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Gambling and Revenue Leakages on the African Markets: A Quest for a Lasting Intervention

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Abstract

The rate at which the legal framework responds to changing trends in gambling in Africa is rather slow. While the environment is continuously mutating the corridors of power usually have so much to offer to deal with the obtaining realities, the delay to institute appropriate legal frameworks causes serious revenue leakages and the African economy to bleed and continue to suffer losses. This can only be avoided if the intervention come promptly. In terms of the adoption process, the intervention by Africa would fall within the laggards (Rogers, 2003). This is largely so due to the fear and suspicion that comes due to information lack or mistrust. In Africa, gambling is on an upward trajectory. This is more so via the online space, as supported by the growth in accessibility of the internet and ability to secure the digital gadgets with which the citizens can easily access gambling sites from wherever they are. Gainsbury (2015) found that internet gambling is one of the fastest-growing gambling modes globally. The findings suggest that outright prohibition is often ineffective due to the borderless nature of digital gambling. Instead, regulatory frameworks promoting licensing, taxation, customer verification, responsible gambling, and technological monitoring may improve government revenue collection while protecting consumers. The study recommends policy reforms aimed at integrating operators into regulated markets rather than relying exclusively on bans.

Keywords: Online gambling, Revenue leakage, African Markets, Banning, Regularisation.

Introduction

Online gambling within Africa and beyond is now a very lucrative form of business (Banks, 2014). Gambling, generally speaking, is no longer understood as an evil enterprise since the 18th Century, when Thomas Jefferson the third president of the United States of America provided a defining position that was quite instructive to all progressive States. In his proposition, taxing gambling was a painless way of levying the willing. He was convinced then that those who take up gambling are not coaxed or manipulated but do so willingly. This thinking has endured to this date as witnessed by the billions of dollars that the gaming industry is now racking in within various economies.

According to a study by Enerst & Young (2021) the majority of funds that supported the EPL for instance were generated from gambling activities. The same views were equally endorsed by the Chairman for the Casino Association of South Africa (CASA) in 2016 who confirmed the growth of the contributions of the Casino Sector towards the South African economy.

Many people today are engaging in gambling which could mean that the enterprise is no longer being pursued for fun and entertainment but as an alternative revenue earner for individuals and household.

The dramatic expansion of this industry particularly the online space has not only grown because of the unregulated or illegal online gambling but the philosophy of liberalisation for the gambling regulation and unprecedented growth of the internet and availability of digital gadgets (Young, 2010).

Increased internet access and ownership of internet-enabled devices have substantially expanded online gambling participation. In Africa, mobile penetration and digital payment systems are major drivers of online gambling growth.

The presence of unlicensed and illegal gambling sites are presenting biting challenges to many States. This is causing the bleeding of revenue for Governments and affecting revenue inflows to licenced operators.

The unlicensed operators have an opportunity to rack in millions of dollars at absolutely no cost. This is unlike the licensed operators who have to pay license fees, settle tax obligations and pay levies to the Government. This ideally

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would be the reason why there is need to have them banned to allow only the legitimate operations to service the communities.

Recent studies suggest that legal interventions aimed at reducing online gambling harms require comprehensive enforcement mechanisms and coordinated regulatory responses (Fisher *et al*., 2025).

Emerging evidence suggests that well-designed online gambling policies can increase tax revenues while helping governments address irresponsible gambling behaviours (Taylor *et al*., 2024).

The reality has been that in response to any heavy handedness the illegal operations just go into hiding and continue to operate. Sadly they have a lot of following which makes it difficult for the regulators to put an end to their operations.

With this realisation proactive systems should not ban these but find ways to regularize them. Once they are regularized, the government will be able to realise some revenue which will undeniably be used in the development of the country's infrastructure and programs.

The State has everything to lose when the unlicensed online operators are squeezed beyond what they can absorb. The best would be to come up with conditions that are all embracing so that they can legitimate their operations.

The brick and mortar and online games need to be accorded the same respect and level of acceptance. The authorities should appreciate that the gambling population is diverse. There are those who would never want to visit physical sites and are comfortable playing games on their own gadgets and their own time and space. This facet then makes it difficult to regulate it (Gainsbury, *et al* 2018).

Those that discredit the online platform look at the possibility of perpetuating crime and criminality (Banks, 2014). The anonymity of the customers makes it prone to these vulnerabilities.

Revenue leakages occur when governments fail to collect income due to regulatory inefficiencies, tax avoidance, unlicensed activities, or enforcement weaknesses (Hopkins & Patabendige, 2025).

The Governments should deploy systems that help to identify and filter all illegal operations so that they cause them to regularize. Once they regularize, the government may also be able to institute responsible gambling interventions such as restrictions for the underage and those flagged as affected by gambling harm.

The legitimate operations within the Casino Sector for instance take time to verify the identity of customers consistent with FATF recommendations which helps in the fight against money laundering and terrorism financing. This is unlike the providers of online games, who believe that whatever comes to their net is fish!

The licensed operators, just like regulators and governments equally carry the burden to ensure that the players do not go into overdrive. They know that excessive gambling is not good. They exclude them before they are deep sink gambling harm. This helps in the advancing of a sustainable gaming environment. Any suspicious behaviour will also be identified. The individual will immediately be encouraged to observe the ethics of safe gambling.

Online gambling has been seen as risky and according to Banks (2014) China has been proactive in enforcing a ban on online gambling, prohibiting foreign investment into the industry, targeting and blocking identified sites and proceed to fining and freezing the accounts of individuals who operate gambling sites. The rationale for this attitude towards gambling can without doubt damage the morals of a nation and is like a poison, it must be evaded (Gooding *et al*,2024).

While online gambling bans are widespread in Europe, many countries are finally learning that it is best to regulate rather than outrightly ban. The citizens within numerous jurisdictions are now so much at home with gambling via their personal gadgets such as laptops and phones to which, Izquierdo-Condoy *et al* (2026) say online gambling has expanded faster than the public health and regulatory framework. With this reality any controls would remain a nightmare as the operations are clouded in secrecy. Once the activities are regularised the government can work through the post and telecommunications function that regulates the air waves as well as the providers of payment gateways. These institutions would help to get the exact identities of the players at onboarding.

Izquierdo-Condoy *et al* (2026) assert that gambling has undeniably evolved with the advent of online gambling. This has then transformed accessibility to the gambling spaces by turning mobile devices into 'pocket casinos' or betting platforms. The barriers that the traditional gambling used to present because of the physical nature of gambling spaces technology has now challenged the barriers. It has now come with an expanded scale of operations, speed and visibility, since the gadgets provide a readily available gambling interface.

Methodology

The paper used the qualitative methodology. The researchers targeted informants from the gaming spaces. They provided relevant data through the interviews. Some documents from respected scholars were also reviewed and this helped in validating some responses from obtained during the interviews.

Findings and Discussions

The respondents interviewed shared a convergence of thought in identifying the obvious risk of not knowing who owns the website providing the games. The respondents acknowledged that this is so when there are challenges and one wants to engage the officials. Instances of system or technical failures characterize the online space. When this happens the aggrieved would need to engage the authorities for remedies. Where the location of such is not traceable, the players will be at risk of loss.

The study found significant concerns regarding consumer protection in the online gambling environment. Respondents highlighted the difficulty of identifying and locating operators in cases where disputes arise. Participants expressed concern that players often have limited legal recourse when technical failures, delayed payments, or fraudulent practices occur.

Respondent OG 04 noted that many players do not know who owns or manages the platforms they use. Consequently, when disputes emerge, affected individuals may struggle to pursue remedies. The anonymity and cross-border nature of many online platforms complicate regulatory oversight and enforcement.

These concerns reinforce arguments in existing literature that online gambling presents distinct regulatory challenges because operators may be located outside the jurisdiction where players reside. As a result, consumer protection mechanisms available in regulated land-based gambling environments may be weaker or absent in the online space.

Respondent OG 04 acknowledged that there is a lot of addiction that comes with online gambling since it has no

defined limitation. Anyone can play anywhere and at anytime and for even extended periods unperturbed. This is not health for the players in terms of the addiction and continued loss of resources used in playing. The government also loses a lot of revenue since in the majority of cases particularly in Africa, these operators are not licensed.

Respondents consistently identified addiction, excessive gambling, and financial losses as major risks associated with online gambling.

Participants argued that the continuous accessibility of online gambling enables individuals to gamble at any time and from any location. Unlike physical gambling venues with defined operating conditions, online gambling platforms provide constant opportunities to wager. This continuous availability increases the likelihood of excessive gambling behaviour.

Respondent OG 08 emphasized the importance of incorporating responsible gambling mechanisms such as mandatory breaks and self-exclusion measures to encourage players to reflect on their gambling behaviour. Similarly, Respondent OG 10 argued that unrestricted access may expose players to gambling-related harm.

These findings are consistent with studies indicating that online gambling is associated with gambling disorder, financial distress, anxiety, depression, and other social harms. The ease of access provided by internet-enabled devices has significantly altered gambling behaviour by creating what researchers describe as "pocket casinos."

Adding his voice OG 08 said, the players should have mechanisms that help them to have breaks. This respondent (OG 08) believed it would help the player to have moments of reflection and foster a culture of responsible gambling. In the absence of these measures the individuals would be exposed to a lot of harm while the governments lose a lot of revenue.

The supporters of online gambling believe that it is beneficial to players because it provides them with the latitude to play at their convenience. Respondent OG 10 however frowned at this submission. She weighed in saying,

'The players should be put on leash so that they do not end up in overdrive. This is only possible when they operate in a regulated space such as a brick-and-mortar facility.'

Respondent OG 03 said, online gambling gives players the anonymity they desire since society has a tendency to judge gamblers. With online gambling no one will ever know since the games can be played in secrecy.

The literature reviewed also pointed to the reality that gambling is now so popular within Africa. In this regard the president of Gambling Conference International reported on CNBC Africa (July 2026) that 14% of the African population was actively engaged in gambling. As a result of this participation an estimated $23 billion is now the value of the online space in Africa. Sadly, this money is not being harnessed for economic growth and prosperity by governments in Africa.

According to respondent OG 12, online gambling is not only resulting in leakage of revenues that governments would use productively in the development of their countries. It is also causing health challenges. This view is echoed by Izquierdo-Condoy *et al* 2026 who assert that online gambling has expanded faster than public health systems and regulatory frameworks designed to contain its harms.

Respondents noted that many online gambling platforms operate outside the regulatory framework and therefore do not pay licensing fees, gaming levies, or taxes.

Respondent OG 12 observed that governments are losing substantial amounts of potential revenue because many online operators remain outside the formal economy. This finding is significant given that regulated gambling markets contribute tax revenue that can be channelled towards public infrastructure and social services. In contrast, unlicensed operators derive income from local consumers without contributing to national revenues.

These findings corroborate the view that revenue leakages occur when governments are unable to collect income due to weak regulatory controls and unregulated economic activity (Hopkins & Patabendige, 2025). The findings further support the argument that bringing operators into regulated markets may be more beneficial than pursuing outright bans, which often drive gambling activities further underground.

Respondent OG 02 acknowledge the vastness of gambling activities among citizens and remarked that all players should endeavour to put their appetite on leash. They should avoid impulsive bets and only proceed to bet when they are in their right facilities.

Responding to the question addressing faculties the issue of either banning or regularizing online gambling responded OG 05 said,

'My only issue with the online space is that it opens the floodgates to money laundering. Criminals can exploit this window through production of false documents. The players may also end up creating multiple accounts, which they can use to transfer money to disguise its actually origin'.

Respondent OG 05 argued that criminals could exploit weaknesses in customer verification processes by using false documentation or creating multiple accounts to obscure the origin of funds. Several other participants generally believed that anonymous online gambling environments create vulnerabilities that can be exploited for financial crime.

The respondent (OG 05) associated online gambling with increased opportunities for identity concealment, multiple account creation, and illicit fund transfers.

The literature reviewed similarly identifies gambling platforms as potential channels for money laundering where customer due diligence and transaction monitoring systems are weak. The implementation of Know Your Customer (KYC) procedures and customer verification at onboarding was therefore viewed as critical for safeguarding the integrity of the gambling sector.

Perhaps the most significant finding was the preference among respondents for regulation rather than outright prohibition. Although participants acknowledged the risks associated with online gambling, most believed that banning online gambling would not eliminate the activity.

Majority of respondents argued that prohibitive approaches merely drive operators underground, reducing regulatory oversight and increasing revenue losses. Instead, they advocated for policies that encourage operators to become licensed and compliant with regulatory requirements.

The findings suggest that governments would achieve more effective outcomes through regularisation, licensing, taxation, responsible gambling controls, customer verification requirements, and continuous monitoring. Such measures would enhance consumer protection while simultaneously reducing revenue leakages.

This finding aligns with emerging international discussions that favour risk-based regulation over prohibition in managing online gambling markets.

Recommendations

In view of the major findings in this inquiry, it is recommended that:

- Governments across the globe should take measures to reduce the activity on the illegal online space by making it possible for those willing to legitimise their operations to regularise.
- Governments to invigorate campaigns that foster responsible gambling.
- To employ appropriate technologies that help to filter all illegal players.

Enforcing customer verification at onboarding so as to reduce incidences of underage and problem gambling.

Conclusion

The paper concluded that gambling is now accepted the world over. The funds generated through various gambling activities are now being used to support various government initiates meant to promote and sustain the lives of citizens. However, what needs to be understood is that it has to be done in a responsible manner and form the regulated spaces. This helps to ensure that revenue leakages are marginal.

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