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Besik Bolkvadze
PhD (Economics), Associate Professor
Batumi Shota Rustaveli State University
35/32, Ninoshvili/Rustaveli Str., Batumi, 6010, Georgia
Besik.bolkvadze@bsu.edu.ge
https://orcid.org/0009-0009-5788-5878

EMERGING GAMBLING MARKET OF GEORGIA (ECONOMIC DIMENSION)

Abstract. There are many different views on gambling in the history of mankind, which leads to constant debate about the advantages and disadvantages of gambling. In particular, one group of people sees it as a way to have fun and rejuvenate; the second group considers it as a category of moral decline of human beings; the third group views it as social evil and crime-prone behavior; another group deems gambling as a business activity and supports its legalization. Gambling has negative as well as some positive impact on the economy of the country and the society general. The paper considers the challenging issues of the gambling policy of Georgia in recent years from pragmatic as well as conceptual point of view, where the social losses and economic benefits of gambling are presented.

In a purely economic sense, gambling is as much a business as any other business in the business sector, but it differs radically from all other areas of business in the following specifics for the state and the society living in this field: 1. a «set» of extremely high social risks is created, the partial neutralization of which is possible only in case of its best organization; 2. In any country, the gambling business is associated with the ugly and difficult-to-control practice of money laundering, which states are struggling with through various monitoring levers and mechanisms.

The work deals with analysis and discussion of the role of gambling business and its importance in economy, objective and subjective factors of increase and development of the gambling segment, effects of its positive and negative influence on stakeholders, fiscal determinants, financial-economic and social-economic problems of the sector, proper recommendations have been developed on the basis of the theoretical and empirical analysis and conclusions.

Keywords: **Gambling, Gaming Industry, Gambling Market, Economic Benefits, Social Losses**.

JEL Classification: L83; L80; O14.

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Indroduction. In the beginning, it should be noted that the discussion of gambling and gambling business operation is always heterogeneous and combines the corresponding conflicting views of its supporters and opponents. In particular, followers of the «pro-gambling» (liberal) approach focus on the following hypotheses: Gambling is a natural human habit and therefore society should be tolerant to gamblers; A person should have the right to participate in gambling, and the state is obliged to protect this right; People still resort to such games, regardless of whether the state bans them; Gambling creates a certain source of funding for public welfare and so on. Proponents of the «anti-gambling» (conservative) approach appeal to the following postulates: Gambling goes against the category of human moral concept and should therefore be banned; They bring the greatest harm in various forms to society and its individual groups; The state must sacrifice gambling for the welfare of society; Gambling is increasing crime and money laundering in the country which should be avoided, and so on.

The gambling business is a specific segment of the business sector of the country and the economy in general, towards which there is an ambivalent attitude. In particular, the gambling business creates a certain added value in the economy and, at the same time, it is believed that its functioning is always associated with certain social losses. Also, the attitudes of different groups of the society towards the mentioned business are different, in particular, governmental and business circles are more positive towards the gambling business than the general population, however, this approach differs from country to country (Williams, Rehm, & Stevens, 2011, p. 7).

There are two opposing views on gambling, in terms of shaping public opinion: 1. Gambling is «evil» and should be banned and, at best, eliminated; 2. Gambling is «goodness» and should be given as wide a spread as possible. In fact, in this amplitude we have to find the points of "golden intersection" or resonance regulation, which is offered by the global consolidated experience of the gambling business. At the present stage of development, in countries where the gambling industries are already functioning, the question is not so much about their total ban or a kind of «weeding» (the most fragile direction in this regard is created by «hard» (including online) games), as about the search for and use of effective methods of state regulation of the gambling business.

The aim of the article is to assess the gambling policy of Georgia in recent years from both pragmatic and conceptual perspectives, with a specification of social losses and economic benefits of gambling.

The following tasks were performed in the preparation of this article:

– the role of the gambling business in the country's economy and the growth factors of this segment were determined;

– the consequences of the positive and negative impact of the gambling sector on stakeholders, fiscal determinants, financial, economic and socio-economic problems of the sector are identified;

– relevant recommendations were developed.

The object of the study is a set of economic relations that are formed in the functioning of the service sector. The subject of the study is the gambling market of Georgia.

Literature Review. Many research studies are dedicated to the gambling issue in recent years. According to G. Williamson, one of the American researchers of gambling, gambling originated when «man with money» appeared (Williamson, 2019, p. 1). According to another author, R. McGowan, gambling goes back to the origins of human civilization (McGowan, 1994, p. 3). According to another approach, gambling is a "specific, economically determined" phenomenon that is actual and topical in every time and culture (McMillen, 2005, p. 6, 21). Consequently, the origins of this type of games are ancient, and its species genesis had different traces among ancient peoples and states. Historically, the introduction or legalization of gambling by countries has been driven mainly by fiscal incentives, and as a result of the gradual development of the gambling business, they have sought to increase the tax burden. In general, three main models of gambling business can be distinguished in terms of gambling regulation: A. prohibitive model that totally prohibits gambling in this or that jurisdiction; B. free model based on a liberal approach to gambling; C. regulated model that uses legal restrictions on such games (Stefanchuk, Hetmantsev, & Toporetska, 2022, p. 97-98). At the same time, as the study of the experience of civilized countries has shown, at the modern stage of development, states are actively addressing and emphasizing the introduction and strengthening of the so-called responsible gambling principles.

Widespread legalization of the gambling industry in the world began in the 1970s and is associated with the global economic recession, and its massive spread occurred in the 80s and 90s. In particular, many countries have changed their approach to the gambling industry and transformed gambling into a gambling business, the main argument of which has been the approach that the existence of legal forms of gambling would increase the level of employment, facilitate the production of wages, attract foreign investment, increase tax revenues, encourage competitiveness in gambling-related industries such as tourism, entertainment, sports, hotels, restaurants, etc. It is noteworthy that there is no single «algorithm» for regulating the gambling business in the European space. More specifically, the European Union has not a general regulating legislation of gambling business (Sala, 2010, p. 1026; Selin, 2019, p. 78; Banks, 2020, p. 23). Gambling markets have been regarded as areas of national competence since the 1990s. In order to increase the competitiveness of EU countries in the global economy, the trend of lifting restrictions on domestic market services has intensified since the early 2000s, as reflected in the 2006 document on the «Internal Market Services Directive», however, this regulation does not apply to the gambling business, but the governments of member states have the right to draft and develop gambling business laws and regulations that must comply with general regulatory principles, such as free movement of services, freedom of establishment of business entities, protection of consumers' interests, prevention of money laundering, etc.

The gambling business, and the gaming industry as a whole, is a complex and contradictory, multifaceted system that encompasses legal, economic, political, psychological, social, and ethical aspects. However, in different countries and cultures, gambling is considered to be legal and illegal, acceptable and unacceptable, beneficial and harmful. Following the development, the existing worldview towards gambling has changed to some extent – if in the early days it was equated with predominantly immoral behavior (Egerer, Marionneneau, Nikkinen, & Palgrave, 2018, p. 261), at the present stage more emphasis is placed on it as an activity detrimental to society and this is the reason for the need for state regulation of the gambling business, the variety of its forms and approaches, which are used by most of the modern advanced states. Moreover, even in countries with similar levels of socio-economic and democratic development, as the present study has shown, diametrically different models of gambling business regulation prevail.

It is noteworthy that the development of modern technologies in the gaming industry, the intensification of online games (especially in the last two decades), the diversification of gambling has led to the need to introduce customer-friendly marketing tools and increase advertising activities. Gambling advertising is considered to be one of the main «triggers» in the development of gambling behavior at the present stage (Gunter, 2019, p. 36), which varies in a wide range of tools such as media advertising, integrated internet advertising, social media, street billboards and posters, sponsorship activities, etc. However, as the study of the global experience of the gambling business shows, individual countries with different motivations still apply certain types of advertising restrictions in order to avoid the negative impact of gambling business advertisements on adults and other vulnerable groups.

There are different approaches to regulating the gambling business in different «cultures» and depending on how developed the relevant market is. In countries where different types of gambling have a long history, the main goal of players is to have fun and largely to understand how often a person can get involved in any of game and how much money is needed for it (Gunter, 2019, p. 89). In such countries, the gambling business is a widely diversified and deregulated (or reasonably regulated) industry, while in the conditions of «immature» gambling markets, both the behavior of the players and the nature of the impact on the economy are different. Therefore, approaches used efficiently in one country cannot be considered as efficient in another country. Therefore, it would not be right to use even a successful gambling business model of the one country, but it is necessary to study and analyze the best practices and experience of different countries and to adapt them to the social, cultural, economic systems of the country.

The functioning of the gambling business in any country is determined by a set of different compilers, which as a whole creates the so-called gambling determinants, such as social, economic, cultural, political, and behavioral determinants. Social determinant refers to the attitude of the population, consumers, different social classes towards gambling and the gambling industry in general, which is mostly reflected in the so-called social losses. The economic determinant considers the impact of the gambling business on various economic parameters of the country, be it fiscal, employment, investment, sectoral or other indicators. The political determinant includes the attitude of the ruling political class towards the gambling industry, the specifics of its legal regulation and the measures of preventive approaches. The cultural determinant integrates socio-cultural norms, values, systems of knowledge, experience and belief into society. Behavioral determinant means the peculiarity of a particular gambler subject, the behavior of a person and the reaction to this or that gambling.

The functioning of the gambling business, in turn, depends on the gambling business policy pursued by one state or another. This, in turn, can be highly regulated or less regulated by its approaches and mechanisms. Highly regulated (restrictive) gambling business policies include the state-regulated gambling market, the imposition of various restrictions, the introduction of a responsible gambling system, the state taking over the supply of individual gambling products, and more. Less regulated (liberal) gambling business policy is, in essence, the antithesis of a strict gambling business policy in which the relevant restrictions are presented on a smaller scale. However, restrictions on the gambling business may be related to the gambling business entity, individual gambling products, consumers, etc. to a minimal extent.

In different countries, in different eras, the issue of establishing or banning the gambling business has always been a delicate issue and the most difficult phenomenon, which is influenced by many factors or circumstances, such as: established social norms, religious beliefs, moral respects, cultural values, economic circumstances, ideological paradigms, historical events or force majeure situations. The following approach is noteworthy - if the state introduces gambling and legalizes the gambling business, the further ban of it will be much more difficult and will be associated with great difficulties[1]. Total or partial ban on gambling may be due to religious, political or economic factors in individual countries. However, individual countries may resort to a zonal approach to the operation of the gambling business, while some countries use the principle of residency in access to gambling.

In order to identify the role and importance of the gambling business as a specific segment of the business sector in the socio-economic development of the country, it is necessary to systematically understand and analyze all the pos-

[1] PricewaterhouseCoopers. (2016). Global Gaming Outlook. The Casino and Online Gaming Market to 2015. Retrieved from https://preview.thenewsmarket.com/Previews/PWC/DocumentAssets/222677.pdf

itive and negative impacts of the gambling business on the economic system of different countries. In this regard, two main groups of impact are distinguished, namely, «economic benefits» and «social losses» (Zheng & Wan, 2014, pp. 11-12; Walker, 2015, p. 4; Hojnik, 2018, pp. 70-71). In this regard, the positive effects can be attributed to the following: General-economic, investment, fiscal, social, tourism promotional and chain (multiplier) effects; The following are some of the negative effects: Human gambling addiction (ludomania), alienation of persons, increase of health expenses, accumulation of debts, involvement of vulnerable groups, increase of crime level, provocation of family problems, money laundering, suicide and others.

There is a whole group of articles that examine in detail the individual «economic benefits» and «social losses» from the gambling business. A. R. Fleissig (2020) investigates the likely substitution effect within the category of «sin» goods, which he strongly includes gambling. G. Resce, R. Lagravinese and E. Benedetti (Resce, Lagravinese, & Benedetti, 2019) substantiated the claim that the bulk of social costs associated with gambling will fall on the least well-off segments of the population, who are mostly on the verge of poverty. S. Badji, N. Black and D. W. Johnston (Badji, Black, & Johnston, 2023) found that one of the possible ways to reduce the social costs of gambling could be its balanced placement away from residential areas. D. Boto-García and L. Pérez (2023) examine the economic impact of casino opening on the tourism business and confirm the results of previous studies on the existence of a direct positive effect. However, the question remains as to the existence and type of relationship between seasonality in tourism and the presence of gambling facilities. L. Farrell and J. M. Fry (Farrell & Fry, 2021) focused on the effect of exacerbating energy poverty due to excessive gambling.

Research Metodology. During the research we apply the methods of data analysis, descriptive method, qualitative and dynamic analysis.

Main results. As for Georgia, in the Soviet years gambling was strictly prohibited in the country by law, with the exception of the lottery. From the beginning of the 90s of the 20th century, with the transition of the economy to the market rails, the «phenomenon» of gambling emerged and, consequently, the first operating gambling business entities were formed, whose activities were predominantly natural. Due to the creation of relevant regulatory legislation, their number and scale of business activity have gradually increased, at the same time, however, a number of problems related to the social losses caused by gambling business are in the foreground, which makes active the need to develop and pursue a rational and state-acceptable policy in this sector.

Georgian legislation separates the four main areas of the gambling business: Lottery, gambling, winning games and delivery of gambling and/or winning games. The Ministry of Finance of Georgia, with its structural subdivisions, such as the Gambling Business Policy Directorate and the Legal Entity of Public Law (LEPL) – Revenue Service, implements the state policy in the field of gambling business in the country The gambling business, as a business sub-sector, is lobbied by the NNLE – Georgian Gambling Business Association and the NNLE – Association of Casinos in Adjara.

According to the Gambling Business Permits Registry of the Ministry of Finance of Georgia, as of May 1, 2021, a total of 139 gambling business permits were issued across the country in the respective municipalities of 25 self-governing units. If we take into account the division in the international practice of the gambling business into «hard» and «soft» gambling, about $^{2}/_{3}$ of the issued permits fall on «hard» gambling. As for the distribution of issued permits by territorial units/regions, the most active territorial units are: Tbilisi, Adjara, Kvemo Kartli and Imereti. It should be noted that the territorial development of the gambling business in the country and the workload of the gambling industry can be influenced by a set of factors, from which we can distinguish the following: the existence of permits with a territorial mark, the location of the gambling business (including the border); level of economic activity, level of tourism potential, logistics infrastructure, level of urbanization, population, etc.

Note that the taxation (in terms of fees) of the gambling business in Georgia is mainly based on a fixed method of payment based on quantitative units, which is considered to be a simple method in terms of administration, unlike in many countries of the world, where, in the conditions of proper tax management, gambling business operators are also set fair rates, which at the same time can be differentiated.

When considering the types of budget contributions, it should be noted that the taxes paid by the gambling business account for an average of $^{1}/_{3}$ of the total contributions, while the predominant share includes contributions in the form of fees, which can be partly explained by the exemptions from taxation imposed on certain activities or operations of the gambling business. As for the analysis of the type of gambling business, it should be noted that according to the gambling fees paid, 85-90% of the total amount of gambling fees is accumulated only from the casino tables and gambling machines in the «lower» level budgets of the budget system. At the same time, in the period from 2014 to 2020, the fees paid from the system-electronic games have increased by 300%, and the fees paid from the club gaming tables have increased by 170%. Overall, this analysis underscores the fact that so-called «hard» gambling – casino games, slot machines, internet games and club games, which are considered to be the highest level addicted games in the world, significantly outweigh the so-called «soft» gambling, which indirectly indicates a high probability of generating social losses caused by gambling. In this context, the circumstance of the «flows» of local and foreign games in this type of games is also analytically noteworthy. In this regard, for example, in the region of Adjara, which is loaded with casinos, foreign visitors to this type of gambling establishments represent about 80% of the total number of players[1], which underscores the superior mobility of external flows.

More specifically, according to the data of 2019, the fee for the gambling business was applied to the budgets of a total of 24 self-governing units and the capital of the country[2], which amounted to a total of 128.4 million GEL (Table 1). In terms of the fiscal contribution of this fee (ratio to fee income), self-governing units can be conditionally ranked into three parts: Active (> 5%), neutral (1-5%) and passive (<1%) municipal units. «Active» gambling segment includes overall 8 municipalities, Relatively average (neutral) fiscal indicators are typical for 6 municipalities. This can be explained, on a case-by-case basis, by the relatively high tourism potential of these municipalities, gambling-related benefits, border location, as well as by «binding» online games to the real facilities in municipalities exempted from paying the permit fee. As for the self-governing units with low gambling activity, they include 10 municipalities, for most of which, despite a number of permit benefits, their gambling «good action coefficient» is low.

In addition to self-governing units, gambling operators also generate the republican budget of the Autonomous Republic of Adjara as part of the income tax paid. In particular, the Adjara region is one of the most active regions of the country in terms of the «dispersion» of the gambling industry, which accounts for about $^1/_3$ of all permits issued for gambling business during the analysis period, and about half of the fiscally «weighted» gambling establishments – operating casinos – operate in the Adjara region, where the amounts paid to the republican budget amount to an average of 3% of budget revenues[3].

It should be noted that from the «review» of the general state policy of the gambling business, it is more important (as the world experience of the gambling business shows) to determine the share of all types of payments (taxes, fees and fines) made by gambling businesses to the country's consolidated fiscal flows. In this regard, the total calculated indicator of taxes and fees paid by gambling businesses in different levels of budgets in recent years to the consolidated budget revenues of the country varies in the range of 1.5%-2.5% and amounts to: 2012 – 1.46%, 2013 – 1.67%, 2014 – 1.81%, 2015 – 1.66%, 2016 – 1.73%, 2017 – 2.21%, 2018 – 2.41%, 2019 – 2.42%, 2020 – 1.10%[4].

Table 1. Structure of Gambling Taxes and Fees in Georgia

Type of Tax	Tax period (GEL)	
	2019	2020
VAT	20,326,229.55	20,616,083.9
Corporate tax	117,539,809.77	131,107,914.0
Income tax	85,102,622.19	61,251,180.5
Property tax (incl. land)	1,778,106.35	1,213,494.0
Other taxes	4,569,515.35	-3,996,181.8
Total	229,316,283.2	210,192,490.6
Fees		
Type of Fee	2019	2020
Gambling fee (quarterly)	128,401,198.72	19,261,560.56
Permit fee (yearly)	62,624,283.34	11,975,000.00
Total	191,025,482.06	31,236,560.56

Source: table is compiled by the author based on received date[5]

[1] Branches. Ministry of Finance and Economy of Adjara Autonomous Republic : веб-сайт. URL: http://adjara.gov.ge/branches/default.aspx?gid=5 (дата звернення: 11.01.2024).

[2] Ministry Finance of Georgia (Revenue Service) : веб-сайт. URL: https://www.rs.ge (дата звернення: 18.03.2024).

[3] Branches. Ministry of Finance and Economy of Adjara Autonomous Republic : веб-сайт. URL: http://adjara.gov.ge/branches/default.aspx?gid=5 (дата звернення: 11.01.2024).

[4] Ministry Finance of Georgia (State Treasury) : веб-сайт. URL: https://www.treasury.ge (дата звернення: 18.03.2024).

[5] Ministry Finance of Georgia (Revenue Service) : веб-сайт. URL: https://www.rs.ge (дата звернення: 18.03.2024).

It should also be noted that according to the methodology defined by Geostat, for gambling companies, the total level of economic activity of the gambling industry is the turnover, which is defined as the sum of bets on gambling, which measures the activity of consumers or gamblers (the methodology of its calculation has changed since 2018). In addition to turnover, the second major economic-statistical indicator that measures the scale of gambling activity is production value (output), which is calculated as the difference between turnover and prize money. In turn, the prize money reflects the amount of profit issued by gambling business operators to customers (Note that the release of products in the international practice of statistical accounting of the gambling business is consistent with the so-called Gross Gaming Revenues - GGR). Turnover and production value are «supplemented» by the value added, which is the value created at market prices, which is estimated at the value of the various operating costs of the activity.

If we take a relatively long period of analysis, from 2014 to 2020 (Table 2), the turnover of the gambling business has increased 15 times, which underscores the extremely high business activity in this segment of the business sector. If we do a vertical analysis in parallel with the horizontal analysis, for example, in 2017 (one of the last periods of the relevance of the calculation), the share of the gambling turnover in relation to the similar indicator of the business sector was 8.4%, which is also quite high and exceeds the total volume of services rendered in the transport, health and education sub-sectors during the same period. However, due to the fact that in the international practice of the gambling business, one of the main measures and indicators of the value created by the gambling business is the share of gross gambling revenues in relation to GDP and considering that according to the Geostat methodology[1], the total gaming revenues correspond to the production value ratio, if we calculate the ratio of the production value of the gambling business to the GDP of the country, in 2019 it was 3.3%. For comparison, a similar figure, based on relevant scientific studies, averages 0.68% in EU countries (Luin, Hojnik, 2013, p. 20). Therefore, it turns out that the gambling industry in Georgia generates about 5 times more profit in terms of GDP than EU countries (paradox of the «Georgian model» of the gambling business), which, to some extent, can be explained by the low taxation of the gambling business in the country. Naturally, the question arises: what are the «counterweight» benefits of such high value indicators of the gambling business in social, fiscal, investment, cross-sectoral, multiplication or other areas?

The number of employees in the gambling business, calculated by us during the analysis period, averaged 1.2% of the number of employees in the business sector, and only 0.6% of total employment. Among the indicators of the business sector, the indicator of investment activity is the ratio of investments in fixed assets. Based on the relevant Geostat data, we calculated a similar figure for the analytical period, averaging 0.8% of the total investment in fixed assets of the entire business sector, which is also a significantly lower figure. The so-called purchases of goods and services, which show the total value of purchases of all types of goods and services made by business operators during the reporting period, averaged only 0.1% of the same figure for the entire business sector, which indirectly indicates the weak economic connection of the gambling business in the overall «supply chain».

Table 2. Business Statistics of Gambling in Georgia

	2014	2015	2016	2017	2018	2019	2020
Turnover (Million GEL)	2032.8	3890.8	5387.1	6050.1	13806.8	25860.0	32091.3
Production Value (Million GEL)	698.4	743.1	1052.5	1012.7	1207.0	1593.3	1374.0
Value Added (Million GEL)	621.4	514.2	688.7	573.1	750.6	901.6	861.0
Number of Employed (Person)	6074	6845	7438	9114	10288	10816	9864
Average Monthly Remuneration (GEL)	1050.5	1342.0	1467.7	1507.6	1799.3	2065.8	1598.3
Investments in Fixed Assets (Million GEL)	11.8	33.0	32.2	66.9	71.6	26.3	30.2

Source: National Statistics Office of Georgia (GEOSTAT)[2].

[1] Ibid.

[2] National Statistics Office of Georgia : веб-сайт. URL: https://www.geostat.ge (дата звернення: 18.03.2024).

As discussed above, an important indicator for assessing the impact on the socio-economic parameters of the gambling business is the volume of fiscal contributions made by the gambling business to various levels of budgets, which has a pronounced fiscal burden for only a few self-governing units, and with respect to consolidated fiscal flows, the fiscal contribution of the country gambling industry is low during the analysis period. The gambling business has a certain incentive effect on the development of tourism in the country, which is considered to be a valid thesis only in the conditions of its correct and complex organizing, because relevant empirical studies conducted abroad have confirmed that the tourist who enters for gambling mainly spends his/her time and money on gambling and his/her outdoor gambling activities are meager (Clark, 2016, pp. 215-216). In addition, gambling is potentially considered to be a segment of the business sector with a high risk of «money laundering» in any country, including Georgia, the relevant legislation provides for mandatory preventive measures to prevent such revenue by gambling establishments. In this regard, the supervisory body of this business is the Ministry of Finance of the country, and the body regulating and accountable for such activities is LEPL – Financial Monitoring Service of Georgia. For example, according to the 2019 report of the Financial Monitoring Service, a total of 7 394 reporting forms were entered from the gaming industry this year; In particular, 4 350 by casinos, 3 044 by other gambling and winning games operators (including: 7 089 reporting forms over the threshold, 305 reporting forms on suspicious transaction, 1 of which – containing alleged risks of terrorist financing) (Table 3).

Gambling business in the country, in 2020 a change was made in the relevant legislation, which defined the need to introduce an electronic gambling control system. In particular, the Ministry of Finance of Georgia (The Revenue Service) expressed its interest in identifying the winning company – «Random Systems International Limited» which must control the technical parameters of gambling in the country for 15 years, which should monitor various indicators of gambling business operators according to the so-called IN-OUT mechanism, which will further enable the state structure – the Ministry of Finance regulating the gambling business, on the one hand, to prevent potential risks of money laundering in such games, and on the other hand to make a detailed analysis in the direction of further optimization of the tax burden of the gambling industry.

The functioning of the gambling business in a systemic-electronic form in the country and the peculiarities of its economic «behavior» deserve special attention and emphasis. In particular, the administration and control of online gambling is still considered to be a major challenge for the gambling business policy of any state, including Georgia. Such games can be considered the most «problematic» segment of the gambling business due to the following factors: 1. Probability of high involvement of vulnerable groups (including minors) in such games; 2. Existence of much higher risks of money laundering; 3. Dangers of the oligopolistic model of the online gambling market; 4. «Parasitic» nature of taxation of online games – online games are mainly linked to the real objects of the municipalities, where there are cases of full or partial exemption from the payment of permit fees. Accordingly, a potential gambling business operator may «link» an online company to the municipality with the lowest or zero relevant permit fee and pay only the online gambling fee. The so-called EU manifesto is noteworthy in this regard – «A EU Framework for Online Gambling)»[1], which includes several basic recommendations, one of which refers to the mandatory requirement for full taxation of online gambling. This practice implies that in most European countries the requirement for the organization of online games is to obtain a separate permit and impose fees on it.

Table 3. Dynamics of Gambling Operators' Reports Presented to Financial Monitoring Service of Georgia

Type of Report	Accountable Entity	2018	2019	2020
Total number of reporting forms	Lotteries and other gambling organisers	921	3 044	3 785
	Casinos	930	4 350	1 275
Incl. above the threshold	Lotteries and other gambling organisers	920	2 740	3 479
	Casinos	930	4 349	1 265
Incl. suspicious	Lotteries and other gambling organisers	1	304	306
	Casinos	0	1	10
Incl. financing of terrorism	Lotteries and other gambling organisers	0	0	1
	Casinos	0	1	10
Summed		1 851	7 394	5 060

Source: table is compiled by the author based on Reports of LEPL Financial Monitoring Service of Georgia[2]

[1] A EU Framework for Online Gambling. URL: https://www.egba.eu/news-post/manifesto-a-eu-framework-for-online-gambling-2-0/ (дата звернення: 18.02.2024).

[2] Reports. LEPL Financial Monitoring Service of Georgia : веб-сайт. URL: https://fms.gov.ge//en/%E1%83%A1%E1%83%90%E1%83%9B%E1%83%A1%E1%83%90%E1%83%AE%E1%83%A3%E1%83%A0%E1%83%98%E1%83%A1-%E1%83%A8%E1%83%94%E1%83%A1%E1%83%90%E1%83%AE%E1%83%94%E1%83%91/%E1%83%90%E1%83%9C%E1%83%92%E1%83%90%E1%83%A0%E1%83%98%E1%83%A8%E1%83%94%E1%83%91%E1%83%98 (дата звернення: 18.03.2024).

It should be noted that in order to strengthen the control and supervision mechanism of the

Finally, the process of «goodwillization» and «fiscalization» of the gambling business in the country has recently become somewhat trendy, as large gambling business operators acquire the status of sponsors, especially in relation to sports. Sports sponsorship is an internationally proven practice by the gambling business, however, the point is that behind the classic understanding of sponsorship may be an attempt to create a peculiar «public goodwill» for the gaming industry, an example of this is the fact that since 2019, the Georgian Football Premier League has been named after its partner, one of the largest online gambling business operators, Crystalbet – «Crystalbet National League».

Conclusions. Thus, as the analysis of the economic parameters of the gambling business discussed above shows, the gambling business in Georgia is indeed one of the growing segments of the business sector, but at the same time, as the analysis shows, its role and economic «benefits» are often overestimated. Therefore, gambling is a generally delicate issue, it is necessary for the state to have a clear policy and proper regulatory approaches to this segment, which will make clear the long-term stable vision of the state in relation to the gambling industry, with the need to maximize the protection and consideration of the best interests of the state and society (including the social capital of the country).

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Бесік Болквадзе, доктор філософії з економіки, доцент, Батумський державний університет імені Шота Руставелі, вул. Ніношвілі/Руставелі, 35/32, Батумі, 6010, Грузія
Besik.bolkvadze@bsu.edu.ge
https://orcid.org/0009-0009-5788-5878

ЗРОСТАЮЧИЙ РИНОК АЗАРТНИХ ІГОР ГРУЗІЇ (ЕКОНОМІЧНИЙ ВИМІР)

В історії людства існує багато різних поглядів на азартні ігри, що призводить до постійних дискусій про переваги та недоліки азартних ігор. Зокрема, одна група людей вбачає в них спосіб розважитися та омолодитися; друга – категорію морального занепаду людини; третя – соціальне зло та криміногенну поведінку; четверта – розглядає азартні ігри як бізнес і виступає за їх легалізацію. Азартні ігри мають як негативний, так і певний позитивний вплив на економіку країни та суспільство в цілому. У статті розглядаються складні питання гральної політики Грузії в останні роки як з прагматичної, так і з концептуальної точки зору, де представлені соціальні втрати та економічні вигоди від азартних ігор.

У суто економічному сенсі гральний бізнес – це такий самий бізнес, як і будь-який інший бізнес у національному господарстві, але він кардинально відрізняється від усіх інших сфер бізнесу наступною специфікою для держави та суспільства, що живе в цій сфері: 1. створюється «набір» надзвичайно високих соціальних ризиків, часткова нейтралізація яких можлива лише за умови його найкращої організації; 2. у будь-якій країні гральний бізнес асоціюється з потворною та важкоконтрольованою практикою відмивання коштів, з якою держави ведуть боротьбу за допомогою різноманітних моніторингових важелів і механізмів.

У роботі проаналізовано та розглянуто роль грального бізнесу та його значення в економіці, об'єктивні та суб'єктивні чинники зростання та розвитку грального сегменту, наслідки його позитивного та негативного впливу на стейкхолдерів, фіскальні детермінанти, фінансово-економічні та соціально-економічні проблеми сектору, на основі теоретичного та емпіричного аналізу та висновків розроблено відповідні рекомендації.

Гральний бізнес у Грузії дійсно є одним із зростаючих сегментів бізнес-сектору, але водночас, як показує аналіз, його роль та економічні "вигоди" часто переоцінюються. Гральний бізнес є загалом делікатним питанням, і державі необхідно мати чітку політику та належні регуляторні підходи до цього сегмента, які дозволять чітко визначити довгострокову стабільну позицію держави щодо гральної індустрії, з необхідністю максимального захисту та врахування найкращих інтересів держави та суспільства (включаючи соціальний капітал країни).

Ключові слова: **азартні ігри, гральна індустрія, ринок азартних ігор, економічні вигоди, соціальні втрати.**

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