

# Production and distribution of lottery gambling proceeds to society.

Efficiency and money flows from national lottery providers to society and their related vested interests : Veikkaus' (Finland), Française des Jeux's (France) & Szerencsejáték's (Hungary) study cases.



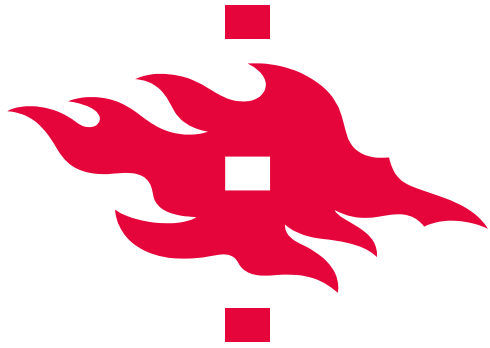


# The Political Economy of Gambling project

- How much does it cost to produce gambling surplus to society?
- Which lottery is the most cost-efficient and the more redistributive, and for what type of vested interests?
- Methodology based on providers' Comprehensive Income Statement analysis
- Veikkaus embodies the direct contributions model, FDJ et Szerencsejáték the indirect contributions model but with various results
- 4 types of vested interests depending on the system (A, B, C, D; Marionneau, forthcoming)



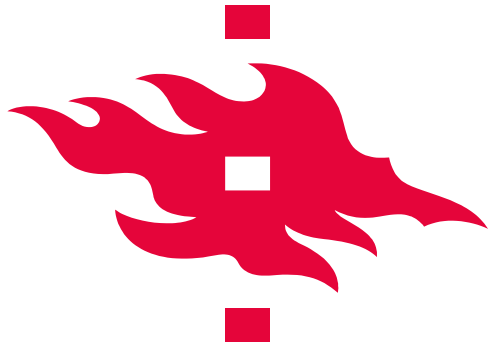
- 100% state-owned, controls 86% of the whole gambling market after the merger (2017)
- 3,2 billion € of turnover, of which 1,2 billion € (Gambling surplus, Sg) directed to society (Annual Report, 2017)
- One of **the most redistributive** system in Europe
- Sg mainly directed to designated purposes, to over 800 associations & CSOs
- But High involvement of CSOs made them influential: **Type B** vested interests (Marionneau & Kankainen, 2018)



**FRANÇAISE  
DES JEUX**



- 72% state-owned, covers 46% of the gambling market in France (Casinos de France)
- 15,1 Billion € of turnover, of which 3,2 Billion € channelled to society in 2017 (Annual Report, 2017)
- **Highest taxation** level in Europe (Cour des Comptes, 2016)
- The bulk of the Sg is channelled to the central state's budget through taxes (Egerer et al., 2018)
- French state is the main beneficiary from lottery gambling proceeds: **Type A** vested interests
- But numerous games resellers depend on FDJ's proceeds: **Type D** vested interests

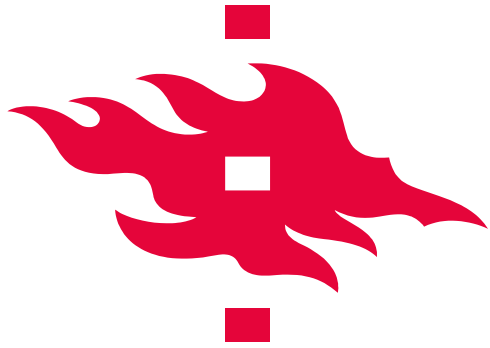


- 100% state-owned, controls 83% of the Hungarian gambling market (Annual Report, 2017)
- 1,4 Billion € of turnover, of which 8,1 Million € (Gambling surplus, Sg) directed to society in 2017 (ibid)
- But very **high** operating **costs** and only a **low contribution** to society
- Sg mainly directed to the state's budget through taxes
- Hungarian state is the main beneficiary from lottery gambling proceeds: **Type A** vested interests



## The 3 providers' main features based on significant ratios

	<i>Gross Total Revenue (M€)</i>	<i>Account profit (<math>\pi</math>)/GTR (% &amp; M€)</i>	<i>Taxes (T)/GTR (% &amp; M€)</i>	<i>Operating cost (C)/GTR (% &amp; M€)</i>
<b>Veikkaus</b>	1 781	<b>57,3%</b> (1 021)	11,9% (213)	30,7% (548)
<b>Française des Jeux</b>	5 022	6,2% (312)	<b>64,4%</b> (3 235)	29,8% (1 495)
<b>Szerencsejáték</b>	473	11,9% (56)	0,6% (2,80)	<b>87,6%</b> (414)



# Lotteries' efficiency and gambling surplus channelled to society

	<i>Gambling Surplus (Sg)</i>	<i>Sg/Gross Total Revenue (%)</i>	<i>Operating Cost (C)/Sg</i>
<b>Veikkaus</b>	1 227, 4 M€	<b>68, 9%</b>	0, 45
<b>Française des Jeux</b>	3 211, 4 M€	63, 9%	0, 47
<b>Szerencsejáték</b>	8, 1 M€	<b>1, 7%</b>	<b>51, 17</b>



## Vested interests based on significant ratios

	<i>Direct contributions πC/GTR (%)</i>	<i>Commissions to agents c/GTR (%)</i>
<b>Veikkaus</b>	<b>56 %</b>	<b>9 %</b>
<b>Française des Jeux</b>	0 % (no direct contribution)	<b>18 %</b>
<b>Szerencsejáték</b>	N/A (no data available for 2017)	N/A





# PRELIMINARY CONCLUSIONS

- Veikkaus more efficient in terms of gambling surplus to society compared to its Gross Total Revenue. But its model of gambling proceeds distribution gives strong power to CSOs (type B)
- FDJ more efficient at the purely economic level: less operating costs compared to its Gross Total Revenue. Its type of contribution seems less problematic, but still massive vested interests (ex. of tobacconists, type D)
- Szerencsejáték less efficient at both the economic and gambling surplus to society levels. Only few information about vested interest at now, but seems to be type A (state is regulator, beneficiary and provider)



Thank you

Kiitos

Tack

Takk



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