%	<b>21.7%</b>
• All nongovernment categories	9.5%	12.6%	12.7%	31.1%	<b>33.6%</b>
• Government disbursements	2.4%	5.7%	6.2%	18.1%	<b>17.0%</b>
• Income and earnings disbursements	2.9%	8.9%	8.6%	23.4%	<b>25.0%</b>
• Investment account disbursements	3.0%	5.8%	4.8%	17.0%	<b>18.2%</b>
• Product purchase-related disbursements	5.4%	13.9%	8.9%	22.4%	<b>24.5%</b>
• Insurance disbursements	—	—	8.7%	21.1%	<b>23.6%</b>
• Borrowing disbursements	—	—	6.6%	33.9%	<b>24.5%</b>
• Other disbursements <sup>1</sup>	6.3%	6.9%	6.9%	19.0%	<b>20.8%</b>

<sup>1</sup> Types of disbursements included in our “other” category include winnings, such as from lottery, gambling and gaming victories; legal settlements; medical research participation payments; and marketing or focus group participation payments.

**Insider POV**

# DraftKings On Making Money Mobility Both Fast And Secure



Players all want faster payouts, and speed can be a differentiator for an operator. That said, it is necessary to balance speed with a diligent review of withdrawal requests to maintain platform integrity.

[DraftKings](#) tells PYMNTS about the importance of maintaining a balance between payments' speed and their security.

**The speed of payments is crucial in the gambling industry.** Customers want faster payouts. In fact, the speed of payments is so important that it can be a differentiator for customers choosing between gambling operators. Based on this strong desire for quick disbursements, DraftKings offers instant payment options to its customers. Payment speed, however, is only part of the equation. There is also a considerable need for payment security.

**Fraud cannot become the cost of speed.** Though DraftKings offers its customers instant payment options, the company reserves the right to review withdrawal requests to prevent potential fraud, among other concerns. According to a company spokesperson, the betting industry must always ensure that systems and procedures minimize fraud and risk:

“We believe safe and regulated sports betting products are essential.”

## Insider POV

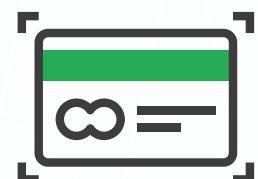
**Research shows that faster payments run the risk of increased fraud.** A PYMNTS [survey](#) found that 45% of respondents who had experienced account takeovers or social engineering fraud were victimized while using faster payment options. It was not just these channels that were problematic. Overall, 27% of respondents had experienced fraud using faster payment methods. For comparison, the survey found that only 11% of respondents had experienced traditional credit or debit card fraud in the past year.

**Real-time payments are a likely bet for the future of the online gambling industry.** The representative from DraftKings said that when more banks adopt real-time payment functionality, it is likely that real-time payments will become common in the gambling industry. From DraftKings' perspective, this would kill two birds with one stone.

“Once more banks adopt [real-time payments], we believe this process might increase speed and minimize fraud risk,” said the spokesperson.

The volume of real-time payments is expected to expand in the coming years, with [projections](#) pegging it at \$54.37 billion by 2027, up from \$15.37 billion in 2021.

## DraftKings allows its users to pay in a variety of ways.



**Direct to debit**



**ACH**



**PayPal and Venmo**

## Companies To Watch

# Gambling Companies Pursue Payments Innovation

**CAESARS.  
SPORTSBOOK**

With the goal of ensuring that sports bettors receive their winnings as fast as possible, Caesars Sportsbook has teamed up with Ingo Money to support push-to-card instant payouts within the Caesars Sportsbook app.

**Sightline**

Sightline Payments will invest as much as \$300 million to bring cashless slot machines to America. The goal is to bring 250,000 of these machines to the U.S. within the next 36 months.

**J.P.Morgan**

J.P. Morgan has invested in gaming payments platform Sightline to develop an integrated omnichannel solution for both resort and online gaming companies. This investment follows J.P. Morgan's earlier announcement that it would become the primary merchant acquirer for Sightline's Play+ ecosystem.

**CAESARS.  
SPORTSBOOK**

**Sightline**

**J.P.Morgan**

## What's Next

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# Cashless Payments Will Proliferate As Gambling Grows

Although casinos have been slow to adopt cashless payments when compared to other industries, this will inevitably change. One forecast predicts that half of U.S. tribal casinos and commercial casinos will adopt cashless gaming by 2025. The embrace of cashless payments will occur as the gambling industry continues to expand. Between 2022 and 2028, the global online gambling market is expected to grow at a compound annual growth rate of more than 11% to reach a value of \$153.9 billion.

“Online gaming is now big business, and with that come big-business-sized expectations from customers. Chief among those is the speed of account funding and withdrawals. Winners want to be able to bet immediately or have their money in hand right away, just like in a casino or other real-world gaming experience. For gaming companies, that means seeking out money mobility partners that can deliver on speed, fraud protection and flexibility across the entire universe of consumer financial account types.”

DREW EDWARDS  
CEO



# About

## PYMNTS

PYMNTS is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



Ingo Money is the money mobility company. Founded in 2001, it provides technology platforms and expert risk management to FinTechs, banks and businesses that enable safe and instant money movement, from any source to any destination. Ingo's solutions power deposits and transfers for inbound and outbound money flows, cross-platform P2P and digital payouts, with network reach to more than 4.5 billion bank accounts, cards, digital wallets and cash-out locations. This transformation of traditional payments helps businesses reduce cost and delays while dramatically improving the consumer experience. Headquartered in Alpharetta, Georgia, Ingo employs more than 200 professionals and serves some of the largest brands in North America.

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