

# Online Gambling in Germany: Channeling and Development of the Black Market



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# EXECUTIVE SUMMARY

The containment of the black market in gambling is crucial for achieving the objectives of the current Inter-State Treaty on Gambling (GlüStV), particularly the channeling of the population's gambling behavior into regulated pathways to ensure player protection, which only exists in the licensed market. According to estimates of the Joint Gambling Authority of the Federal States (GGL), the channeling rate in Germany is between 96 and 97 percent, meaning the black market plays a minor role. However, various studies and market developments, and now also German courts, indicate that the scale of illegal gambling is being underestimated.

Based on this, insufficient measures are being taken to increase the channeling rate. As a result, player protection cannot be adequately ensured, and the state loses significant tax revenues when a substantial portion of gambling takes place on the black market.

Previous studies and market developments suggest that the share of illegal gambling has recently increased and now exceeds 50 percent. In the area of virtual slot games, the significance is even greater. In autumn 2024, the Hessian Fiscal Court estimated that the black-market share in this segment is over 80 percent.

This study determines the size of the black market in the German gambling sector using a combination of complementary methodological approaches. For this purpose, in addition to player surveys, the number of visitors to legal and illegal online casino sites was also taken into account, similar to the approach taken by the supervisory authority in Denmark, for example. Furthermore, the development of revenue from the virtual slot game tax was also taken into account.

The results indicate that in the entire online sector, the black-market share is likely greater than 50 percent – meaning the channeling rate is below 50 percent. In the segment of online casinos and virtual slot games, however, the black market plays an even larger role, with the share ranging between 70 and 80 percent.

Additionally, it should be noted that illegal online gambling providers increasingly attract players who play with high intensity and higher stakes. Therefore, the black market in the gambling sector has an even greater impact on gambling activity than reflected in the percentages stated. Apart from its effects on player protection, the German federal states lose several hundred million euros in tax revenue each year.

To strengthen player protection and increase tax revenues, combating the black market is necessary. However, this is challenging due to the ease of digital access. Instead of a prohibition-based approach, strengthening the legal gambling market should be a more effective strategy, so that an overall more attractive product is created that can at least compete with the illegal market. Key measures include adjustments to taxation, game speed, betting limits, monthly deposit limits, the approval of new games, and the regulation of on-line casinos. In addition, the educational potential of advertising for legal gambling can be increased.



# INTRODUCTION

A central objective of the current Inter-State Treaty on Gambling (section 1 GlüStV 2021) is to “channel the natural gambling instinct of the population into orderly and supervised channels and to counteract the development and spread of unlicensed gambling in black markets”. The purpose of this channeling is in particular to protect players, as it is possible that measures to improve and guarantee player protection may not be implemented by illegal providers. This includes, for example, compliance with the requirements in connection with blocked players.

The current GlüStV has now been in force for more than three years. This allows a valid analysis of the extent to which this main objective has been met to date, and of the role that illegal gambling currently plays.

This analysis is necessary as the GlüStV will be re-evaluated by the end of 2026. Therefore, now is the time to identify any undesirable developments and counteract them in good time.

The focus here is on illegal gambling. Illegal offers have always been part of the gambling offers. However, access to black-market offers has become much easier for players in the digital age, as such offers are always “just a mouse click” away. Insofar, channeling has become a major challenge for supervisory authorities, particularly in the area of online gambling.

The GGL as the responsible regulatory body for gambling in Germany says it is coping very well with this challenge. In its 2023 activity report, it states that the market volume of illegal (online) gambling is estimated to be between 400 and 600 million euros, which corresponds to a share of three to four percent of the total market. The channeling rate would therefore be around 96 to 97 percent. It has also continued to grow in the past. This would mean that the black market plays virtually no role in Germany.

According to the GGL in a press release dated 21 November 2023, its figures on illegal gambling are “based inter alia on the recording and analysis of visitor activity on illegal websites, the analysis of offers from illegal providers, the evaluation of affiliate marketing networks, etc.”. The specific procedure is not detailed. The authority also emphasizes that a regulatory authority tends to take a conservative view of the data, while the gambling industry tends to attribute higher relevance to the black market.

And indeed, other studies have reached strongly deviating results in some cases. None of these studies confirms the GGL’s assessment – even though a comparable methodology is used in some cases.

Against this background, the findings to date are summarized in the present study and supplemented by further analyses. If the size of the black market is underestimated, possible measures to strengthen channeling will not be taken. However, in view of the re-evaluation of the GlüStV, there is still time to take the appropriate measures to achieve its objectives.

Strengthening channeling is particularly important, as the achievement of the other four objectives of the current GlüStV also depends on the size of the black market. The reason for this is that the achievement of a negligible black-market share through far-reaching channeling would make it easier:

- ▶ to prevent gambling addiction and betting addiction,
- ▶ to ensure the protection of minors and players,
- ▶ to ensure proper gambling operations and to combat crime, and
- ▶ to prevent threats to the integrity of sporting competitions.

The aim of this study is to analyze the current role of illegal gambling in Germany. The first step is a basic market analysis. The relevance of illegal gambling in Germany is then outlined on the basis of existing studies. The study focuses on analyzing the size of the black market in the German gambling sector, using various different approaches. The study concludes with a derivation of the scale of illegal gambling in Germany.

# THE GAMBLING MARKET IN GERMANY

## Development of gross gaming revenue

In 2023, the market for licensed gambling in Germany had a volume of 13.7 billion euros in terms of gross gaming revenue (stakes less winnings paid out, [see Figure 1](#)). This represents a slight increase on the previous year and a trend towards the pre-Covid level. Only the licensed market is taken into account in this respect.

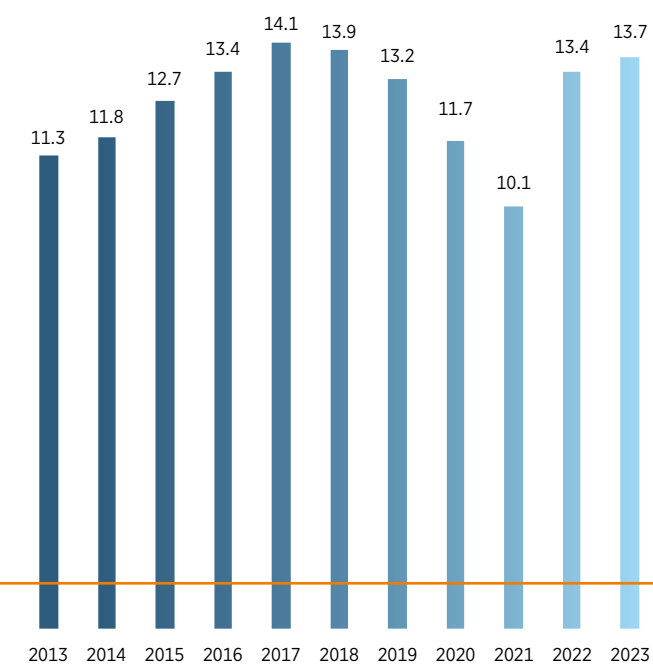
This means that last year's gambling volume was close to that of 2017, the highest level since the market analysis was introduced in Germany in 2013.

For the German gambling market, the division of the market into land-based and online gambling is of great importance. Until the GlüStV came into force in 2021, large parts of online gambling were illegal in Germany. While there was a "grey market" of tolerated offers in the area of online sports betting, the segments of online poker and digital casino games were considered to be part of the black market.

In 2023, the share of online gambling in the gross gaming revenue was approximately three billion euros ([see Figure 2](#)). This corresponds to a 21.9 percent share of the overall market ([see Figure 3](#)). The share of land-based gambling was therefore 10.7 billion euro, which accounted for a total market share of 78.1 percent.

If we look further back, we see that in 2017, with a gross gaming revenue of 2.9 billion euros in the online segment, digital gambling revenue was already similar in absolute terms. The share of the overall market was also at a similar level to 2023. This is surprising insofar as there has been significant progress in the digitalization of many areas of life since then – not least in 2021, with a clear regulatory disruption through the legalization of large parts of digital gambling.

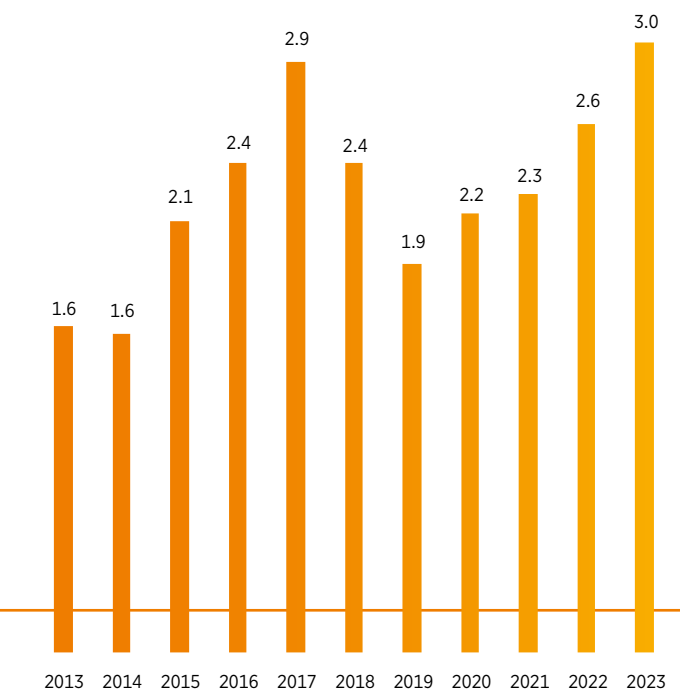
Figure 1: Gross gaming revenue in the German gambling market



in billions of euros;

Source: GGL

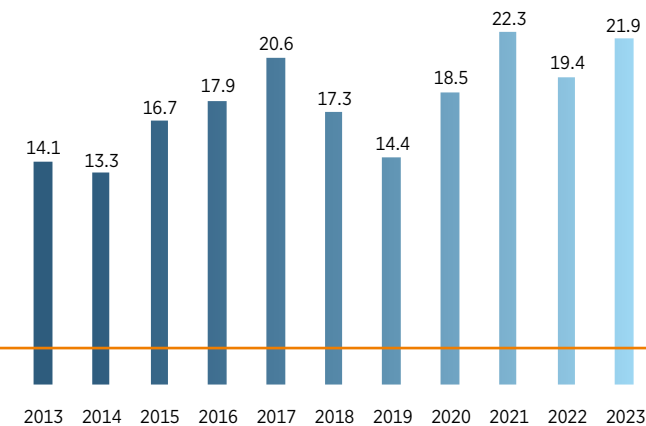
Figure 2: Gross gaming revenue in the German gambling market – online only



in billions of euros;

Source: GGL

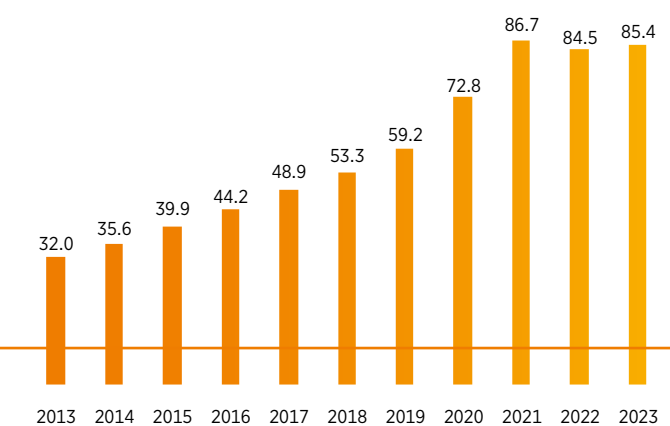
Figure 3: Share of online gambling in total gross gaming revenue in the German gambling market



in percent;

Source: GGL

Figure 4: E-commerce turnover in Germany



in billions of euros;

Source: HDE

Against this background, the development of online gambling appears moderate by comparison. This is illustrated, for example, by a comparison with the development of e-commerce in Germany, which developed much more dynamically over the same period (see Figure 4).

### Development of tax revenue

When analyzing gross gaming revenue, the online segment only showed restrained development. However, when looking at tax revenue – particularly individual types of tax – in isolation, this trend is not confirmed.

New taxes – specifically a virtual slot game tax and an online poker tax – were also introduced as part of the new GlüStV and the possibility of licensing comprehensive online gambling offers.

However, neither type of tax has shown any growth over time. On the contrary, the volume of the virtual slot game tax is currently declining relatively sharply (see Figure 5). This development cannot be explained by the fundamental change in tax revenue in the gambling

sector, because the horse-race betting and lottery tax – excluding the virtual machine tax and online poker tax – actually showed a minimal increase over the same period (see Figure 6).

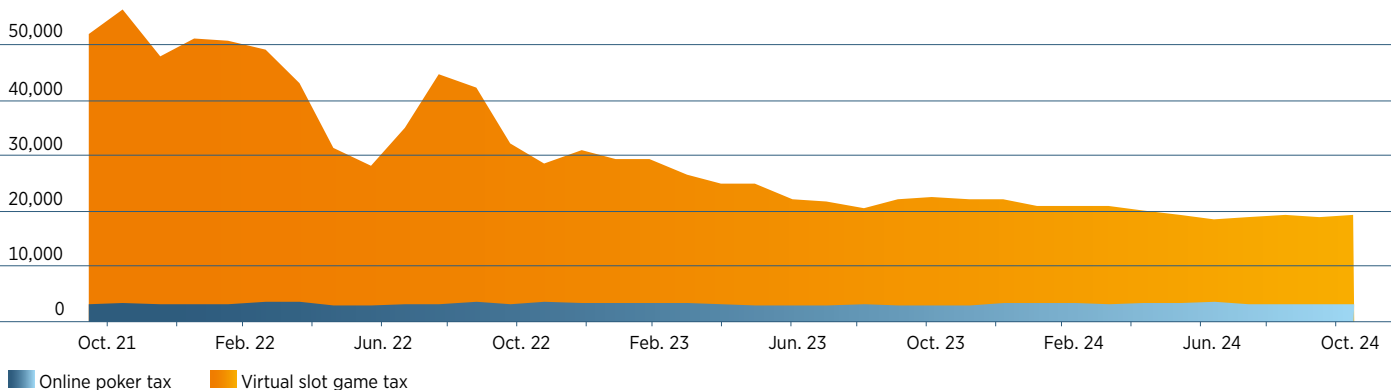
This isolated consideration would lead to the conclusion that online gambling has actually declined.

### Interpretation of the development of licensed gambling – general decline in gambling activity or migration of players?

The development of licensed gambling may have various implications and does not necessarily mean that there has been a shift towards the black market. It may also reflect the fact that gambling volume and demand have declined overall. And a lack of growth or even a decline in activity in the licensed gambling sector is entirely in line with the objectives of German gambling legislation.

However, players may also migrate from licensed offers to unlicensed offers from the black market. This would be problematic for various reasons. In this way, illegal providers undermine player protection regulations and the German state loses out on tax revenue.

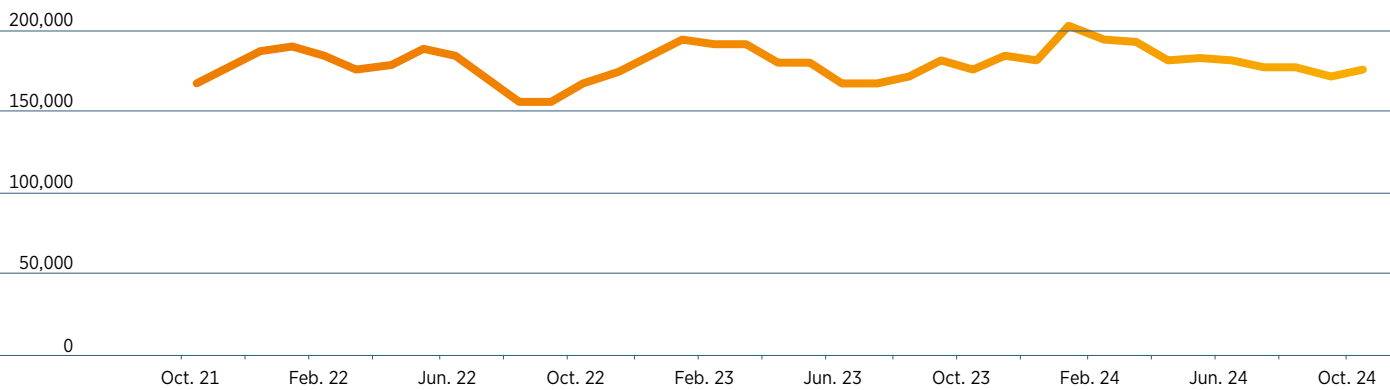
Figure 5: Volume of virtual slot game tax and online poker tax



in thousands of euros; three-month moving average;

Source: Bundesministerium der Finanzen

Figure 6: Volume of horse-race betting and lottery tax (excluding virtual slot game tax and online poker tax)



in thousands of euros; three-month moving average;

Source: Bundesministerium der Finanzen

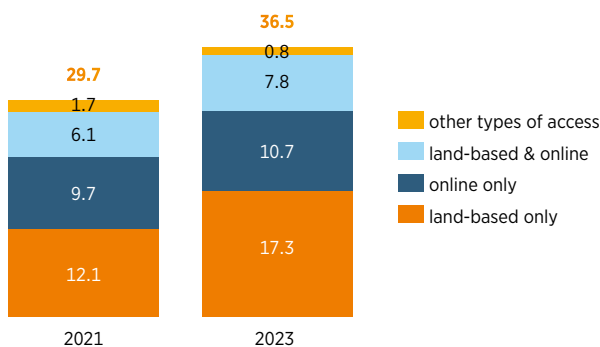
There is currently little to suggest that the volume of gambling has fallen. According to the gambling survey conducted by the University of Bremen and the Institute for Interdisciplinary Addiction and Drug Research, the twelve-month prevalence of gambling increased from 29.7 to 36.5 percent between 2021 and 2023 (see Figure 7). This increase affects both land-based and online gambling.

In addition, the nationwide OASIS player blocking file shows an increase in the number of registered players with active blocking (see Figure 8). At the end of 2020, there were 47,000. The number rose to 107,000 by the end of 2021 and to 153,500 by the end of 2022. At the beginning of May 2023, 192,600 players were registered as blocked. However, it should be noted in this respect that before June 2021, only providers from the federal states of Hesse and Rhineland-Palatinate were connected to OASIS. Only after that did the nationwide relevance of the file increase. Furthermore, online gambling providers were not previously allowed to join for legal reasons. This increase in relevance partly explains the rise in registered players. Illegal gambling providers are not connected to OASIS. Currently – in May 2024 –, around 271,400 player blockings are active.

Despite the restriction just mentioned, there is little to suggest that gambling activity has declined. Rather, gambling is likely to migrate from the white to the black market. This was also indicated by survey results from a study conducted by the Handelsblatt Research Institute in 2021.

The licensing of previously illegal forms of gambling in Germany was accompanied by regulation. Licensed providers must adhere to a limit for monthly deposits into the player account, a stake limit of one euro per game round and a minimum playing time per round of five seconds on average. In addition, licensing is associated with taxation. The virtual slot game tax amounts to 5.3 percent of the tax assessment base, which in Germany – unlike in other European countries – is not the gross gaming revenue but the total amount of the stakes. According to the German Online Casino Association (DOCV), the tax burden therefore corresponds to around 60 percent of the contribution margin generated, meaning that only a small proportion of the stakes can be distributed as winnings. These points contribute to player protection, but at the same time make gambling less attractive from the players' point of view. This is problematic if

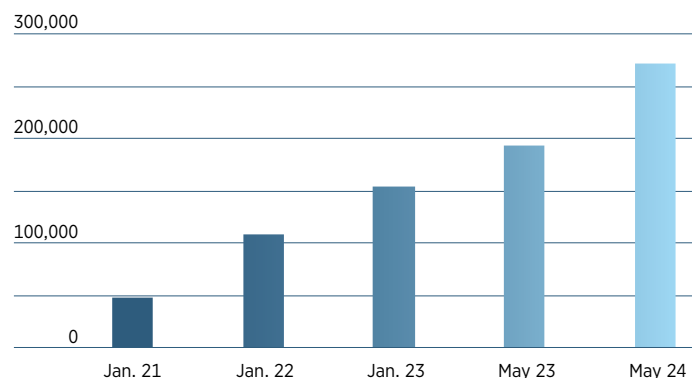
Figure 7: Twelve-month prevalence of participation in gambling



in percent; differences due to rounding;

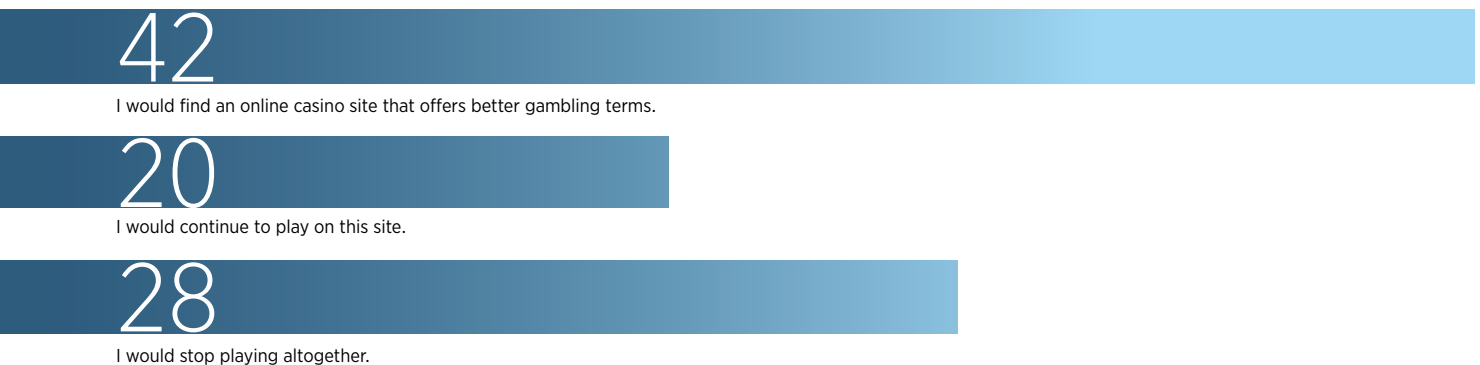
Source: Universität Bremen / Institut für interdisziplinäre Sucht- und Drogenforschung

Figure 8: Number of players registered in OASIS (active blocking)



Source: Regierungspräsidium Darmstadt

Figure 9: Reaction to a deterioration in gambling terms at an online casino site



Share of 154 online casino players surveyed in May/June 2021 in percent;  
question: "If the gambling terms on the online casino site where you currently play were to deteriorate (longer odds, lower betting limit, slower speed of play),  
how would you react?";

Source: Handelsblatt Research Institute

more attractive offers outside the regulatory framework are easily available at the same time. According to the Hessian Tax Court (judgement of October 31, 2024, 5 K 1125/23), the tax aspect in particular, which leads to a reduction in players' winnings, is the main reason why they switch to illegal providers.

The Handelsblatt Research Institute's analysis from 2021 shows that the majority of players react very sensitively to changes in the terms of gambling (see Figure 9). Only a fifth of those interviewed would continue to play at an online casino site if the odds of winning were longer, the betting limit was lower or the speed of play was slower. Two fifths would look for an online casino site that offers better terms of gambling. The basic willingness to migrate is greatest among players who gamble intensively.

It stands to reason that the evasive reactions will lead players to providers that are not subject to German regulatory legislation in the context of licensing and therefore offer better odds. Ultimately, this would mean a migration to the sanctioned black market, which is easy to implement, especially in the online sector, due to lower barriers to switching to other offers. As this particularly affects players who gamble intensively, a high volume of games with high turnover is migrating to the black market.

## RELEVANCE OF THE BLACK MARKET IN THE GERMAN GAMBLING SECTOR

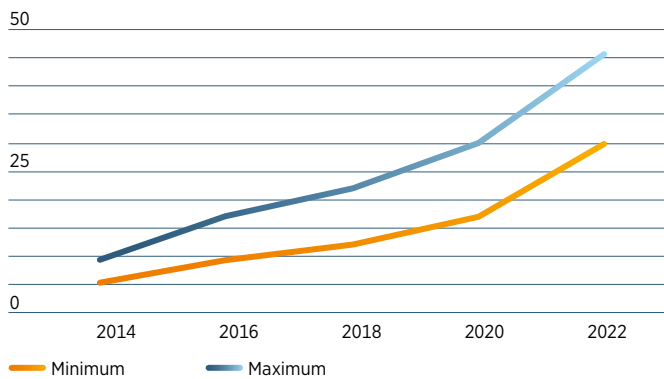
The developments described above suggest that the black market in the German gambling sector is not fully covered by the GGL figures. Rather, the share and the absolute size of the black market are likely to be higher than the reported figures.

### Evidence from existing studies

A study from 2023 by Taiki Murai and Gunther Schnabl, commissioned by the DOCV and the German Sports Betting Association (DSWV), assumes that the channeling rate is only around 50 percent. They used a type of web traffic analysis approach to determine this figure, whereby the online metrics panel "Digital Content Measurement" set up by Nielsen Media was used as the basis. Their visits to online gambling services in the period from January 1, 2019 to March 31, 2023 were recorded and analyzed. The offers were differentiated according to licensing status and, in the case of unlicensed offers, also according to region.

Another result, in addition to the much greater relevance of illegal gambling, is the increasing share of the black market. The channeling rate tends to fall over the entire analysis period.

Figure 10: Development of the black market in the area of commercial slot games in Germany



Two scenarios are developed in the analysis, resulting in a maximum and a minimum for the share of the black market in percent. For the minimum (maximum), the assumption is made that illegal slots fill up 50 (100) percent of the non-utilized market potential.

Source: DICE Consult basierend auf der Untersuchung des Arbeitskreises gegen Spielsucht e. V.

In an analysis in the fall of 2024, H2 Gambling Capital estimated that the channeling rate for the gambling sector in Germany was even lower.<sup>1</sup> It amounts to 36 percent. This means that illegal gambling is much more important in Germany than in countries such as the United Kingdom (95 percent) or Denmark (89 percent). In Europe, only Finland (35 percent) and Slovenia (12 percent) have even lower channeling rates. With this, the channeling rate in Germany continues to be below the average for the EU as a whole, which is 79 percent.

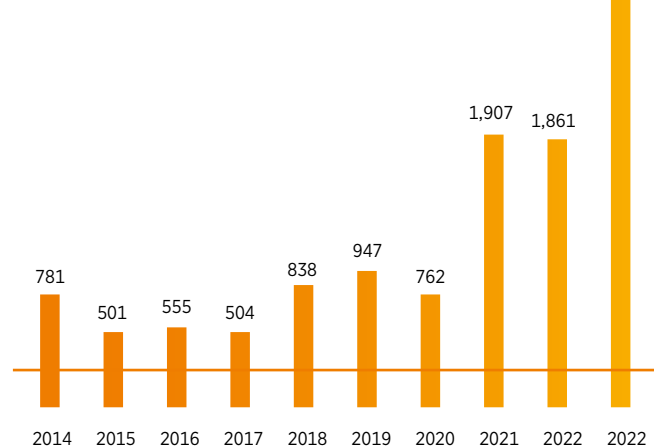
At the international gaming exhibition ICE, which took place in Barcelona at the end of January 2025, the DOCV presented a similar estimate for the virtual slot game sector. According to this, the channeling rate in this segment in Germany is 20 to 40 percent.

In addition, the Hessian Tax Court also stated in a ruling dated October 31, 2024 (5 K 1125/23) that the black-market share in the area of virtual slot games is likely to be over 80 percent.

And a study conducted by Regulus Partners in September 2024 came to the conclusion that the black market in the online gambling sector in Germany accounts for a 60 percent share.

Furthermore, DICE Consult analyzed commercial slot gambling in Germany on behalf of VDAI Verlags- und Veranstaltungsgesellschaft. According to this analysis, the share of illegal gambling in this sub-market was in the range of 30 to 46 percent in 2022 (see Figure 10). The authors also assume that the current trend will prevail and that the proportion will continue to increase until 2026.

Figure 11: Cases of illegal gambling recorded in police crime statistics



Source: Bundeskriminalamt

### Indications from administrative data

Furthermore, an increase in illegal gambling can also be seen in the police crime statistics (see Figure 11). While the number of cases in the years 2014 to 2020 always fluctuated in the range of 500 to 1,000, there was a significant increase in 2021 – cases almost tripled compared to the previous year. In 2023, the number of cases almost tripled again, from an already significantly higher level. The statistic only covered the land-based segment. Providers of illegal online gambling are (almost) exclusively based abroad, where prosecution under the provisions of German criminal law is not possible.

### The present analysis

#### Method

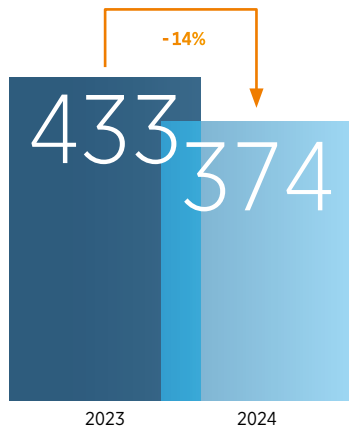
By definition, the black market cannot be measured in official figures. For this reason, an approximation is made using individual data points, which together should shed as much light as possible on the illegal market.

This analysis of the black market in the German gambling market is based on three pillars. The central pillar is an analysis of web traffic on gambling websites. This is an approach that is also used by the Danish supervisory authority (Spillemyndigheden). To this end, the number of visits from Germany to the websites of licensed gambling providers according to the GGL Whitelist and to 264 websites of unlicensed providers is determined and compared using the service provider Semrush.<sup>2</sup> The period from January 01, 2023 to December 31, 2024 is considered for this purpose. Only a partial analysis is carried out for the black market, as the 264 websites only represent a selection. In the press release dated November 22, 2023, the GGL stated that it assumed that there were already 800 to 900 websites with illegal online gambling offers at that time.

1 The figures from H2 Gambling Capital are sometimes subject to critical discussion, particularly in the public domain. However, the Danish regulatory authority (Spillemyndigheden) uses these figures in its report. According to the authority, website traffic of unlicensed providers was analyzed for verification purposes, which led to a similar result.

2 A list of the websites considered can be found in the appendix.

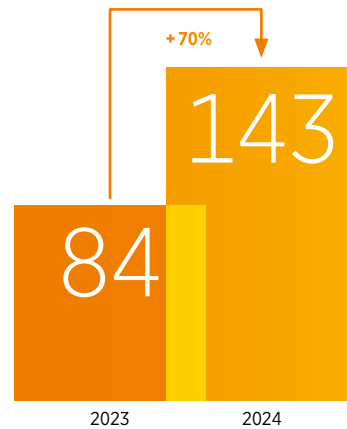
Figure 12: Web traffic on the websites of licensed providers



Number of views from Germany in millions;

Source: Handelsblatt Research Institute

Figure 13: Web traffic on the sample of websites of non-licensed providers



Number of views from Germany in millions;

Source: Handelsblatt Research Institute

In a second step, tax amounts declared by licensed and unlicensed providers of virtual slot games that were obtained from the Frankfurt am Main Regional Tax Office are compared.

Finally, the results of a survey of 1,021 online players (individuals who participated in online gambling in the last twelve months) who were interviewed in November 2024 are analyzed.

## Results

The analysis of web traffic shows that – unsurprisingly – the websites of licensed providers record significantly more visits from Germany than the websites of the unlicensed providers that were analyzed. In 2023, this amounted to almost 450 million visits to licensed websites compared to 80 million visits to the black-market websites that were analyzed (see Figure 12 and Figure 13).

With regard to the relevance of the black market, however, two other results are decisive: As early as 2023, traffic on black-market websites already had a volume equal to 19 percent of traffic on licensed websites (see Figure 14). This means that the assumption that the black market was insignificant was by no means true. The analysis also shows an increasing relevance of unlicensed offers. Compared to the previous year, visits to licensed websites fell by 14 percent in 2024, while visits to black-market sites increased by around 70 percent. As a result, the volume also increased to 38 percent.

This percentage is probably only the minimum level, as highly frequented websites of unlicensed providers may be unknown and therefore not be taken into consideration. The analysis does not take into consideration traffic on all black-market sites, whereas this is the case for the licensed offers.

Figure 14: Volume of web traffic on the sample of websites of unlicensed providers compared to web traffic on websites of licensed providers



in percent;

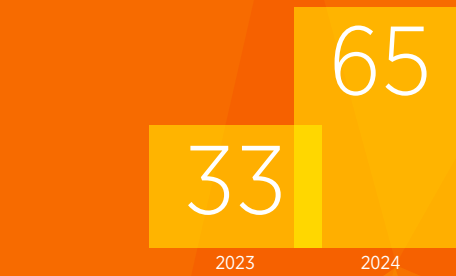
Source: Handelsblatt Research Institute

### “FOCUS ON ONLINE CASINOS”

The web traffic analysis already shows a relevant significance of black-market offers in the entire online gambling sector. If the analysis is carried out solely for the sub-sector of online casinos, the role of the black market is even greater. For this purpose, websites that offer online sports betting only are excluded from the analysis. In this case, the situation is analogous to Figure 14, and can be depicted as follows:

The respective percentages – not including online sports betting – are almost twice as high as those for the online gambling sector as a whole. In addition, when focusing on online casinos and virtual slot games, the percentage almost doubled from 2023 to 2024. This means that in this segment, the black market has gained enormously in relevance.

Figure 15: Scope of web traffic on the sample of websites of non-licensed providers compared to the web traffic on websites of licensed providers – EXCLUDING sports betting



in percent;

Source: Handelsblatt Research Institute

An analysis of the tax amounts implies an even greater relevance of the black market. Upon request, the Frankfurt am Main Regional Tax Office provided information on the tax revenue declared by providers of virtual slot games (see Figure 17). According to this data, 48 companies declared a total of approximately 134.5 million euros in taxes between January 01, 2023 and June 30, 2023. Just over 47 percent of this amount comes from providers who do not hold an official license. As it can be assumed that only some of the unlicensed providers pay taxes, this figure is also likely to represent only the minimum level. In the following six-month periods, the number of unlicensed providers who paid taxes fell, as did their share of the to-

tal volume. This may indicate that the unlicensed providers who paid taxes to date are companies that had applied for a license. However, the number of tax-paying providers with a license has not increased. This may mean that – similar to the platincasino.com case – these companies have not received a license and are now no longer paying taxes. Another possible explanation is that providers have left the market. In view of the fact that the analysis of web traffic shows an increase in gambling on illegal websites, there is some evidence to suggest that, first and foremost, fewer unlicensed providers are paying taxes.

### CASE STUDY PLATINCASINO.COM

The data in Figure 9 illustrates the potential reaction of many players to less attractive gambling terms. They look for presumably more attractive offers, even if such offers are not licensed.

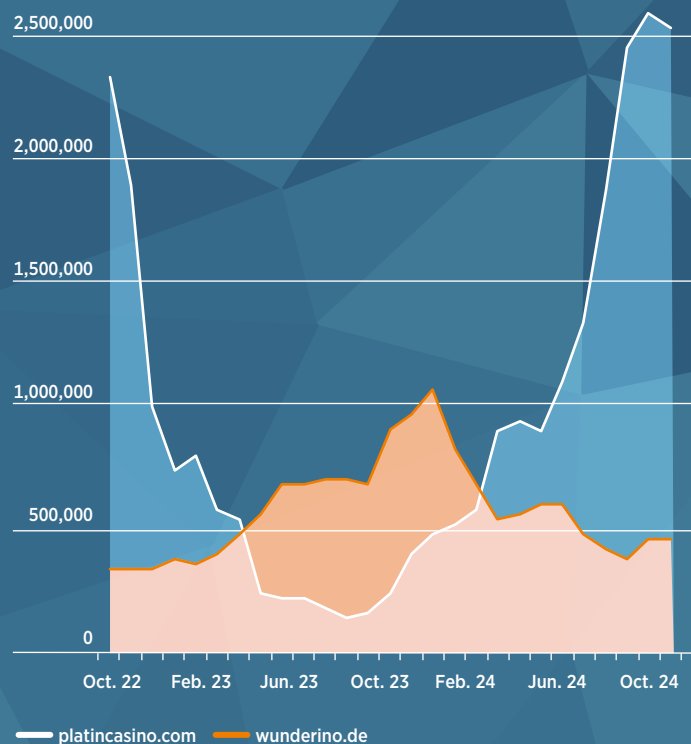
A web traffic analysis over time shows the effects of the gambling environment on the volume of gambling. The website platincasino.com – which operates in the black market – is ideal for this, as this provider offered players differing framework conditions. This led to a varying volume of traffic.

The operators of platincasino.com had applied for a license in Germany and had already implemented the regulatory requirements (e.g. deposit limit, minimum playing time) in the run-up to licensing. This made the gambling terms on platincasino.com less attractive, resulting in a drop in demand. This is reflected in the decline in traffic until the fall of 2023.

However, the operators did not receive a license, whilst being registered in Malta until August 2023. The company then withdrew from the German market, although this only lasted until October 2023. The operators – now based in Curaçao – then returned to Germany with their offers. The regulatory requirements are no longer being complied with. Since then, the gambling volume – or, more precisely, the number of views – has gradually increased again.

It is also particularly striking that platincasino.com now sees more than five times as much traffic per month as the licensed offers provided by wunderino.de, for example.

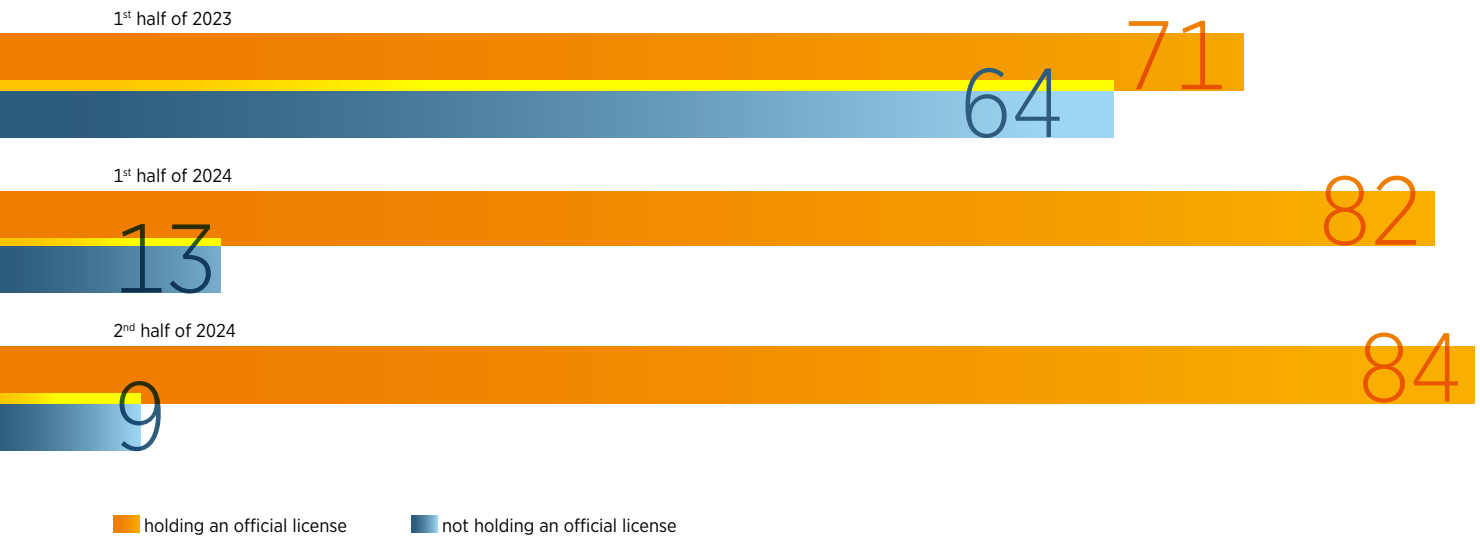
Figure 16: Development of web traffic on platincasino.com and wunderino.de



Number of views from Germany per month; three-month moving average;

Source: Handelsblatt Research Institute

Figure 17: Tax amounts declared by providers of virtual slots



Data from 26 providers holding an official license and 22 providers without a license (1<sup>st</sup> half of 2023), 27 providers holding an official license and 6 providers without a license (1<sup>st</sup> half of 2022), 25 providers holding an official license and 4 providers without a license (2<sup>nd</sup> half of 2022); in millions of euros;

Source: Oberfinanzdirektion Frankfurt am Main

As part of this analysis, a survey was also conducted among 1,000 online players in November 2024, which allows further conclusions to be drawn about actual gambling behavior.

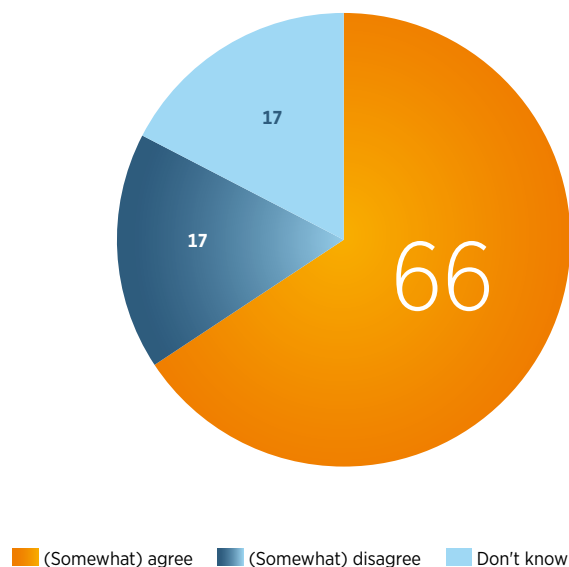
In principle, it is by no means the case that the license is irrelevant for the players. Two thirds of interviewees said that the existence of a license in Germany was a decision criterion for selecting a provider (see Figure 18). However, the license is not the only criterion and not the most important one for everyone.

Only 45 percent of online players interviewed attach more importance to a license in Germany than to high attractiveness of the games or other factors (see Figure 19). This means that for more than half of them, the license is not the top priority. One fifth say that the primary aspect rather is the attractiveness of the game, i.e. a high chance of winning or convenient terms and conditions, which, in view of the regulatory requirements – which are associated with the license –, are more likely to be provided by unlicensed offers.

Apart from this, the analysis by the Handelsblatt Research Institute from 2021 already showed that players often have incorrect or no knowledge at all about the licensing of the providers.

When analyzing the black market in the online gambling sector, it should be noted that online players are usually a separate group. Almost two thirds of interviewees do not additionally play in a land-based environment (see Figure 20). This means that findings from the analogue sector regarding players in the context of the black market cannot be transferred to the digital sector. For instance, players in that segment may attach more importance to other aspects.

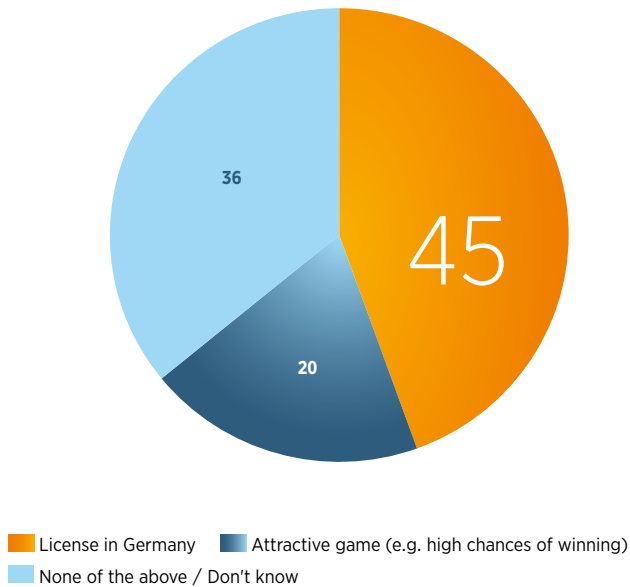
Figure 18: Role of the license in the decision for a gambling provider



Share of online players interviewed, in percent; question: "Does the existence of a license in Germany play a role in your decision for a gambling provider?";

Source: Handelsblatt Research Institute

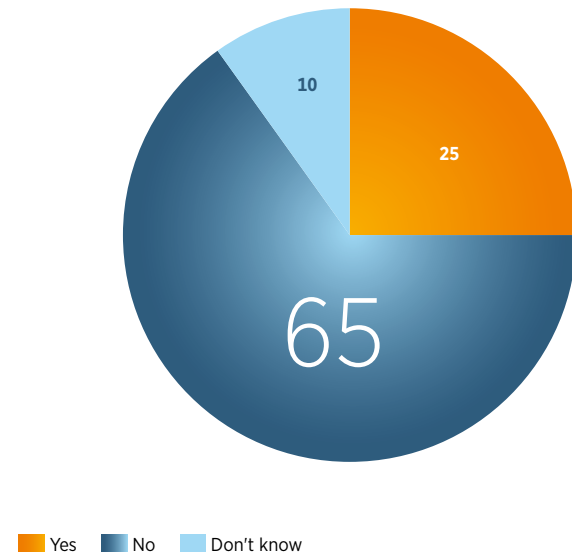
Figure 19: License or game attractiveness (e.g. high chances of winning) – what counts more?



Share of online players interviewed, in percent; question: “Which of the two aspects do you value more in an online gambling offer?”;

Source: Handelsblatt Research Institute

Figure 20: Use of analogue gambling services



Share of online players interviewed, in percent; question: “Do you use analogue gambling services?”;

Source: Handelsblatt Research Institute

### Derivation of the relevance of the black market in the online gambling sector

An overall evaluation of the findings from existing studies and the new results of the additional analyses in this study leads to the conclusion that the 96 to 97 percent channeling rate reported by the GGL is likely to be significantly overestimated. Even taking into account that the GGL’s analysis also includes the land-based gambling sector, where the black-market share is probably lower due to higher barriers to entry, this rate is still too high.

Based on the web traffic analysis, the minimum level of the black-market share is 35 percent, although the true value is likely to be higher. When including the tax analysis, this minimum assessment of the black-market share increases to 47 percent. In this respect, the proportion in the online sector is likely to be greater than 50 percent – and the channeling rate therefore less than 50 percent.

The black market plays an even greater role in the online casino segment. Here, the proportion is more likely to be in the region of 70 to 80 percent.

However, the channeling rate for the entire gambling sector – i.e. including the land-based part – is probably above 50 percent.

Additionally, it should be noted that illegal online gambling providers increasingly attract players who play with high intensity and higher stakes. Therefore, the black market in the gambling sector has an even greater impact on gambling activity than reflected in the stated percentages. This is particularly relevant with regard to lost tax revenue.

# CONCLUSION

The relevance of the black market in the gambling sector should not be underestimated and is by no means negligible. This applies to digital gambling in particular, as the barriers to entry are particularly low and illegal offers are easy for players to access.

In this area in particular – especially in the segment of online casinos and virtual slots – the current GlüStV has not (yet) achieved its objective of improving channeling. The evidence suggests that the relevance of the black market has recently increased rather than decreased.

However, if the relevance of this segment is underestimated, the commitment to measures to curb illegal gambling is lower, with a variety of consequences.

Firstly, it has a negative impact on player protection and the achievement of the other objectives of the current GlüStV, which illegal providers do not have to comply with or achieve. For example, offers on the black market are the only way for blocked players to participate in gambling, because illegal providers are not connected to OASIS.

Secondly, a large share of the black market results in negative revenue effects for the treasury, because the illegal providers pay hardly any taxes. In view of the extent of the black market, this means that significant tax revenue is lost. Some unlicensed providers do pay taxes, as the analysis showed. However, the vast majority are unlikely to do so. In addition, another reason for the high volume of lost tax revenue is that players who gamble intensively and with higher turnover take advantage in particular of the more attractive opportunities offered by illegal providers. In total, the volume of tax revenue lost is likely to be several hundred million euros. The order of magnitude is also illustrated by a comparison of tax revenue in Germany and the United Kingdom. According to H2 Gambling Capital, the relevance of the black market in the UK is significantly lower than in Germany, given a channeling rate of 95 percent. On the other hand, tax revenue per resident in the areas of virtual slots and online casinos is more than three times higher than in Germany.

Finally, a relatively large black-market segment with the more attractive offers makes the market environment more challenging for licensed companies. The white market is thus potentially coming under pressure, which in turn increases the opportunities for illegal providers.

In order to strengthen player protection and increase tax revenue, the aim now is to curb illegal online gambling. However, combating illegal providers is very complex and usually not very promising due to the easy access to digital offers for players and the low barriers to entry to the digital market. A prohibition approach is therefore not expedient.

A better approach is to strengthen the white market where players can find attractive offers while player protection is maintained. There are various measures for strengthening this segment. This includes – not least according to the statements of the Hessian Tax Court – taxation. Reducing the tax rate or changing the tax assessment base from the gambling stakes to gross gaming revenue would allow providers to offer players better odds, making their offers more attractive for the players.

Further approaches for improving the attractiveness of the licensed offers and thus for strengthening the white market are adjustments to the speed of play, the stake limit and the monthly deposit limit.

In addition, attractive games enhance the gaming experience. Here, providers on the black market have the advantage that they can release new games quickly and can always offer players something new. In the white market, new games must first be approved by the authorities. Approval should be granted as quickly as possible so that licensed providers can always offer players a new experience in a timely manner.

Finally, an appealing gaming experience in the white market also requires that all forms of gambling are available with which players are familiar from the land-based area. However, this is not the case for table games (“Großes Spiel”). While, for example, the licensing of providers in the area of virtual slots is regulated uniformly throughout Germany under the GlüStV, section 22c of that act only provides for an individual licensing option for online casinos which has to be carried out by each of the federal states for their respective territories. In this segment, players can only find nationwide offers on the black market, but not on the white market. Uniform federal regulation and licensing rules will therefore also improve the attractiveness of licensed online gambling offers. Furthermore, the educational potential of advertising for legal gambling could also be utilized more extensively – taking into account the protection of players and minors. A round table with all stakeholders and, for example, the German Advertising Council and the Central Association of the German Advertising Industry could consider this on the basis of section 5 GlüStV 2021.

All of the above are possible measures to strengthen the white market so that the black-market share decreases as a result.



# ANNEX

## Websites of licensed providers

- 44-aces.de
- 888.de
- 888poker.de
- 888slots.de
- 888Sport.de
- admiralbet.de
- ahtigames.de
- bacanaplay.de
- bet365.de
- betano.de
- bet-at-home.de
- betiton.de
- betway.de
- bingbong.de
- bpremium.de
- bwin.de
- casino.novoline.de
- casumo.de
- clemensspillehal.de
- comeonwetten.de
- crazybuzzer.de
- daznbet.de
- die-spielbank.de
- DrückGlück.de
- drueckglueck.de
- eurokingsclub.de
- euromanias.de
- euspielothek.de
- games.tipico.de
- games.tiptorro.de
- games.tipwin.de
- ggpoker.de
- golddrummel.de
- happybet.de
- heyspin.de
- highbet.de
- hopaslots.de
- hpybet.de
- ice36.de
- intertops.de
- interwetten.de
- jackiejackpot.de
- jackpot50.de
- jackpotpiraten.de
- jokerstar.de
- kaiserslots.de
- karamba.de
- knight-slots.de
- ladbrokes.de
- lapalingo.de
- lasmegas.de
- leovegas.de
- loewen-play.de
- loewen-player.de
- lordlucky.de
- lordping.de
- Lotto.gmx.de
- Lotto.web.de
- Lotto24.de
- lotto-bw.de
- lotto-hessen.de
- luckland.de
- luckyloUIS.de
- luckymeslots.de
- luckyniki.de
- luckyvegas.de
- lunaslots.de
- magicred.de
- maxi333.de
- megaspielhalle.de
- merkurbets.de
- merkurslots.de
- merkur-spiel.de
- merkur-sports.de
- metaspiegel.de
- miamijackpot.de
- mrgreen.de
- mr-play.de
- neobet.de
- netbet.de
- novoline.de
- oddset.de
- original-slots.de
- original-wetten.de
- parisvegasclub.de
- partypoker.de
- partyslots.de
- Play-jango.de
- playland.de
- playmillion.de
- playoyo.de
- playspielothek.de
- playtoro.de
- pokerstars.de
- pokerstars.de/sports
- pokerstars.de/vegas
- primescratchcards.de
- primeslots.de
- primespielhalle.de
- queenvegas.de
- redkings.de
- regent-play.de
- rizkfun.de
- rizkslots.de

- sh-games.tipico.de
- sh-golddrummel.de
- simbagames.de
- slingospiel.de
- slotanz.de
- slotclub.de
- slotmagie.de
- slots.admiralbet.de
- slots.happybet.de
- slots.hpybet.de
- slotsfreunde.de
- slotsmagic.de
- slotsnplay.de
- sonnenspiele.de
- spielbanken-bayern-online.de
- spingenie.de
- spinz.de
- sportingbet.de
- sportwetten.de
- stargames.de
- sunmaker.de
- swiftspiele.de
- tigerspin.de
- tipico.de
- Tipp24.de
- tiptorro.de
- tipwin.de
- turbonino.de
- vbet.de
- vegas.netbet.de
- vegaswinner.de
- wettarena.de
- wettbruder.de
- wettenmarkt.de
- wheelzgames.de
- wildslots.de
- wildz.de
- winamax.de
- winfest.de
- winningkings.de
- wunderino.de
- xtip.de
- zebrawin.de

## Websites of unlicensed providers

- 10futuriti.ru
- 119tsars.com
- 14red.com
- 1bet.co
- 1bet.com
- 1go.casino
- 1spinbetter.fun
- 20bet.com
- 20bet.life
- 22bet.com
- 22bet.me
- 22bet43.com
- 22bets.me
- 30bet.com
- 3betitall5.com
- 4kasino.com/
- 4kingslots.com/
- 4youbet.com
- 500play.com
- 50crowns.com
- 5gringos789799.com
- 762342neon54.com
- 77jackpot.com
- 7signs901012.com/
- allways-slots.com/
- alphabookbet.com
- amunra1.com
- amunra758293.com
- arcanebet.com
- arescasino.com
- asianodds88.com/
- bankonbet877862.com
- bc.game
- bdbmbet.com
- bellavegas.com/
- berive.com
- bet24star.com/
- bet2u.club
- betadonis.com/
- betandplay1.com
- betbeast.com
- betcoin.ag/
- betify.co
- betmaximus.win
- betnflix.com
- betonic1.com
- betonred.com
- betphoenix.ag/
- betriot5.com
- betrophy1.com
- betsamigo.com
- betsonmia.com
- betvoyager.com/

- bevegas.com/
- bitcoincasino.io
- bitdreams2.com
- bitkingz.com
- bitubet.com
- boaboa474128.com
- boomerang-bet616256.com
- boomerang-casino1.com
- bovada.com/
- cadoola303905.com
- campeonbet.com
- captaincooks.casino
- captainjackcasino.com/
- cashalot.bet
- cashwin.com
- casinia350620.com
- casino1club.com
- casinoadrenaline.com/
- casinobello.com
- casinofiz.com/
- casinograndbay.com/
- casinoinfinity247265.com
- casinoinonline.com
- casinoly191382.com
- casino-mate.com/
- casinorocket.com
- casombie498025.com
- cazimbo562066.com
- chipstars.bet
- cobracasino.com
- cocoacasino.com/
- coinpoker.com
- coinslotty.com
- coolcat-casino.com/
- cosmocasino.com
- crazyluck.casino/
- crocoslots.com
- crownplay050886.com
- cryptoleo.com
- cryptoslots.com/
- csgo500.com
- dachbet1.com
- dailyspins.com
- davincisgold.com/
- db-bet81459.top
- ditobet.com
- drakecasino.eu/
- dream4.bet
- dreamz.com
- drip.casino
- duckdice.io/
- duelbits.com
- emirbet.com
- emucasino.com
- evobet.com/
- excitewin125610.com
- exclusivebeteu.com/
- fastpay-casino.com
- fezbet408126.com
- fightclubcasino.com
- fresh.casino
- getslots.com
- gg.bet/
- goalbet2.com
- goldencrowncasino.com
- gossipslots.eu/
- grand-fortune-casino.com/
- greatwin677422.com
- grosvenorcasinos.com/
- gunsbet.com/de
- happyslots.com
- hazcasino.com/
- hiperwin.com
- horuscasino.com/
- ilucki.com
- iv2153.com
- iwildcasino.de
- izzicasino.com
- jackpoty.com
- jet.casino
- joocasinos2.com
- jupicasino.com/
- justcasino.com
- kikobet33.com
- kingbillycasino10.com
- kingbitcasino.com/
- kingmaker2.com
- kosmonautcasino.com
- lafiestacasino.com
- legendplay259567.com
- legiano342512.com
- leon.casino
- letslucky.com
- librabet393073.com
- lordofthespins.com
- luckydreams.com
- luckyelektra805387.com
- luckyhunter.com
- luckystart.com
- lumibet.com
- lunabet1.com
- m88.io
- malibucasino.bet/
- malibuclubcasino.com
- mandarinpalace.com/
- marathonbet.com
- megadice.com
- metaspins.com

- miamiclubcasino.im/
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- mp467821.win
- mrsloty.com
- mybookie.ag/
- mystake.bet
- mystake.com
- n1bet.com
- n1casino.com
- nationalcasino.com
- needforspin23.com
- ninecasino.com
- nominispins.com
- novajackpot4.com
- oceanbreezecasino1.com
- ohmyspins303311.com
- orientxpresscasino.com
- osiriscasino.com
- ozwincasino.com/
- palmslots2.com
- pantasia.com/
- paradise8.com/
- pirateplay.com
- platincasino.com
- playamo.com
- playfina.com
- playio4.com
- playouwin.com
- playtino.com
- playtowincasinos.co/
- playzilla1.com
- powbet731198.com
- powerbet731198.com
- premiercasino.com/
- pribet1.com
- pribet2.com
- puntcasino.com/
- qbet.com
- quickwin1.com
- rabonabet.com
- reloadbet.com
- rickycasino.com
- rockbet.com/
- rollbit.com
- rolletto.com
- rollingslots31.com
- rollino.pro
- roobet.fun
- rooster1.bet
- royalplanetcasino.com/
- royalspinz.com
- rtbet3.com
- rtbet8.com
- rubyvegas.com
- run4win.com
- secure.gratorama.com
- sgcasino1.com
- silverplay1.com
- simsinos.com
- slotcasinogames.com/
- slotmadness.com/
- slotocash.im/
- slotspalace158586.com
- slotuna287394.com
- snatchcasino6.eu
- sol.casino
- spadesqueen.com
- spinaga857637.com
- spinjo1.com
- spinsamurai.com
- spinsbro.xyz
- sport.1red.com
- sportaza389406.com
- sportuna208073.com
- stake.com
- starda.casino
- svenbet.com/
- thebescasino.net/
- tombriches.com
- tornadobet.com
- tropicacasino.com/
- tsars.com
- uptownaces.eu/
- velobet.com
- vulkanvegas.com
- wazamba-casino.com
- welcome.grandeaglecasino.com/
- welcome.mandarinpalace.com/
- welcome.treasuremile.com/
- weltbet11.com
- wildtokyo08.com
- wildvegascasino.com/
- winning.io
- winshark1.com
- winsroyal.com
- winwin-96779.com
- winz.io
- wsmcasino.com
- zencasino3.com
- zetcasino1.com
- zodiac.casino
- zodiacbet1.com

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