



iGaming in The Netherlands

WHITEPAPER

In this whitepaper, we will address the necessary legal and technical requirements to successfully operate within the Dutch iGaming market, with an emphasis on data and hosting criterion in line with regulatory compliance.

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IGAMING IN THE NETHERLANDS

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1 Introduction

Widely anticipated for quite some time, the Dutch Remote Gambling Act (Wet Kansspelen op afstand, KOA) was approved by the Senate back in 2019 and, after significant delays, was subsequently introduced in April 2021. Six months later in October 2021, the fully regulated online gambling market in the Netherlands officially opened, with huge industry players being amongst the country's first licensees.

The adoption of the KOA Act is a huge development for the European iGaming market as a whole, with many projecting the Netherlands to become one of Europe's biggest iGaming jurisdictions. The launch of the iGaming market will undoubtedly open up huge business opportunities, but operators and new companies may initially find the newly implemented regulations and stringent nature of the Netherland's licensing process difficult to navigate.

In this whitepaper, we will address the necessary legal and technical requirements to successfully operate within the Dutch iGaming market, with an emphasis on data and hosting criterion in line with regulatory compliance.

2 The Dutch Gambling Market

First introduced in 1964, the Dutch Gambling Law stringently prohibited online gambling in the Netherlands. Although amended throughout the years, prior to the enactment of the Remote Gambling Act only land-based gambling was permitted, with the exemption of the 'e-commerce exception'. This exception enabled certain land-based establishments to use the internet as an additional method of sales, as long as it did not surpass the land-based offer. Other license-holders were also able to sell tickets for non-incident games of chance online, without being required to have physical premises. Although this was a start, neither exceptions are characterized as true iGaming.

In 2012, following years of the country's gambling activities being closely regulated by the Dutch government, an independent regulator was established, the Dutch Gaming Authority (Kansspelautoriteit, KSA).

The formation of the Remote Gambling Act comes after the Gaming Authority ruled that banning online gambling would no longer suffice, thus amendments to the existing legislation were required to protect players and implement responsible gaming and advertising guidelines.

The Dutch approach to gambling has always been strict, and the KSA's mission has been threefold; to protect players, prevent illegal gambling and help combat gambling addiction. Although 2021 has seen the biggest change to what was an extremely outdated legislation, the country's stringent procedures remain intact.

3 Benefits of an iGaming license in the Netherlands

Upon launch of the Remote Gambling Act, the KSA has predicted that the online gambling industry in the Netherlands will be worth an estimated €1.1bn by 2024. To put it into perspective, prior to the approval of the KOA Act back in 2019, there were already more than 1.2 million online gambling players in the Netherlands.

Having grown significantly over the past few years, it is apparent that Dutch players constitute a huge part of the market, and although great efforts have been made by the Dutch government and Gaming Authority to stop their citizens from using offshore sites to gamble, it has proven simply out of their control. By changing their stance on online gambling, the KSA are better able to ensure that Dutch players can gamble in a regulated and safe environment.

The Remote Gambling Act will not only provide protection for Dutch players, it also opens up a whole new market to iGaming operators. With licenses being granted gradually, providers are eager to capitalize on the fast-growing Dutch gambling market and expand their business in the region. Thus far, offshore gambling sites have heavily targeted Dutch players and without legal alternatives or competition, thrived in an unregulated market.

The introduction of the KOA Act will offer players transparency, security and the protection of supervisory bodies, making iGaming license holders reliable and protected sources for Dutch residents.

Upon launch of the Remote Gambling Act, the Dutch government has reiterated that unlicensed operators will also face stricter sanctions and higher risk of being pursued by authorities if they continue to allow Dutch residents to play. As part of their initiative to safeguard players from unlicensed providers, those found to have been illegally operating within the Dutch market could face being excluded entirely from applying for an iGaming license.

With higher risks and penalties at play, and clear guidelines of offences set forth by the regulator, operators who do not obtain an iGaming license will potentially forfeit access to a market that is estimated to be worth billions. In contrast, holders of an online gambling license will be permitted to endorse and advertise their offerings, which has already been proven successful in other regulated jurisdictions.

3.1 Cooling-off period

In 2019, the KSA implemented the motion that in order to be eligible for an online gambling license, applicants would need to have refrained from offering services to the Dutch market for a period of 33 months, or what is referred to as the 'cooling-off period'. In an attempt to deter unlicensed operators from actively targeting the Dutch market, those in violation of this rule would otherwise be unsuccessful in the licensing process.

In determining whether a company is in compliance with the cooling-off period, various criteria is considered, with violations including the use of a .nl domain extension, content imitative or suggestive of the Netherlands as well as domain names associated to the Netherlands and any form of advertising in the Dutch media.

4 Legal Framework

Regulated under the Betting and Gambling Act 1964 (Wet op de kansspelen - BGA), gambling in the Netherlands remains strictly prohibited unless licensed. Since coming into effect, the Remote Gambling Act has amended the BGA, making it possible to apply for an online gambling license in the Netherlands.

Although there is no known limit on the amount of licenses set to be permitted, the Dutch government has put a future objective in place to channel 80% of individuals taking part in online gambling to do so through a Dutch licensed operator.

4.1 Types of iGaming permitted

Land-based gambling has been permitted in the Netherlands for quite some time, with different regulations and licensing procedures for different types of gambling. For instance, for sports betting there is a maximum amount that can be staked for any single bet, whilst land-based casinos are only allowed to offer permitted games where restrictions also apply on stakes and prizes. The state lottery and lotto also have restrictions in place for the maximum price of a ticket and points of sale, amongst many others guidelines that need to be adhered to.

The regulatory and licensing framework for online gambling is provided by secondary legislation, with B2C operators being accountable for their B2B counterparts, like software and hosting suppliers, complying with the law.

Under the Remote Gambling Act, applicants can apply for an online gambling license to offer the following four types of games of chance, which fall under two categories.

Casino Gaming

- Casino Games where players play against the license holder, for example Blackjack, Roulette or Remote Slot Machine games.
- Casino Games where players play against one another, like Poker for example.

Sports Betting

- Bets on events which occur during a sporting contest or the outcome of a sporting contest, for example fixed odds betting.
- Bets on the outcome of horse and harness racing

4.2 Eligibility

In order to be eligible to apply for an online gambling license in the Netherlands, apart from being subjected to the 'cooling-off' period, applicants are required to adhere to strict conditions to prove their credibility. Licensees are mandated to perform KYC procedures and age checks, meet strict marketing regulations, participate in the control database (CDB), as well as connecting to CRUKS.

Centraal Register Uitsluiting Kansspelen (CRUKS), a player exclusion register, plays a big role in the Dutch Gaming Authority's mission to prevent gambling addiction and crime. Both land-based and online providers must be connected with CRUKS, which sees players registered with their social security numbers, and grants them the ability to self-exclude themselves from all licensed websites. Players who choose to self-exclude themselves will not only be unable to access online gambling websites, but operators will also be unable to target them with marketing and promotions.

Applicants who meet the necessary criteria of consumer protection, anti-crime and addiction prevention, can submit their license application digitally.

4.3 Applications and Fees

The cost of an online gambling application is €48,000, and it is crucial for applicants to meet all necessary requirements before applying because if an application is rejected by the Gaming Authority, refunds are not issued.

Applications must be submitted in Dutch with the exception of ICT-related documents or contracts with third parties (B2B), which can be submitted in English and should be high quality, color and in PDF format. Granted licenses are valid for a period of five years. Upon submission, the Gaming Authority will reach a decision on whether an application is successful within six months.

4.4 Data and Hosting Compliance

In addition to the aforementioned requirements for obtaining an iGaming license, the Dutch Gambling Authority also has specific criteria with regard to data and hosting compliance. The Dutch Gaming Authority requires that all electronic means of an applying organization must be located within the EU and that the Control Database (CDB) also be placed in the Netherlands.

Maintaining infrastructure in the Netherlands not only abides to these regulations, but can also prove to be highly effective for companies aiming to make a strong impact on the Dutch market by utilizing data centers within close proximity of players to guarantee low latency connectivity and enhanced performance.

5 Types of Hosting in the Netherlands

Operators entering the Dutch online gambling market will not only be faced with strict legislation but also higher expectations from the Dutch consumer. The landscape of the iGaming industry as a whole has encountered monumental growth, and operators are required to observe not only regulatory compliance, but also the user experience.

The Netherlands proves to not only be an optimal hosting location for the Dutch market, but the European market altogether. IT infrastructure and location are key variables to the potential of any iGaming company. The type of hosting used by an iGaming company has a significant impact on its overall operation.

5.1. Cloud

The evolution of cloud technology has created the optimal environment for online casino operators. Many iGaming companies are utilizing cloud servers to make their businesses not only more viable, but also more profitable. Adopting the cloud allows iGaming operators to forego the restraints of setting up and maintaining physical servers, instead offering heightened performance and flexibility.

By running a cloud environment, operators can increase time-to-market and scalability to operate with great efficiency and meet the demand and ever-changing trends of the dynamic iGaming industry.

5.2. Bare-metal Servers

Bare-metal servers, or dedicated servers, have been the optimal choice for iGaming operators for quite some time. Bare-metal servers provide powerful performance and unrestricted resources to address the needs of even the most complex hosting requirements.

Housed in fully compliant data centers, dedicated servers ensure compliance within the operating jurisdiction with heightened security protocols and proactive specialist monitoring in place.

5.3. Private Racks and Colocation

The iGaming industry is expanding at a rapid rate and many operators have opted to deploy their IT infrastructure in data centers in their operating jurisdiction in order to meet demand. Colocation provides a cost-effective solution that enables operators to maintain their infrastructure within close proximity to their user-base without the huge financial and time commitment.

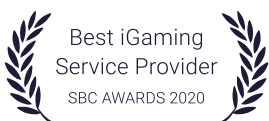
By utilizing a partnered data center, operators that opt for Colocation maintain control over their hardware, whilst also benefiting from specialist support and high bandwidth and networking requirements.

Get started with a multi-award winning iGaming Hosting Provider

NetShop ISP is a leading Data Center Services & Server Hosting Provider headquartered in Cyprus. With over 10 years of industry experience, NetShop ISP has been the recipient of multiple industry awards distinguishing the company’s position within the iGaming sector.

With an expanding presence in key iGaming jurisdictions worldwide and extensive industry knowledge, NetShop ISP has cemented its place as a prominent iGaming hosting solutions provider, delivering reliable infrastructure environments that are specifically designed for online betting, casinos, poker, slots and more.

For more information on NetShop ISP’s award-winning iGaming solutions, visit www.netshop-isp.com.cy/solutions/igaming



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