



APPROACH IN DEALING WITH REGULATORY CHANGES

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There are different regulatory changes which actually affect the industry, let's take Kenya as an example on recent fiscal changes and how association in Kenya fought for reversal and managed to do it. Due to the tax change, sportpesa used their sponsorship of sports teams as leverage through removing their contribution to sports and consistently fighting the case in legal battles and at the end, they were able to overturn the law.



Why regulatory changes happen?

Factors behind regulatory changes

Social Factor:

Earlier in January President of Tanzania had meeting with religious leader, during the meeting, one of the religious leaders posed an issue for consideration to Mr. President concerning gaming activities proliferation in the country and how that is negatively affecting the youth (according to his view). Mr. President responded that he will work on it and soon after that all advertisement on radio and tv were banned. So through this we can see how powerful social factor may influence regulatory changes. The key issue here is to consider the environment in which we operate; Africa is different from Europe and Asia, in that majority of people are religious and Governments wish to be in religious authorities good graces, hence they would almost certainly adhere to their demands and wishes.



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Economic factor

Governments always look for ways to get more revenues, so one amongst the ways is usually of course to increase taxes. As an association, we do not object to the incremental increases in taxes provided these increments should reflect the business environment and should be aimed at a win-win situation between the sports betting industry and the Government. A good example of a detrimental tax increase is the introduction of the winning tax of 15% in Tanzania in 2015. This has resulted in an overall negative growth of the sub-sector.



What are the effects of the regulatory changes?

Unemployment

Let's take an example of what happened in Tanzania few month ago when the government decided to ban gaming advertisements on radio and tv, some operators whom were fully dependant on the adverts were mostly affected with this ban. What they did for business sustainability is to retrench some of the employees at least to minimize operational costs hence, if we look at the bigger picture, this ban affected direct employee and those who depend on them (indirect effect)



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Business impact and loss of consumer confidence

Following the restriction on advertisement Tanzania, there is huge loss of consumer confidence and up to 50% drop in revenue for some of our TSBA members whom were fully dependant on radio and tv advertisements



How can the industry prevent this ?

Prior engagement

In this matter we need to engage our government and other stakeholders just before changes happen (before new fiscal year) for the sake of educating them about our game of skills. We really need them to be conversant about our business i.e for them to understand gaming in detail, and how it works because all they think is we are making a lot of money and they forget that sometimes we are making a loss in our operations.



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Contribution to society

Most of our policy makers and other leaders don't look only on our tax contributions, they look beyond it, i.e like what extra do we contribute to the society? However, I would suggest us to contribute more on social issues for them to recognize our concerns, things like CSR are very important in protecting our industry.



Approach in dealing with regulatory changes

❖ **Industry Coordination**

First and foremost, the industry has to come together during the period of changes. This includes stakeholders meeting and formulating task force committee to oversee the follow up action points from the stakeholders' meetings. Tanzania gaming advertisement ban is one of the good example when operators came together to fight for this matter and we still fight for it and actually we see the good response from our regulator, let's look also on what happened in Kenya, the unity and togetherness shown by operators to fight for the tax issue and eventually they won the fight, this shows how coordination is more powerful in dealing with regulatory changes

❖ **Impact Assessment**

This involves collecting metrics and reports that can provide key insights such as the current impact of regulatory change and analyze their impact on business, clients, and the overall cycle.

❖ **Creating short term solution**

Based on impact of the changes and how far it affected the business, operators need to create short term solutions for business sustainability .



- ❖ **Government/Stakeholders Engagement**

This stage involves engaging government and other relevant stakeholders to find remedy and sustainable solution to the changes.

This will include sharing the top issues and risks encountered, as well as proposed actions.

- ❖ **Expert Engagement**

For the most foreseeable regulations, using a experts/consultants can create a more coordinated response to implementation, taking into account themes across multiple regulations and other change initiatives.



Conclusion

The only thing that you can be sure of is change, but it's only through collaboration and open discussion that we can turn the negatives into positives.



THANK YOU.