

Processing Giants Primed As U.S. Overturns Sports-Betting Ban

15TH MAY 2018 | WRITTEN BY: ADAM PERROTTA IN LOS ANGELES

The U.S. Supreme Court has ruled that federal restrictions on sports betting are unconstitutional, paving the way for payment processors hoping to capitalize on a potentially lucrative new market.

The court on Monday upheld the legality of a 2014 New Jersey state law permitting sports betting at casinos and racetracks and voided the Professional and Amateur Sports Protection Act (PASPA), which banned sports betting in all states except for Nevada, Delaware, Montana and Oregon.

Several individual states — notably Delaware, Mississippi and West Virginia — are already poised to take advantage of the decision, and New Jersey Governor Phil Murphy said he was “thrilled” with the decision.

“New Jersey has long been the lead advocate in fighting this inherently unequal law, and today’s ruling will finally allow for authorized facilities in New Jersey to take the same bets that are legal in other states in our country,” said.

For payment processors, the decision marks a big win; onlookers believe it could lead to a U.S. boom in online and mobile sports gambling services, similar to those that exist in Europe, where online sports wagering drives billions in revenue each year.

Existing card scheme licensing rules and risk mitigation requirements mean processors active in already-legal gambling sectors in the U.S. — including Nevada and New Jersey online casino wagering — are likely to get out to an early lead in the rush for space in a new market, according to Sarah Francis, a payments advisor at Polymath Consulting.

Card schemes often require any acquirer or processor partner to meet certain standards to qualify for carrying betting transactions, for which “the fraud and chargeback risks can be extensive,” said Francis.

“There are a small number of specialist processors who are already in the U.S. and experienced at working within this arena,” she noted. “One would assume they will be some of the first to put forward their services in this area.”

One such provider, Worldpay Inc., “absolutely” plans to enter any newly legalized U.S. sports-betting market, according to company senior vice president Joe Pappano.

Worldpay currently provides processing services for gambling payments in Nevada, New Jersey, Delaware and



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said. “This would become a repeatable model for sports gambling.”

Because of Worldpay’s existing infrastructure for processing online casino betting payments in New Jersey, he said that state would “likely be the first state we would move forward in” once the dust settles on Monday’s ruling.

The opportunity goes well beyond the Garden State, however.

“What’s most exciting is there are currently 20 states that have either passed law or have some form of pending legislation pertaining to sports betting prior to the Supreme Court ruling,” said Joe Pappano of Worldpay. “We will be there to support these states in bringing sports wagering to their residents.”

Allen Godfrey, executive director of the Mississippi Gaming Commission, told sister publication GamblingCompliance last week that it “should be able to get rolling within 45 days”. Godfrey said the plan is to “start small and get more experience and expand as far as the law allows us to.”

GamblingCompliance research has projected that once state-specific lobbying dynamics have been taken into account, 37 states are likely to authorize sports betting within their borders in the next five-to-seven years — creating an estimated market size of \$5.8bn.

Another processor that could be well-positioned to capitalize on the legalization of sports betting in the U.S. is Paysafe.

Although most widely known as a market leader in processing sports wagers in Europe, the company does have a U.S. gaming presence, said Neil Erlick, its executive vice president for business development and payment processing.

“We have more than five years of experience in providing online payment solutions to regulated state and provincial lotteries in North America and over 15 years of providing secure payment processing to licensed iGaming operators in Europe,” Erlick noted.

“We continue to explore opportunities on how best to bring secure payments to the market, which can potentially include legal, regulated sports betting in the U.S.”

There are [other legal issues](#) for payment processors, however. For example, the Federal Wire Act restricts the interstate transfer of gambling funds, and legal experts believe changes to the text would be necessary to ensure mobile or online services can be provided in a compliant way.

“Regarding interstate betting, the Wire Act will still be applicable moving forward,” said C.J. Fisher, an associate at Fox Rothschild in Atlantic City.

However, the law is written such that it “should allow the interstate transmission of information assisting in the placing of bets on sporting events, as long as the transmission is between states in which such bets are lawful,”

Fisher noted.

Although some states, such as New Jersey, will require only legislative action to legalize sports betting within their borders, others would need to amend their state constitutions to do so, Fisher observed.

“All jurisdictions will also want to develop regulations and a licensing regime,” he added.



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