

Digital Betting in African Markets: Economic Effects and Anti-Money Laundering Governance

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I. Introduction

The rapid expansion of the digital betting landscape across South Africa and the burgeoning African markets has initiated a transformative era for the continent's entertainment, financial, and regulatory sectors. Accelerated by the widespread adoption of smartphone technology, affordable data, and sophisticated fintech solutions, virtual wagering has transitioned from a niche activity to a dominant economic force. In South Africa alone, mobile platforms now facilitate over 70% of all digital betting activities¹, reflecting a profound shift in consumer behaviour.

However, this exponential growth evidenced by a 274% increase in turnover between 2020 and 2025, presents a complex array of regulatory hurdles and social vulnerabilities that necessitate a strategic move toward a unified, data-driven oversight framework. This document examines the dual-edged nature of the industry, focusing on the integration of Artificial Intelligence (AI), blockchain, and Financial Intelligence Centre (FIC) principles to ensure sustainable sector growth and public protection.

This report looks at the effect of the exponential growth of the market both in South Africa and in other African markets with a view to develop strategies that regulators can collaborate in to minimising risks that may be created by this growth.

The inclusion of betting in sporting culture and everyday life has created serious issues. Advertising has become ubiquitous, including stadium billboards, team sponsorships and influencer promotions as such gambling has become a way of life, especially among the youth. It is concerning that research shows that teens as young as 14 are participating in online betting and are spending as much as 41

¹ <https://gaming-awards.com/NEWS/the-evolution-of-digital-betting-regulations-in-africa-a-2025-perspective/>

percent of their earnings on betting.² These flows directly from the inclusion of betting in spotting culture and everyday life. This normalisation has resulted in schools having “betting rings” and report serious problem gambling rates on the rise, estimated at 31% of South Africans now, among the highest in the country³.

From an economic point of view, it is a double-edged sword. On the other hand, it is one of the major contributors to national GDP; South Africans wagered R1.5 trillion in 2024/25, resulting in a Gross Gambling Revenue (GGR) of R75 billion.

Secondly, one of the biggest challenge regulators across the continent are facing is the penetration of the unregulated operators. In some cases, it is regulated regulators who then ignores their regulatory obligations. Unregulated and offshore platforms are draining billions of rands of potential tax earnings, which only exacerbates the financial difficulties faced by low-income families. Of these, 27% of bettors are recipients of South African social grant schemes and are often using state relief to gamble.

Although countries such as Nigeria and Kenya have taken steps toward creating comprehensive schemes, South Africa finds itself with a collaged of regulations. In South Africa, gambling regulation operates within a concurrent constitutional framework in terms of Schedule 4 of the Constitution of the Republic of South Africa, 1996⁴. The coexistence of national and provincial legislative authority has produced differentiated regulatory practices across provinces.

While this model accommodates contextual flexibility, it presents unique challenges in a digital environment where transactions occur instantaneously across jurisdictional boundaries. Unlicensed operators flourish in a climate of weak or perceived weak enforcement, and as such governments lose around \$500 million every year in lost revenue⁵.

² <https://www.dailymaverick.co.za/article/2024-06-25-study-reveals-rising-trend-of-young-south-africans-enticed-by-online-gambling>

³ <https://businesstech.co.za/news/finance/842495/this-is-what-south-africans-are-cutting-to-feed-their-gambling-habits>

⁴ Constitution of the Republic of South Africa, 1996

⁵ <https://gaming-awards.com/NEWS/the-evolution-of-digital-betting-regulations-in-africa-a-2025-perspective/>

Furthermore, because the industry is susceptible to money laundering and financial crime, it is emphasised, that there is an immediate requirement for strong observance of Anti-Money Laundering (AML) and Financial Intelligence Centre (FIC) rules⁶. Fostering collaboration between digital betting operators and regulators, as well as financial intelligence units, is critical to mitigate these complex problems. Improved data-sharing agreements and Know Your Customer (KYC) procedures along with real-time checks for suspicious trades can minimise risks while encouraging the responsible gambling of individuals. Baiden of the Ghana Gaming Commission emphasises the importance of engagement between stakeholders in the fight against money laundering and protecting marginalised populations⁷.

This article explores the socio-economic and regulatory effect of digital betting on South Africa and nascent African markets and examines approaches for integrating the industry into Anti-Money Laundering and Financial Intelligence Centre compliance frameworks. It analyses existing trends, regulatory shortfalls, and collaborative collaborations to deliver actionable takeaways for stakeholders who are navigating this dynamic ecosystem.

II. Economic Scale and Growth in South Africa

This digital betting space is also exploding into the bigger picture in South Africa and the broader economy. From 2020 to 2025, this sector saw a phenomenal 247% growth in wagering which translates into a R1.5 trillion turnover in 2024/25 which culminated into R59.9 billion GGR. The GGR in 2024/25 shows 69.9% of the total GGR in South Africa. This boom has been driven primarily by the adoption of smartphone tools, payment systems which use mobile devices and increased availability of online betting platforms. The industry also creates jobs and drives the digital economy, but offshore platforms collect the bulk of the revenue. As these

⁶ <https://risk.lexisnexis.com/global/en/insights-resources/article/online-gaming-and-gambling-in-africa-why-greater-regulation-is-inevitable>

⁷ <https://digitalbettingafrika.com/collaboration-essential-for-achieving-aml-data-protection-goals-in-the-african-digital-betting-industry-beatrice-baiden/>

platforms are outside the purview of South African regulators, it is hard-pressed to quantify the true economic impact or to impose taxation.

1. Social Costs and Psychological Implications

a. Accessibility and Behavioural Design

Digital platforms enable continuous participation, personalised marketing, and seamless payments, intensifying behavioural risks compared to traditional gambling. The absence of physical constraints, continuous availability through mobile devices, and personalised marketing algorithms create a high-frequency participation model. Real-time notifications, in-play betting features, and seamless digital payment systems reduce friction in decision-making. These characteristics may intensify behavioural risk compared to retail settings, where physical presence, operating hours, and social visibility act as informal moderating factors.

The technological architecture of digital platforms therefore necessitates proportionately stronger regulatory oversight, particularly in relation to transaction monitoring and affordability assessment.

It is estimated that teens as young as 14 years old engage in betting online, which has seen youth gamblers spending approximately 41% of their income while gambling with this group. International research suggests that high-frequency digital gambling is associated with elevated risks of problem gambling when compared to traditional formats⁸. In emerging African markets, where regulatory safeguards are still evolving, the expansion of digital betting requires careful attention to behavioural risk factors.

b. Socioeconomic Vulnerability

Unemployment and inequality drive vulnerable groups to perceive gambling as income supplementation, leading to household debt and instability. South Africa and many African economies face persistent unemployment, income inequality, and youth economic exclusion⁹. Within such contexts, gambling may be perceived not merely as entertainment but as a potential income supplement. This perception can distort risk assessment among economically vulnerable groups and contribute to harmful financial behaviour.

⁸ Gainsbury, S. (2015). Online Gambling Addiction: The Relationship Between Internet Gambling and Disordered Gambling. Current Addiction Reports

⁹ Statistics South Africa, Quarterly Labour Force Survey (latest edition)

The social cost of gambling harm extends beyond individual participants. Household debt accumulation, psychological stress, and family instability represent broader societal consequences. Regulatory frameworks must therefore incorporate a public interest perspective that recognises gambling harm as a socioeconomic issue rather than solely a compliance matter. Students, including students who depend on the National Student Financial Aid Scheme (NSFAS) are becoming debt-ridden from gambling addiction in South Africa. Some students abuse NSFAS stipends to fund gambling with resulting dependency on it which results in a vicious cycle of financial precarity and under-performance in the studies among the students¹⁰. Household welfare and economic diversification remain central considerations in the evolving gambling landscape. The rapid growth of digital wagering has similarly begun to influence household financial stability and broader socio-economic conditions.

2. Policy Implications for Harm Mitigation

Proactive measures include affordability monitoring, responsible gambling tools, self-exclusion registries, and public education campaigns. This includes mandatory responsible gambling tools embedded within digital platforms, affordability monitoring, behavioural analytics to detect risk patterns, and across jurisdictions self-exclusion registries. Public education campaigns should address misconceptions about gambling as a reliable income source and promote financial literacy.

The sustainability of digital betting depends on its social legitimacy. Without credible harm mitigation mechanisms, public trust in the regulatory system may erode.

3. Regulatory challenges and gaps

Concurrent national and provincial authority creates inconsistencies in licensing, compliance, and enforcement, encouraging jurisdictional arbitrage. The expansion of digital betting across South Africa and emerging African markets represents one of the most significant regulatory and socioeconomic developments in the gambling sector over the past decade. Mobile technology, fintech innovation, and widespread access to digital payment systems have reshaped the structure of betting participation, shifting the industry from location-based operations to platform-based ecosystems. This structural shift has

¹⁰ <https://www.iol.co.za/news/south-africa/2025-10-27-nsfas-addiction-and-debt-how-online-betting-hooks-young-south-africans>

generated substantial fiscal benefits for certain provinces while simultaneously creating regulatory, social, and institutional challenges.

In South Africa, gambling regulation operates within a concurrent constitutional framework in terms of Schedule 4 of the Constitution of the Republic of South Africa, 1996¹¹. The coexistence of national and provincial legislative authority has produced differentiated regulatory practices across provinces. While this model accommodates contextual flexibility, it presents unique challenges in a digital environment where transactions occur instantaneously across jurisdictional boundaries.

This chapter examines the governance implications of digital betting within South Africa and emerging African markets, with particular emphasis on implementation strategies under concurrent competence, the social and psychological effects of digital gambling, technological capacity constraints, and the importance of credible data in regulatory decision-making. The discussion situates digital betting within broader debates on institutional coordination, public finance sustainability, and financial integrity.

Schedule 4 of the South African Constitution assigns gambling as a functional area of concurrent national and provincial legislative competence¹². The National Gambling Act establishes overarching norms and standards, while provincial gambling boards retain authority over licensing, compliance monitoring, and enforcement within their jurisdictions¹³.

Historically, this arrangement has functioned adequately within a predominantly land-based gambling environment. However, digital betting transcends physical borders. A player located in one province may place wagers with an operator licensed in another province, raising questions regarding effective jurisdiction, tax allocation, compliance monitoring, and enforcement authority.

Divergences between provincial regulatory regimes are increasingly evident in areas such as licensing thresholds, reporting requirements, enforcement capacity, and responsible gambling measures. In a digital context, regulatory inconsistency may encourage jurisdictional arbitrage and undermine uniform consumer protection standards.

¹¹ Constitution of the Republic of South Africa, 1996

¹² *Ibid.*, Schedule 4

¹³ National Gambling Act 7 of 2004 (as amended)

4. Constitutional Fragmentation and AML Risks

Fragmented provincial regulation weakens AML enforcement. Harmonisation of minimum standards is essential to safeguard financial integrity¹⁴. In a digital betting environment where transactions move seamlessly across provincial boundaries, regulatory divergence may create uneven compliance thresholds and supervisory blind spots. Such inconsistencies have direct implications for anti-money laundering enforcement. Where licensing standards, monitoring capacity, and reporting intensity differ between provinces, the potential for regulatory arbitrage increases. This fragmentation may weaken the integrity of financial oversight mechanisms and complicate coordinated engagement with the Financial Intelligence Centre. Harmonisation of minimum AML standards within the concurrent framework therefore becomes not merely a policy preference, but a financial system safeguard.

III. Emerging markets of Africa: opportunities and threats

1. Socioeconomic Impacts and AML Governance

Rapid expansion in Kenya, Nigeria, Ghana, and Zambia highlights risks of supervisory strain without coordinated AML integration¹⁵. In South Africa, the sector operates within a constitutional framework of concurrent national and provincial competence under the National Gambling Act¹⁶. While this structure preserves provincial autonomy, uneven implementation may affect anti-money laundering consistency and reporting coherence to the Financial Intelligence Centre (FIC)¹⁷.

Comparative analysis across Kenya, Nigeria, Ghana and Zambia demonstrates that digital market expansion without coordinated AML integration and technological investment increases supervisory strain and systemic risk¹⁸.

¹⁴ Constitution of the Republic of South Africa, 1996, Section 41

¹⁵ <https://www.kbc.co.ke/a-case-study-of-bangbets-market-entry-and-growth/>

¹⁶ Republic of South Africa, National Gambling Act 7 of 2004, Government Gazette, 2004

¹⁷ Republic of South Africa, Financial Intelligence Centre Act 38 of 2001, Government Gazette, 2001 (as amended)

¹⁸ <https://www.globalvoicegroup.com/the-crucial-role-of-regulation-and-compliance-in-the-african-gambling-industry/>; <https://cms.law/en/int/expert-guides/cms-expert-guide-to-gambling-laws-in-africa/Zambia>; https://www.azarplus.com/wp-content/uploads/2026/02/IBIA_SBIREPORT2025_FINAL.pdf

2. South African Regulatory Context

a. Concurrent Constitutional Competence

Shared oversight between national and provincial regulators introduces variability in enforcement and reporting. This concurrent model, while constitutionally grounded, introduces potential variation in enforcement intensity and compliance thresholds.

In a digital environment where platforms operate across provincial boundaries in real time, inconsistent supervisory approaches may create:

- a. Variability in suspicious transaction reporting
- b. Uneven AML enforcement
- c. Risk of regulatory arbitrage

The Financial Intelligence Centre Act 38 of 2001 designates gambling operators as accountable institutions with reporting obligations¹⁹. Effective AML governance therefore depends not only on legislative designation but also on coordinated implementation across provinces.

b. Behavioural Risk Amplification

Continuous accessibility and algorithm-driven engagement increase transaction velocity and complicate AML monitoring. In Kenya, rapid digital growth was closely linked to mobile money systems such as M-Pesa²⁰. GeoPoll survey data further demonstrates high levels of betting participation across African markets, including South Africa, Kenya and Ghana²¹.

These structural features increase transaction velocity and may intensify behavioural exposure. From an AML perspective, high-frequency micro-transactions complicate anomaly detection and suspicious transaction monitoring, particularly where real-time analytics capacity is limited.

Comparative reports on African sports betting integrity highlight the increasing complexity of digital transaction flows and cross-border betting risks²².

¹⁹ Republic of South Africa, Financial Intelligence Centre Act 38 of 2001, Government Gazette, 2001 (as amended)

²⁰ <https://techcabal.com/2025/10/10/safaricom-money-laundering-m-pesa-betting-firms/>

²¹ <https://www.geopoll.com/blog/report-betting-in-afica-2025/>

²² https://www.azarplus.com/wp-content/uploads/2026/02/IBIA_SBIREPORT2025_FINAL.pdf

c. Technology and Provincial Disparities

Uneven fiscal and technological capacity across provinces affects AML supervision quality. Kenya's Gambling Control Act, 2025 explicitly references risk-based supervision and real-time monitoring mechanisms²³. However, media and sectoral analysis note that rapid market growth initially strained regulatory oversight capacity.

In emerging jurisdictions such as Zambia, regulatory modernisation is ongoing, with evolving oversight frameworks under the Betting, Lotteries and Gaming Act²⁴. Capacity and digital infrastructure constraints remain key considerations.

For South Africa, uneven fiscal and technological capacity across provinces may affect the quality and consistency of AML supervision under the Financial Intelligence Centre Act.

3. Comparative African Analysis

a. Kenya

Rapid growth linked to mobile money systems; AML supervision under strain. Kenya's betting sector has experienced strong growth, supported by mobile payment integration. The Gambling Control Act, 2025 formalises oversight responsibilities and incorporates AML supervision requirements.

Despite this framework, rapid digital adoption placed pressure on supervisory institutions. Reports on money laundering risk and betting platform monitoring underscore the importance of advanced analytics and inter-agency cooperation²⁵.

Early harmonisation of digital monitoring systems is essential to prevent compliance lag in high-velocity mobile markets.

b. Nigeria

Overlapping federal and state authority complicates consistent AML enforcement²⁶. Operators fall within AML compliance obligations under national frameworks, yet enforcement intensity varies.

²³ <https://new.kenyalaw.org/akn/ke/act/2025/14/eng%402025-08-12>

²⁴ <https://cms.law/en/int/expert-guides/cms-expert-guide-to-gambling-laws-in-africa/zambia>

²⁵ <https://www.kbc.co.ke/a-case-study-of-bangbets-market-entry-and-growth/>

²⁶ <https://www.globalvoicegroup.com/the-crucial-role-of-regulation-and-compliance-in-the-african-gambling-industry/>

Industry analysis suggests that fragmented regulatory authority may complicate consistent AML supervision.

Overlapping competence without harmonised standards increases the risk of inconsistent financial intelligence reporting.

c. Ghana

Ghana regulates gambling under the Gaming Act 2006 (Act 721), with oversight by the Gaming Commission of Ghana²⁷. Centralised licensing improves reporting coherence but requires stronger technological capacity.

Academic discussion on gambling advertising and youth exposure in Ghana underscores the behavioural dimension of digital betting regulation²⁸. Centralised licensing facilitates clearer reporting lines, but technological capacity remains central to effective monitoring.

Institutional clarity improves reporting coherence, but AML effectiveness depends on supervisory technology and data integration.

d. Zambia

Ongoing regulatory modernisation under the Betting, Lotteries and Gaming Act. As with other emerging markets, regulatory modernisation must align with scalable AML systems.

Legislative recognition alone is insufficient; sustained investment in supervisory infrastructure is required.

4. Cross-Jurisdictional Observations

All jurisdictions designate betting operators within AML frameworks, but supervisory technology and coordination determine effectiveness.

Highlights from examined jurisdictions:

- All formally designate betting operators within AML reporting frameworks.
- Digital market expansion increases transaction velocity and complexity²⁹.

²⁷ <https://cms.law/en/int/expert-guides/cms-expert-guide-to-gambling-laws-in-africa/ghana>;
<https://practiceguides.chambers.com/practice-guides>

²⁸ <https://www.researchgate.net/>

²⁹ https://www.azarplus.com/wp-content/uploads/2026/02/IBIA_SBIREPORT2025_FINAL.pdf

- Supervisory technology and inter-agency coordination determine practical AML effectiveness.
- Participation rates and youth exposure raise social and behavioural considerations that intersect with financial risk monitoring³⁰.

South Africa's institutional maturity and established Financial Intelligence Centre provide a comparatively strong foundation. However, provincial implementation variability within a concurrent framework requires structured coordination.

Comparative African evidence demonstrates that digital betting governance must integrate constitutional design, technological capacity and AML enforcement.

Kenya illustrates supervisory strain following rapid digital growth. Nigeria demonstrates risks associated with fragmented authority³¹. Ghana highlights the benefits of centralised licensing combined with AML designation. Zambia reflects transitional regulatory modernisation.

For South Africa, the policy priority is alignment rather than redesign. Harmonised AML minimum standards under the National Gambling Act, strengthened reporting coherence under the Financial Intelligence Centre Act, and coordinated technological investment are essential to preserve financial integrity while supporting sector growth.

5. Stakeholder collaboration

Collaboration between regulators, operators, and financial institutions is critical for AML enforcement and consumer protection. In the words of Beatrice Baiden, who is Corporate Affairs Head of the Gaming Commission in Ghana, we need cooperation to fight money laundering and terrorism funding – such as establishing KYC procedures and real-time transaction tracking³².

³⁰ <https://www.researchgate.net/>; <https://www.geopoll.com/blog/report-betting-in-afica-2025/>

³¹ <https://www.globalvoicegroup.com/the-crucial-role-of-regulation-and-compliance-in-the-african-gambling-industry/>

³² <https://digital.bettingafrika.com/collaboration-essential-for-achieving-aml-data-protection-goals-in-the-african-digital-betting-industry-beatrice-baiden/>

IV. Technology, Digital Inequality and Fiscal Constraints

1. Regulatory Technology as a Governance Tool

Technological innovation offers regulators powerful tools to supervise digital betting markets. Real-time monitoring, geolocation verification, and compliance dashboards enhance AML enforcement. Advanced regulatory technology can also strengthen AML enforcement by enabling data-driven risk profiling.

The Financial Intelligence Centre Act (FICA) imposes obligations on accountable institutions to detect and report suspicious transactions. As betting increasingly occurs through digital platforms, effective AML compliance depends on integrated technological systems capable of analysing large volumes of transactional data.

2. Digital Divide and Institutional Capacity

Disparities in infrastructure and fiscal capacity hinder uniform enforcement. Disparities in broadband infrastructure, digital literacy, and institutional IT capacity are pronounced across provinces and across African jurisdictions. Provinces with stronger fiscal bases may afford sophisticated monitoring systems, while poorer provinces face budgetary limitations.

The shrinking fiscal envelope at provincial level further complicates technological investment decisions. Gambling regulation competes with essential public services such as health, education, and infrastructure. In economically constrained provinces, digital regulatory modernisation may be delayed, potentially widening enforcement gaps.

a. Sustainable Approaches

Nationally coordinated platforms and phased implementation can reduce costs and improve oversight. Phased implementation, prioritising AML and financial monitoring systems before advanced predictive analytics, may also enhance affordability. Collaborative funding models and regional partnerships across African markets could provide economies of scale in regulatory technology procurement.

Addressing digital poverty is therefore not only a social policy issue but a regulatory imperative. Without equitable technological capacity, uniform enforcement cannot be achieved.

b. Balancing Economic Benefits and Social Costs

Financial distress from gambling intersects with AML obligations, requiring integrated harm prevention and financial integrity measures. Financial distress arising from excessive gambling may lead to increased borrowing, informal financial flows, or suspicious transactional behaviour. From a compliance perspective, such patterns may trigger reporting obligations under anti-money laundering legislation. Regulatory authorities and accountable institutions must therefore view harm prevention and financial integrity as interconnected mandates. Early identification of harmful gambling behaviour, affordability risk, and unusual transaction patterns is central both to consumer protection and to the detection of potential illicit financial activity. The Financial Intelligence Centre's reporting framework thus operates within a broader ecosystem of social responsibility.

3. Taxation and Wealth Distribution

Taxing operators can fund health, education, and infrastructure, ensuring community benefits while mitigating risks. Funds from those taxes would go to health for the community, education, infrastructure and health education so that all the economic gains from the industry can be shared by the community. Combining technological innovation, regulatory transformation and stakeholder partnership, African nations can realise the positive economic impacts of digital betting to the fullest while minimising the social and economic hazards of digital gambling. From a global standpoint, these are examples as the rise of digital gambling in South Africa and the rest of Africa is causing significant AML and CFT risks. Unlike traditional gambling where investments are primarily on a per-continent basis and have high speed, they also include highly decentralised cryptocurrency payment solutions. These elements are particularly problematic for illegal financial activities. To counter these risks, regulators should implement solid KYC protocols and transaction monitoring systems.

The former points to the need for KYC and this part provides a deeper look at using advanced technologies like behavioural analytics, device intelligence. These

solutions can identify when the onboarding goes twisted and alert to abnormal activity in real time. For such cases, using Artificial Intelligent in AML systems may improve detection of suspicious betting behaviour, an area that is less than fully exploited within the African gambling industry.

4. Cross-border regulatory holes for addressing regulatory gaps

One major problem in the regulation of digital betting is that e-betting is conducted across borders. Many operators operate offshore, complicating South African law enforcement. Although reports have discussed offshore platforms and tax evasion, this chapter will focus on the regulatory gaps that promote money laundering and terrorism financing activities via these platforms. Cross-border payment channels, particularly those related to cryptocurrencies, pose particular headaches for South Africa. Cryptocurrencies offer a level of anonymity that can be exploited for reprehensible use.

To combat this, South Africa needs to tighten its FIC framework and mandate compliance of every operator, even offshore entities, with AML/CFT laws at the local level of operations. This may involve obligatory registration of offshore platforms with the South African authorities, as well as KYC and transaction monitoring systems. International cooperation is fundamental.

South Africa can work with other African countries to set a common regulatory environment around digital betting. Partnership between gaming leagues across the African continent can be led by programs such as the Gaming Alliance Africa (GAA)³³, that focus on data dissemination and joint enforcement coordination, thus setting a model for similar cooperation.

The GAA serves as a pivotal programme for regional cooperation, designed to establish a common regulatory environment across the continent to address the complexities of the digital betting landscape. Its role is centred on data dissemination and joint enforcement coordination, providing a blueprint for how

³³ <https://www.techinafrica.com/an-expert-analysis-on-gambling-regulations-in-africa/>

African nations can collaborate to mitigate financial crimes and protect vulnerable populations.

5. Strengthening consumer protection by means of integrated AML

Digital betting regulation is also a significant area of consumer protection. Where previous accounts highlight poor consumer protection, this part highlights AML principles to protect consumers. Such as enhanced due diligence (EDD) for high-risk players to avoid problem gambling and financial abuse. It is common practice to conduct enhanced due diligence (EDD) to verify the nature of the money flows, as well as the source of all high-dollar flows to determine how valid the transactions are. This protection goes a long way in combating the risk of money laundering on platforms. This use of AML technologies can also help operators drive responsible gambling use by operators. So, for example, behavioural analytics to capture patterns that might be a signal of gambling addiction.

By incorporating these insights into their platforms, operators can design programs that can offer targeted measures, which may include self-exclusion features and spending limits offered to “at-risk” players. How are cryptos and digital betting being used for regulatory compliance? Now, cryptocurrency-linked gaming has put additional hurdles in front of AML and FIC compliance. Though earlier work has observed the regulatory issues associated with new cryptocurrency technology in this sector, in this chapter we will cover certain steps for overcoming such legal obstacles.

The first and more important step is to make crypto platforms strictly KYC regulated. This entails verifying who uses the system to identify individuals and scanning transactions for suspicious activities. Furthermore, regulators may require that blockchain analytics tools may be used to track back the funding of people's funds to ensure that they never leave a cryptocurrency network.

These are types that can identify digital money transaction connected to illicit activity, prompting swift action. South Africa’s FSCA has classified crypto assets as

financial products, requiring platforms to obtain licenses. But there's a challenge in enforcing it due to cryptocurrencies being decentralized. This could overcome this by joining forces with international bodies (like FATF, a global organization) to introduce standards for crypto gambling regulations worldwide.

V. Integrated regulated environment

Technological innovation offers regulators powerful tools for strengthening anti-money laundering oversight, including automated suspicious transaction detection, real-time reporting interfaces, and data analytics integration. However, the effectiveness of such systems depends heavily on institutional capacity and fiscal resources. Provinces with constrained budgets may face difficulty investing in advanced supervisory technologies, thereby creating uneven AML enforcement across jurisdictions. This disparity risks undermining the integrity of the broader regulatory system, particularly in a digital sector that operates across geographic boundaries. A coordinated approach to technology adoption, potentially through shared national platforms or pooled procurement mechanisms, may enhance AML effectiveness while mitigating provincial capacity gaps.

Furthermore, government should deploy public awareness campaign education about digital betting's risks, AML compliance issues in general, and its regulations. These campaigns can allow consumer decision-making and identification of financial exploitation. At last, tech has the potential to help South Africa speed up its regulatory processes. Transparency can improve by creating a national database of licensed operators and their compliance records. This database can be linked to real-time monitoring systems to produce actionable data for regulators. Through a technological innovation, partnership with international players, and change in regulation, South Africa can position its electronic betting sector to comply with AML and FIC requirements, both for economic success but also for public safety.

1. Data Integrity and Evidence-Based Regulation

The reliability and methodological transparency of sectoral statistics warrant careful scholarly examination. Where regulatory bodies rely on third-party data sources without

conducting independent empirical verification, questions arise regarding methodological consistency, sampling integrity, and representativeness. Rather than constituting a critique of institutional competence, this issue should be approached as a research inquiry into evidence-based policymaking. Robust regulatory design, fiscal forecasting, and AML risk assessment depend on accurate and verifiable data.

Future research could therefore explore the development of standardised reporting methodologies, independent audits of industry data, and collaborative research partnerships to strengthen empirical foundations across the sector.

2. Institutional Credibility and Research Capacity

The psychological risks associated with digital betting, including impulsive decision-making and compulsive participation, are shaped by platform architecture. Regulatory design must therefore respond not only to financial risk, but also to behavioural risk. Measures such as deposit limits, mandatory cooling-off periods, self-exclusion systems, and algorithmic monitoring of player behaviour represent regulatory tools intended to mitigate psychological harm. Where regulatory frameworks focus solely on licensing and taxation without integrating behavioural safeguards, they risk overlooking the underlying drivers of excessive participation. Effective regulation in the digital era requires a deliberate alignment between behavioural science insights and compliance architecture.

3. Compliance data sharing

One of the best solutions to support digital betting operators to collaborate with regulators is to advance the platform by providing the ability to share data. Whilst some other reports have looked at centralised databases for compliance, in this section we present the use of blockchain and AI technologies for better transparency and real-time monitoring. Blockchain can serve as the consistent system recording transactions, and thus ensures that financial transactions are always traceable and unalterable. This is especially helpful to tackle money laundering, as it lets regulators ascertain the origin of the money used to conduct betting.

The system can be further improved by AI-based analytics to reveal suspicious patterns of behaviour, as well as detect suspicious patterns of transactions (e.g., high-frequency betting and transaction flows that may signal the occurrence of fraudulent activities) even more. As an example, the Financial Supervisory Authority of Sweden has adopted similar measures in monitoring financial flows associated with gambling. In order to use these technologies efficiently, regulators and operators need to set up standardised protocols for data-sharing.

These standard protocols should specify what types of data to share, how often to update them, as well as how sensitive information should be protected. Firms would create joint regulatory-operator task forces. Previous reports have focused on the significance of policy alignment and stakeholders' participation, but this paper sets out a more structured approach in joint task forces³⁴.

These task forces would be formed of regulators, digital betting operators, financial institutions and law enforcement agencies. Their goal is to tackle particular challenges within the digital betting sector, a challenge highlighted by the proliferation of unlicensed platforms and the potential use of cryptocurrencies to conduct illegal businesses. As another example, task forces could participate in collaborative audits of betting operators for compliance with AML and FIC regulations. They might as well look for the best practices relating to risk assessment and customer due diligence (CDD): without which high-risk players would run rampant, and financial crimes would spring up.

Such task forces also could be a learning sharing and capacity building platform. Operators would receive training on what new compliance requirements are, and regulators could be able to share trends and innovations in the betting field. This sharing of information would help both sides keep ahead of emerging risks as well as regulatory issues.

Public-private partnerships (PPPs) as a mechanism for responsible gambling on the one hand, as well as for both legal and regulatory compliance. Different to the

³⁴ <https://gaming-awards.com/NEWS/the-evolution-of-digital-betting-regulations-in-africa-a-2025-perspective/>

previous sections dealing with taxation or allocating income, this is one approach to how to fund and implement responsible gambling in the name of public-private partnerships.

For instance, operators might join forces with government and non-profit organisations in the public sector to devise awareness initiatives on issues of gambling addiction. Such campaigns can be disseminated through social media, TV and other digital platforms for reaching a wide audience. Operators may also help arrange helplines and counselling services for individuals affected by problem gambling.

In addition, PPPs could provide for better technological facilities in responsible gambling. For example, operators could add self-exclusion options and spending limits to their platforms, while regulators could issue directives on the minimum standards of those capabilities. This partnership ultimately allows operators and regulators to develop a safer betting environment that meets the demands created by AML and FIC.

4. Regional regulatory alliances

Whereas prior reports have emphasized the need for international collaboration on cross-border regulatory gaps³⁵, this section focuses on the establishment of regional regulatory alliances as a more localised type of regulatory solution. These would draw together regulators from neighbouring countries to harmonise their standards and exchange resources for enforcement. In other words, a regional alliance covering Southern Africa could harmonise licensing requirements and AML/CFT (Combating the Financing of Terrorism) protocols so many member states could learn this approach at the same time. This way operators can more readily comply with regulations as they go to new markets while also reducing the risk of regulatory arbitrage at the same time.

³⁵ <https://gaming-awards.com/NEWS/the-evolution-of-digital-betting-regulations-in-africa-a-2025-perspective/>

The alliance could also bring about the sharing of intelligence, so that suspicious activities can be passed on to regulators for rapid action against rogue operators. For those alliances to be effective, member states should invest in interoperable technologies for data sharing and communication, for instance using blockchain-backed systems to monitor cross-border transactions or using AI tools for live monitoring of betting behaviours. It provides opportunities for regional alliances to further improve their joint response on financial crime response and safeguarding with these technologies.

5. Compliance Through Regulatory Sandboxes

Regulatory sandboxes allow drivers/participants/policymakers to test new models in a more regulated environment to evaluate new and existing products/services while working to comply with the current regimes. Unlike previous sections that emphasize enforcement tactics, this section is more focused on the part sandboxes play in encouraging innovation and cooperation³⁶. A new regulatory sandbox in South Africa might enable operators to pilot new AML technologies like biometric verification systems or AI tools that flag as AML risks under monitored scrutiny by regulators. In this way, regulators could assess the effectiveness of these technologies in a practical environment and offer feedback to operators on potential enhancements. Sandboxes help to not only incentivise innovation, but they can also be a source of dialogue between regulators and operators. Operators who engage in sandbox programs are better informed of regulators' expectations (that are met by themselves at a wider scale), while regulators are more informed as to the conditions associated with their operations. Such a shared understanding can go a long way to instil faith in the exchange and can help to pave the way for better collaboration going forward.

³⁶ <https://www.grantthornton.ie/insights/factsheets/managing-aml-responsible-gambling/>

VI. Conclusion

Digital betting offers economic opportunities but poses significant social and regulatory challenges. Harmonised AML standards, technological investment, and stakeholder collaboration are essential to balance growth with public protection.

A sustainable regulatory model must therefore integrate social protection, technological capability, and financial intelligence cooperation. Anti-money laundering oversight cannot be treated as a standalone compliance requirement; it must be embedded within broader regulatory architecture that recognises behavioural risk, digital inequality, and intergovernmental complexity. By aligning constitutional governance, psychological harm mitigation, technological investment, and data transparency, regulators can strengthen both market integrity and public confidence in the digital betting sector.

Regulatory loopholes, especially with regards to offshore platform use and growing cryptocurrency gambling as well as the proliferation of online platforms and cryptocurrency-based gambling in general, are creating a breeding ground for risks including money laundering, tax evasion, and insufficient consumer protections. Meeting these challenges will need the digital betting industry to operate in line with AML and FIC standards. Implementing robust know-your-customer (KYC) controls across institutions, deploying advanced technologies such as artificial intelligence (AI) and distributed ledger systems (such as Blockchain) to strengthen transaction monitoring, and aligning regulatory frameworks across African jurisdictions are essential measures for reducing the risks associated with online betting. Moreover, promoting cooperation by forming joint regulatory operator task forces, public private partnerships and regional alliances with others will drive compliance and consumer protection to address cross-border challenges.

Going forward, African markets must focus on developing and promoting responsible betting options such as funding addiction treatment programs; including self-exclusion tools within platforms to mitigate social costs. Taxation of digital betting operators on the profits must also be increased, with this money going to public health and furthering education, so that the returns on this new

industry's economic gains are distributed equally to all parts of society. Together, technological progress with regulatory reform and stakeholder cooperation, South Africa and the rest of Africa will find the way towards developing a sustainable digital betting environment which will experience a high level of growth, high social value and regulatory compliance.

END!

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