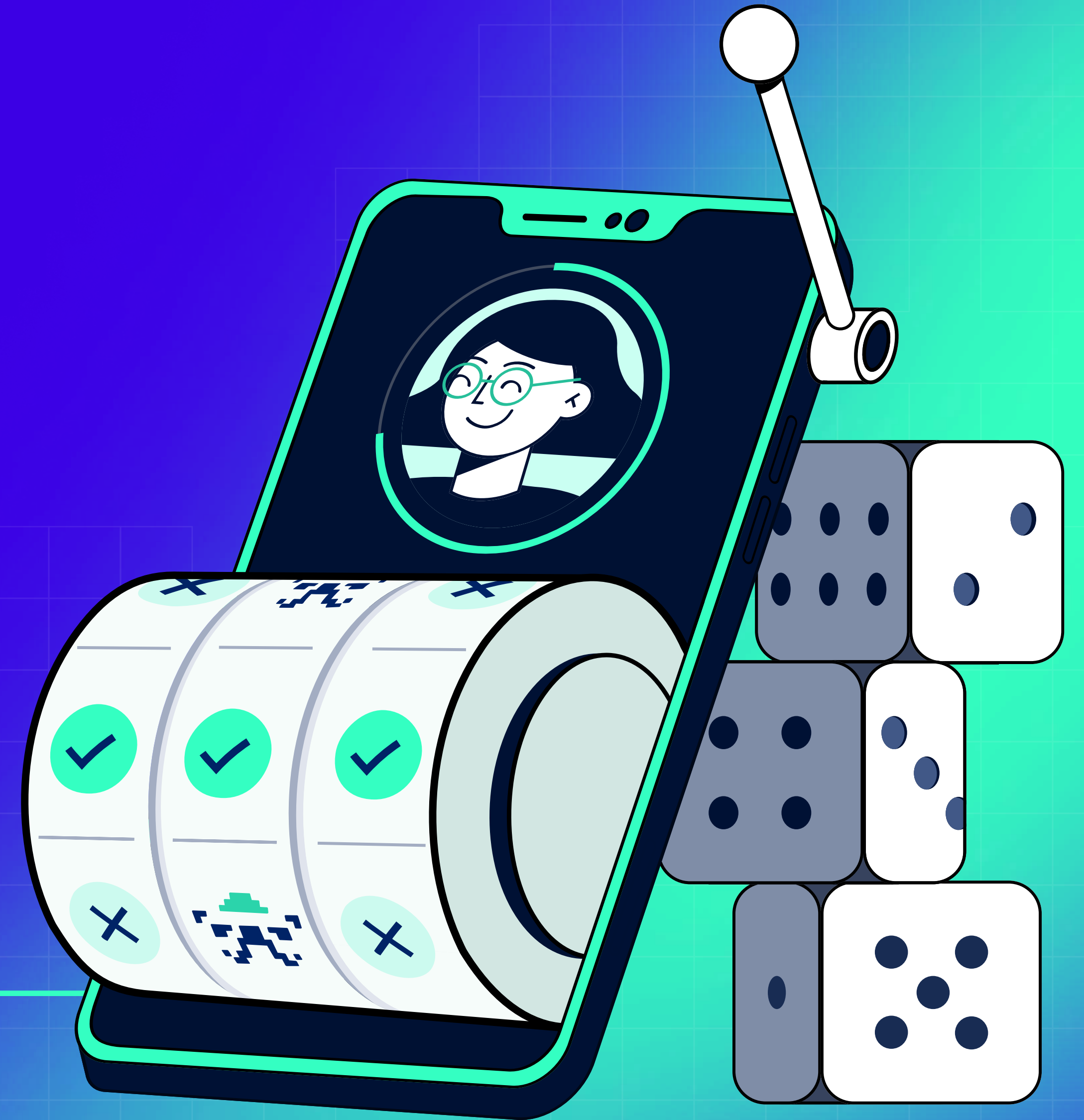
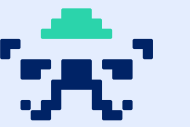


KYC for the gaming industry: Europe

A complete guide to balancing compliance, conversions, and fraud protection

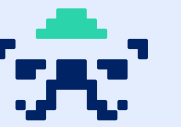


Contents



1. Main challenges of identity verification in the gaming industry	04
2. Legal base: KYC for the gaming industry	05
Key regulators in Europe	07
AML requirements for online gaming platforms	09
Responsible gaming guidelines	12
Age verification	14
3. Building a high-conversion verification flow	15
4. Identity verification checklist for the gaming industry	23
5. Afterword: Achieve the highest pass rates with Sumsb	26

Introduction

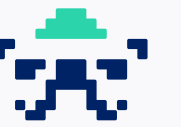


COVID-19 caused a surge of players joining gaming apps and platforms. This has pushed the industry to grow at an incredible pace, with forecasts indicating growth of €140.05 billion from 2021-2026.

Fraudsters can take advantage of this growing market as well. With a myriad of fraud schemes out there, such as bonus hunting, multi-accounting, and illegal chargebacks, fraud became a real menace to both growing and established gaming platforms.

In this guide, you'll find everything you need to know about building proper KYC processes, screening customers, and enforcing age verification requirements without slowing down the onboarding process.

1. Main challenges of identity verification in the gaming industry





As with any regulated industry, gaming platforms should always consider the inherent risks

Since gambling platforms have a strong incentive to onboard new gamers as fast as possible, they often leave themselves wide open to fraud attacks.

By the same token, gambling platforms can neglect compliance requirements, risking massive fines and even loss of license.

It would seem the obvious answer is to elevate fraud protection at the onboarding stage, but this also comes with risks to your revenue. If verification takes too long or requires many steps, users will simply drop off mid-way through the process.

Fraud

-  Chargeback fraud and risk of losing a payment processing partner
-  Multi-accounting

Regulations and compliance

-  AML fines

Customer acquisition

-  Customer experience and conversion rates

So the biggest challenge is balancing security and conversion rates, which is what this guide is all about.

2. Legal base: KYC for gambling

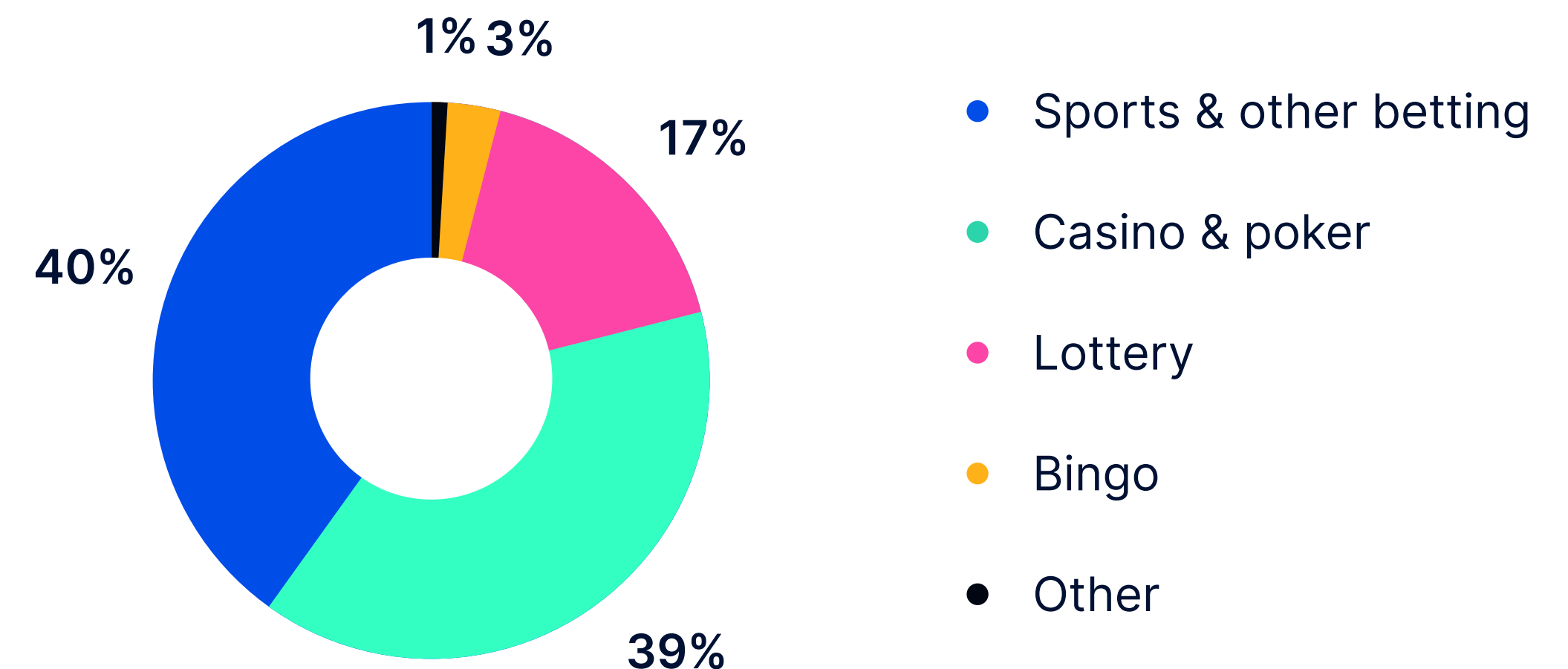


The majority of gambling activities are subject to corresponding licensing under local jurisdictions.

License conditions include a variety of policies and procedures that must be observed, chief among which are proper correct KYC/AML procedures.

By definition, gambling services are categorized as entities (organizations, sole traders, and partnerships) that operate gambling facilities like casinos, video gaming terminals, lotteries, and sports betting.

Share of cross gaming revenue 2021 (€B)



€55B

Total market
value

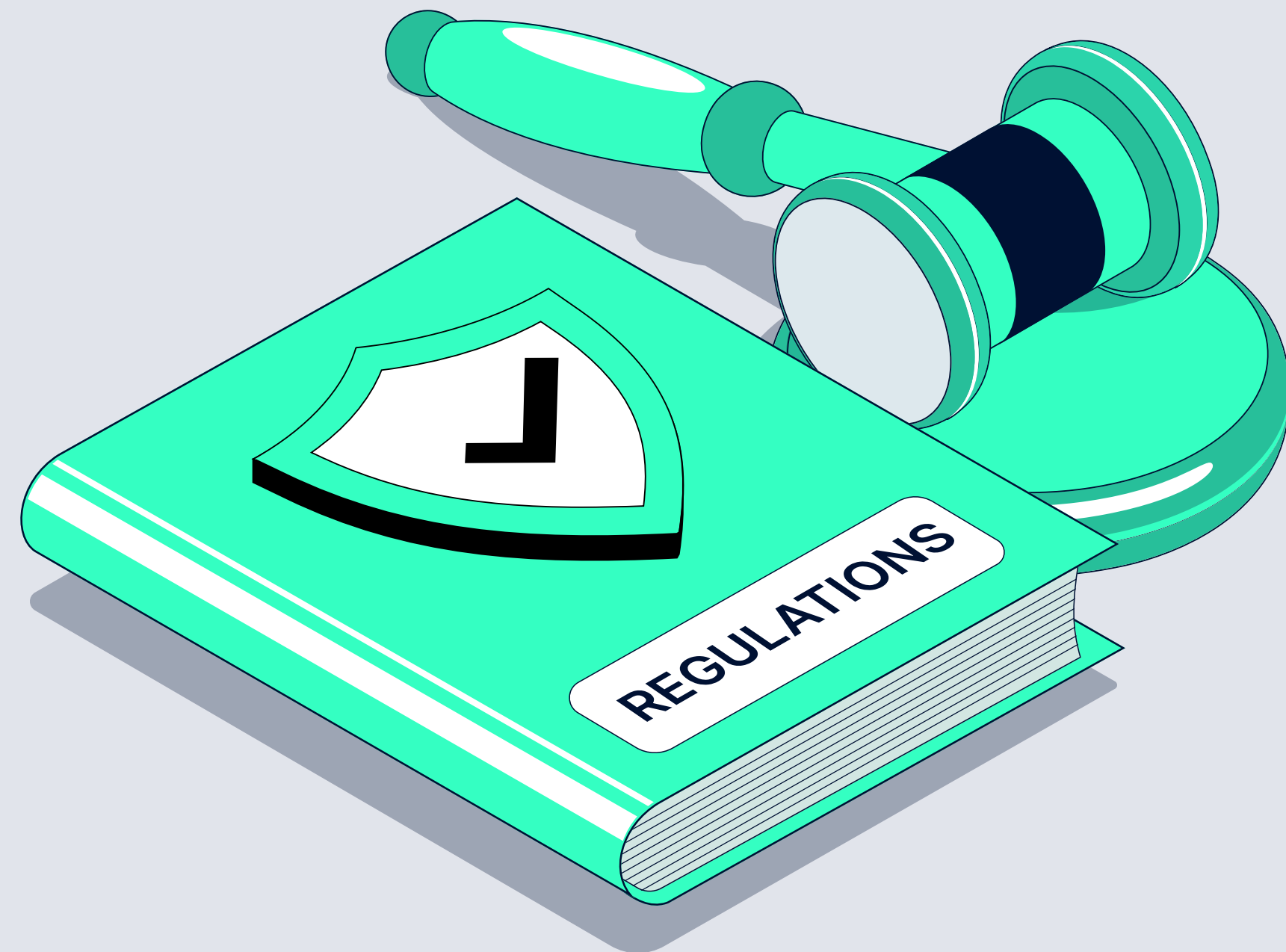
11.5%

CAGR




\$92.9B

Expected growth by 2023
(x2 2019)

Why does gaming need to be regulated?



Let's dive into regulations relevant to trading platforms

-  Protecting players and operators from fraud
-  Increasing trust within the industry
-  Preventing criminal activity such as multi-accounting and money laundering

Proper regulations are essential to protect both players and platforms from malicious intent and crime

Key regulators in the EU



! There is no one key regulator

Each country in the EU is responsible for regulating its own gambling sector. The European Union has developed a trade association representing the leading online gaming and betting operators—the European Gaming and Betting Association (EGBA).

EGBA | European Gaming & Betting Association

The goal of this organization is to continuously analyze the evolving nature of online gambling and develop the gambling sector as a whole.

This association works closely with local regulators, bringing the entire EU gambling sector together as a whole.

It's worth noting that the actual regulatory implementation of the EGBA's proposed measures falls on the European states themselves.

Key regulators in the EU



The most important goals of regulation include:

 **UKGC**

United Kingdom Gambling Commission

 **Malta**

Malta Gaming Authority

 **Netherlands**

Kannspelautoriteit

 **France**

ANJ: Autorite Nationale des Jeux

 **Germany**

License issuers or individual states

 **Italy**

ADM: Agenzia delle Dogane e dei Monopoli



Europe might be a tough market to enter if you are an operator but it is still without a doubt the most attractive gambling market in the world.

AML requirements for online gaming platforms



Gambling operators must comply with regulations aimed at preventing money laundering and terrorist financing, especially when operating worldwide.

A single regulatory fine can easily cost millions and permanently disrupt the gaming platform's ability to operate.

The Financial Action Task Force (FATF) recognizes casinos and betting platforms as particularly vulnerable when it comes to money laundering and terrorist financing.

Therefore, a number of requirements exist for gambling platforms to adhere to.

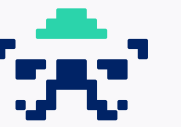
The standard AML requirements are as follows:

AML compliance programs

Online casinos must develop their own compliance program and define how detection, analysis, and reporting of criminal incidents such as money laundering and fraud attempts should be organized.

Each online casino must develop a program in accordance with the gaming specifics and risk appetite of their business.

AML requirements for online gaming platforms



Due diligence measures

Before an individual is permitted to gamble, online casinos must verify them, evaluating the risk they pose in terms of ML/FT

The format of these due diligence measures varies from country to country.

Customer Due Diligence (CDD)

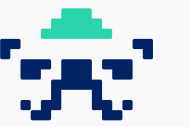
Involves gathering basic information about the client (name, address, and date of birth) and verifying it through a reliable document or source. Online casinos also need to check players against databases

containing PEPs, adverse media, sanctions, and blocklisted individuals.

Enhanced Due Diligence (EDD)

This check is performed when clients pose a high risk of money laundering—a common occurrence in the gambling sector. EDD includes verification of source of funds (SoF) or source of wealth (SoW) documents, including bank statements, savings accounts, and tax declarations. The types of accepted source of funds documents can vary from casino to casino.

AML requirements for online gaming platforms



Reporting

To avoid breaking the law, operators should always report instances of known or suspected money laundering and terrorist financing.

Moreover, operators should be aware that there is no minimum financial threshold for reporting these activities.

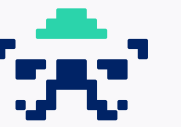
Ongoing monitoring of customer activities

This is an extra layer of risk management that involves the conduction of ongoing due diligence on the business relationship and the scrutiny of transactions.

Monitoring helps ensure consistency with the gambling platform operator's knowledge of the customer, their business, and risk profile, including the source of funds if necessary.

It pays to know your customer—it's not always the registration stage when fraudsters or money launderers show their true self.

Responsible gaming guidelines



Responsible gaming (RG) is the concept of gaming in a safe and controlled manner

In practice, local regulators specify the number of policies and procedures to be implemented in their licensing terms, in order to provide fair and safe games as well as help and support to those who may not be in a position to control their gaming.

The European State Lotteries and Toto Association (“European Lotteries” or “EL”) is the European umbrella organization for national lotteries operating games of chance, including sports betting, with around 50 Members in all EU Member States.

Over and above EU, EL Members operate strict standards (e.g. EL and WLA Security Standards) to provide secure operations, manage fraud risks, and prevent other forms of crime, as well as RG.



**THE EUROPEAN
LOTTERIES**

FOR THE BENEFIT OF SOCIETY

Examples of problematic gaming behavior detection



Screening for self-excluded individuals

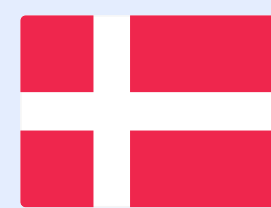
During onboarding, online casinos must check if a user's name appears on self-excluded lists. If so, the casino must barred from entry. Self-excluded lists may belong to a specific casino or a national self-restriction scheme, such as GAMSTOP in the UK.

Source of funds (SoF) verification

When checking sources of funds/wealth, casinos must analyze whether a player displays behavioral patterns associated with problem gambling.

Ongoing monitoring and addictive gambling triggers

Addictive behavior relates to players who chase losses, play high stakes, or show erratic gambling patterns. Once problematic behavior is detected, online casinos must restrict the affected player from their service and, ideally, direct them towards help.



There are many more initiatives that countries take to protect their nationals. Denmark, for example, requires all online gamblers to pass an online test revealing if they are, in fact, addicted to gambling.

Age Verification

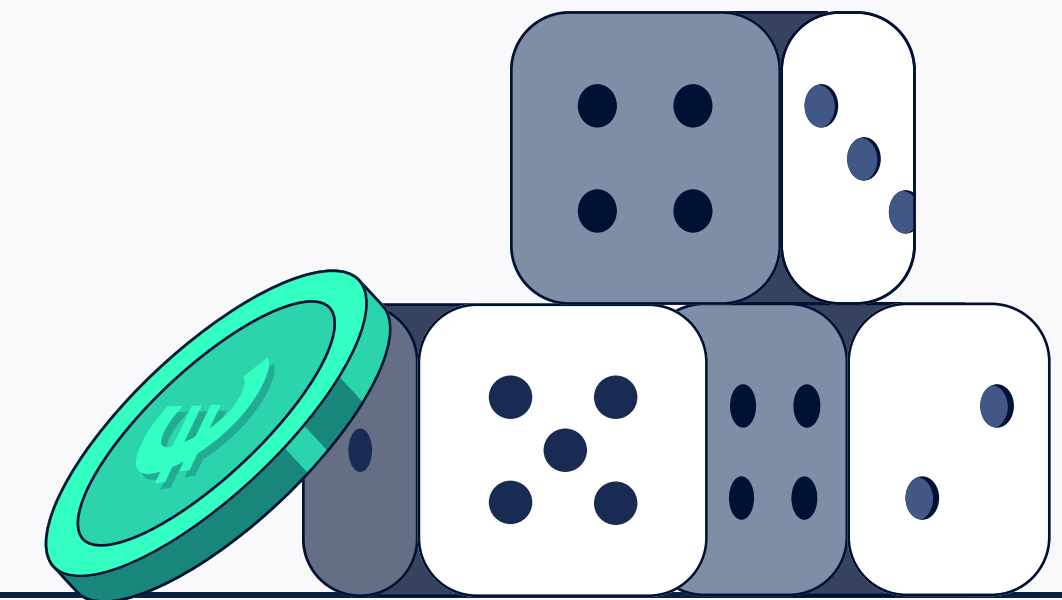


Apart from all other challenges, age verification must also be approached with care


Age verification regulations are tightening with a growing amount of age-restricted products and services online.

Depending on local law, individuals under 16, 18, or 21 should not be permitted to participate in gambling.

The conditions of almost all gambling licenses require that licensees shall not permit anyone under a certain age to engage in gambling.



In 2018, 39% of teenagers aged 11-16 spent their own money on gambling without parental oversight

 UK Gambling Commission report on children and gambling trends (2018)

3. Building a high-conversion verification flow



it's up to the gaming platform to properly maintain its verification process and ensure compliance.

Below you'll find the regulations gaming platforms must meet and how to do so.

Legal background for the check

Check

Why it's important

Basic levels

FATF Rec. 10, 16

Identification + Verification:

- Proof of Identity + Proof of Address
- or
- Proof of Identity + reliable source check (database)

Gambling operators must have an AML policy and perform standard CDD requirements for all users during onboarding* or before the first transaction, including

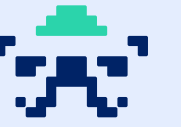
- Identification (including UBO)
- Verification
- Transaction monitoring
- Age verification

FATF Rec. 10

Liveness (Face authentication)

* Some regulators (such as UK Gambling Commission) require to grant the Customers access to free-to-play games, free bets, or bonuses only after the completion of successful verification.

3. Building a high-conversion verification flow



Legal background for the check

Check

Why it's important

FATF Rec. 10

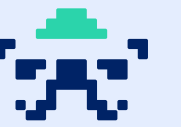
Questionnaire

Gambling operators need to obtain information on the purpose and intended nature of the business relationship.

The questionnaire may be used to collect such information.

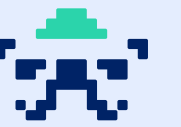
As a part of compliance with Responsible Gambling principles, questionnaires may be used for the online test to determine the financial situation of the user (presence of dependent persons, income source, the proportion of funds spent on bets, etc.) and whether they're suffering from an addiction.

3. Building a high-conversion verification flow



Legal background for the check	Check	Why it's important
FATF Rec. 12 (PEP)	AML Screening	Gambling operators must perform AML screening to identify politically exposed persons (PEPs), heads of international organizations (HIOs), and other designated persons.
FATF Rec. 12 (PEP)	Source of Funds (SoF) / Source of Wealth (SoW)	Gambling operators are required to carry out Enhanced Due Diligence (EDD) for high-risk customers and/or in case of large or suspicious transactions and PEPs. Reasonable measures to establish the source of wealth and source of funds should also be made in respect of PEPs. SoF/SoW may be relevant to Responsible Gaming obligations to discourage the use of credit (cards) as a form of payment. Moreover, a detailed SoF/SoW check allows establishing the presence of dependent persons and the proportion of funds spent on bets.

3. Building a high-conversion verification flow



Legal background for the check

Check

Why it's important

Responsible gambling principles*

Payment method check

Gambling operators should make sure that the user isn't using funds loaded from a credit card.

Ongoing levels

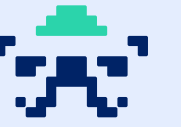
FATF Rec. 10, 12 (PEP)

Ongoing CDD information and document monitoring

Gambling operators must perform ongoing due diligence (DD) to ensure that information about the customer is kept up-to-date and relevant. The frequency of review shall be determined in line with the relevant AML Policy requirements, taking into account the risk level of the customer.

* e.g. UK Gaming Commission prohibits to use credit cards

3. Building a high-conversion verification flow



Legal background for the check

Check

Why it's important

FATF Rec. 10, 12 (PEP)

Ongoing AML Screening

Gambling operators need to regularly screen their customers against thousands of lists of terrorists, sanctioned persons, wanted criminals, PEPs, etc.

This includes, in particular, OFAC, UN, and EU Sanctions, Interpol lists, and adverse media.

Suggested KYC verification flow



If introduced incorrectly, these necessary measures lead to increased user verification time and, ultimately, loss of applicants during onboarding.

✓ That's why it's important to make them as efficient as possible to keep conversion rates high

Registration

- ID verification
- Age verification
- AML screening
- Face match (selfie + ID)

First deposit

- Bank card verification
- Liveness & Face match
- Behavior analysis

Account recovery and login

- Liveness & Face match

Transactions and withdrawal

- Confirmation of withdrawal with Liveness
- Crypto screening
- Transaction monitoring & Risk scoring

The importance of compliant but smooth KYC flow



Šimon Vincze

Sustainable & Safer Gambling
Lead at [CasinoGuru](#)



“Since deposits come through instantly, players expect their withdrawals to be processed immediately as well. They are not aware of the fact that additional KYC measures must be completed for the withdrawal to be successfully finalized. As a result, once players see that the withdrawal is still pending, many of them tend to get worried that the casino is purposefully delaying the withdrawal, and they decide to immediately voice their concern. The same goes for the verification process. When a casino asks players for verification details, which include the account statement as well as a utility bill, they tend to find it unsettling and reach out to us. In addition, players sometimes get rejected because they have provided documents in a terrible quality, such as a selfie that does not show one’s full face, or a selfie that is simply too blurry to pass the verification process.”



Advice for optimized verification flows



Automate your verification flows as much as possible

This allows you to speed up verification, so your clients don't go to competitors because of long wait times.

Tailor verification flows based on certain criteria

Consider making the onboarding process complex for high-risk clients only, while passing lower-risk clients through the minimum number of mandatory checks.

Consider dividing verification into levels

This way, users can get started after passing only the basic checks (e.g. phone or email verification), and then complete the rest when depositing money or completing a transaction.

4. Identity verification checklist for the gaming industry



You can use this simple checklist to discover where you can optimize your verification flow. It's worth noting that making your user pass the full KYC check at onboarding can significantly lower your conversion rate.

- ✓ We recommend scattering checks throughout the customer journey and requesting verification/authentication only when truly necessary

Essential checks

Stage	Check	Why it's important
Onboarding	Proof of Identity + Proof of Address	<ul style="list-style-type: none">• To confirm identity for fraud prevention reasons• To check whether the customer is old enough to gamble• To confirm the player's location, if necessary in a given jurisdiction.
First deposit	Payment method check	To meet responsible gaming guidelines and prevent the use of credit cards by the user.

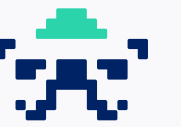
4. Identity verification checklist for the gaming industry



Essential checks

Stage	Check	Why it's important
<ul style="list-style-type: none">• First deposit• Withdrawal• Account recovery	Liveness	To exclude multi-accounters, prevent account theft, and confirm identity prior to money withdrawal.
<ul style="list-style-type: none">• Onboarding• Continuous	AML screening	Required for AML compliance reasons and to prevent money laundering/terrorist financing (ML/TF) activity on the platform.

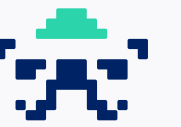
4. Identity verification checklist for the gaming industry



Optional checks

Stage	Check	Why it's important
<ul style="list-style-type: none">• First deposit• New deposit	Source of Funds / Source of Wealth	For high-risk customers or transactions in terms of AML and to confirm the customer has enough funds to perform the transaction.
Onboarding	Questionnaire	To confirm that the player is not present on self-excluded lists and request any supplemental documents.
Continuous	Transaction monitoring	To automatically check gamblers for transaction irregularities and get early warnings in case of suspicious activity.
Continuous	Risk scoring	To assess user groups and improve risk strategy for certain customers.

5. Afterword: Achieve the highest pass rates with Sumsub

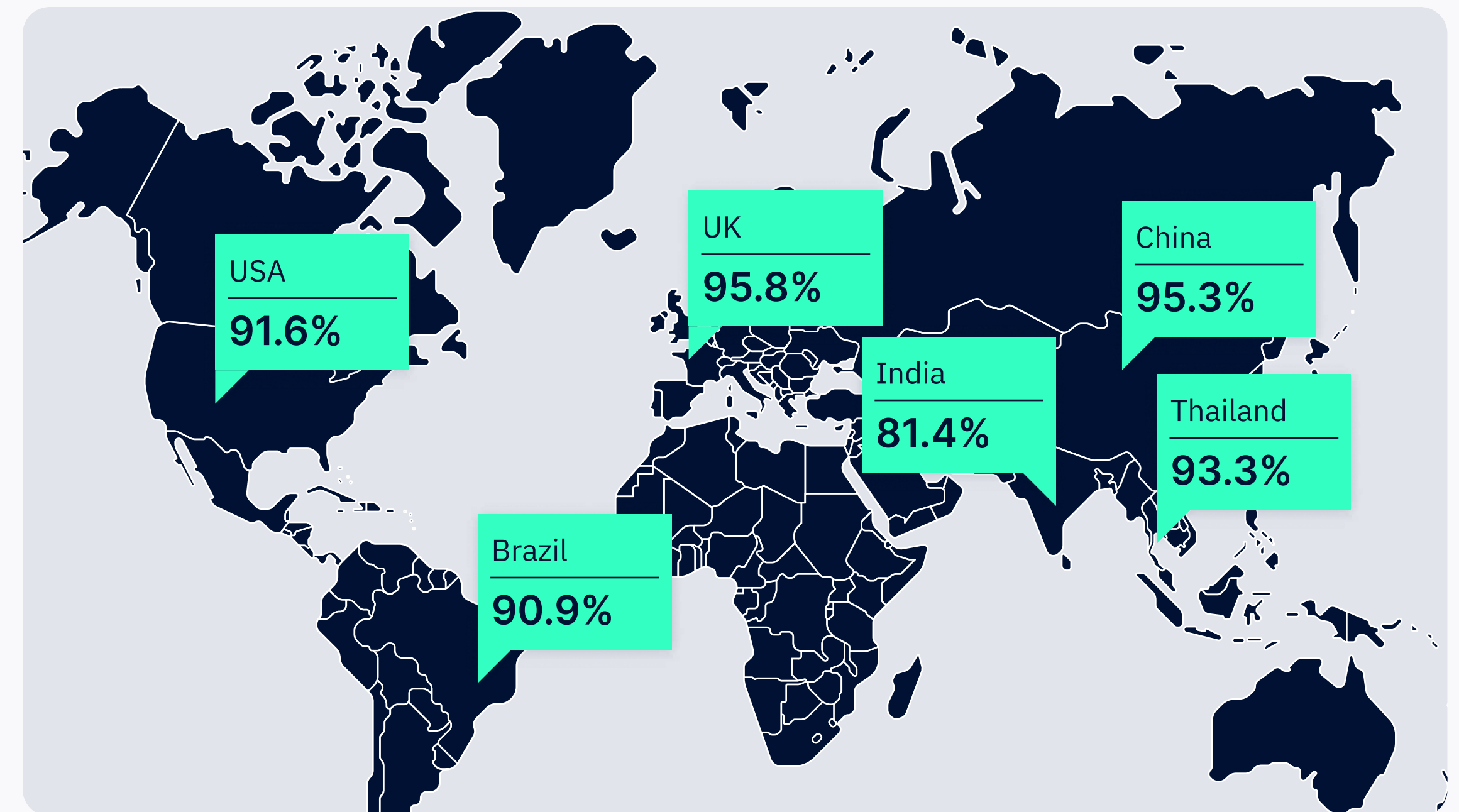


Thank you for going through our guide. We hope you'll use these insights to improve your onboarding flow!

Onboard users easily with Sumsub, and navigate jurisdictions around the world with the help of our 20+ in-house legal experts.

Sumsub can help you achieve the highest real-world conversion rates, regardless of the countries or documents you deal with. Check out our numbers and average conversion rates worldwide: we know how to help you tackle both emerging and established markets.

[See Sumsub's global pass rates →](#)



220+

countries
and territories

50 sec

average
verification time

50 000+

fraud attempts
prevented monthly



Want to know more about how
to stay compliant and keep conversions high?

[Get a free demo](#)