

**HIGHER SCHOOL OF FINANCE, INSURANCE, BUSINESS
AND ENTREPRENEURSHIP -VUZF**

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**Financial, Social, Legal and Ethical Aspects of the
Gambling and Lottery Industry**

Summary of Phd Dissertation

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PhD Consultant:

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The dissertation has a total volume of 303 standard pages structured as follows: an introduction, three chapters exposition and conclusion. The bibliography takes 173 literary sources of which 121 were in English, 51 in Bulgarian and 1 in Russian languages. The text includes 18 tables, 37 figures, 11 graphs and 1 illustration. The dissertation was discussed at a meeting of the Department of “Finance, Insurance and Social Insurance” at the “Higher School of Insurance, Finance, Business and Entrepreneurship” on December 16, 2022 and is directed for public defense. The author of the dissertation is a doctoral student of a free doctoral program. The defense of the dissertation will take place on 24.03.2023 at 2:00 p.m. at an open meeting of the Scientific Jury, appointed by Order of the Rector of the “Higher School of Insurance, Finance, Business and Entrepreneurship”, composed of:

1. Prof. Stanislav Dimitrov, PhD
2. Prof. Krasimir Todorov, D.Sc.
3. Prof. Evgeni Petrov Stanimirov, PhD
4. Prof. Lina Georgieva Anastasova , PhD
5. Ass. Prof. Tatyana Neicheva Netseva-Porcheva, PhD

Defense materials are available to interested parties in the VUZF library.

I. GENERAL CHARACTERISTICS OF THE DISSERTATION

1. Relevance and importance of the topic

The relevance and significance of the topic of the present study are determined by:

1. The large volume of this segment, as a part of the entertainment business in recent decades around the world, in particular in Bulgaria, and the huge interest in it provoked in people.
2. The importance, (dis)usefulness and real results that new technologies have added to this sector. The accessibility and proximity to this service in highly urbanized areas, but also in remote, sparsely populated ones; the manner, approach and methods of offering.
3. The place of the state (both through the decisions and through the "good practices" of the European Union) as a legislative and regulatory body; relevance, adequacy, efficiency and usefulness of the regulatory framework, covering the interests of business, the state and consumers at the same time, and all this in line with the large European family.
4. The need to search for more effective approaches, practical solutions and good practices to improve the investment climate in Bulgaria and create a more effective competitive environment in the sector.

The actuality, scientific and practical significance of the research, as well as insufficiently complete development and research of the problem in the economic literature, predetermines the choice of the topic of the dissertation work.

The object of research in the dissertation is the financial and marketing implications of gambling on the population, business and the state as a whole.

The subject of the research is both the gambling business itself, as well as the influence and function of the state on the gambling sector and the increase (or growth) of financial efficiency from its role on the population, business and the state as a whole.

The main hypothesis of the dissertation research is: it is possible to achieve responsible growth of the gambling sector in Bulgaria, based on a regulatory framework that adequately covers and protects the interests of consumers, businesses and the state at the same time, and

which is tailored to the specifics of consumer behavior and financial literacy of the average Bulgarian.

The main goal of the dissertation is to research and analyze the financial, behavioral and marketing implications of gambling on all direct and indirect participants in it, considering the relevance and increasing the effectiveness of the current regulatory framework in Bulgaria.

To achieve the goal of the research, the following **tasks are set**:

1. Analysis of the development of the gambling business from its inception until now.
2. Assessment of the existing regulatory framework of gambling in Bulgaria. Analysis of working and "good" practices in Europe, America and Asia.
3. Determination of the main five gambling operators in Bulgaria and their affiliates (if any), as well as the main five operators in the European, American and Asian markets.
4. Establishing the main characteristics of direct local and foreign investments in gambling in Bulgaria, the participants and the phases in making an investment decision. Analysis of the importance of local investments in gambling for the Bulgarian economy. Analysis of the importance of foreign investments for the Bulgarian economy.
5. Sectoral analysis of the business climate in Bulgaria, highlighting their main advantages and disadvantages.
6. Analysis of the importance of the main five online foreign operators on the territory of Bulgaria, highlighting their main advantages and disadvantages.
7. Review of the media coverage of the gambling sector in Bulgaria and the world; marketing presentation of this part of the entertainment business along the lines of money - morality - legality.
8. Preparation of specific recommendations, as a consequence of the considered advantages, deficits, dangers and opportunities.

The approaches and methods used to achieve the goals of the study are several types. The main research approach, which was used in the implementation of the dissertation research, is the system approach in its three constituent parts – as systemic thinking, as a view from all possible points of view on the researched object, as a faithfully established relationship

between dependent and independent variables. The development also used the methods of theoretical analysis of classic and modern monographs and articles on gambling issues, empirical analysis of data and facts from different sources, the method of comparison as a prerequisite for determining the "ideal" type of gambling business that meets the real needs and wants of society and the economy.

The statistical processing of the primary information was carried out with the software products MS Office Excel 2016 and Google Forms. The obtained results are presented through statistical tables and diagrams reflecting the established characteristics of the phenomena. Figures and graphs are used for the visual presentation of the results of the dissertation research.

Sources of the study are: classic and modern theoretical and practical studies; data and facts provided through free or specialized access, from global industry organizations operating in gambling, from national studies in different countries, from Eurostat and NSI, from own surveys and in-depth interviews.

Limitations of the study are:

1. Theoretical and statistical sources available in Bulgarian, English, German, French and Russian languages were used.
2. Geographical restrictions, which are characteristic and typical for this type of research with benefits for Bulgaria, therefore "objectively" attention is directed to the practices of Bulgaria, the European Union, the USA and countries with developed gambling practices.
3. Time constraints that do not allow to paint a complete picture of what has happened and is happening in gambling around the world.

The development of the dissertation was accompanied by some difficulties the most important of which are:

1. Insufficient statistical information.
2. The evasiveness of responses from users (active participants in gambling games), businessmen from this sector, real administrators in regulatory bodies.

3. The difficulties in comparing the real financial, economic and social results of the gambling business of different countries.

Despite the limitations and difficulties, it turned out to be **quite possible to analyze and evaluate the financial, economic, social and legal-ethical aspects of the gambling business** , especially from the point of view of its prospects for Bulgaria.

2. Structure and content of the dissertation

The dissertation contains an introduction, an exposition in three chapters, a conclusion and is in the volume of 303 standard pages. 173 literary sources were used. The text includes 18 tables, 37 figures, 11 graphs and 1 illustration .

The structure of the exhibition is as follows:

INTRODUCTION

CHAPTER ONE. HISTORICAL AND THEORETICAL ASPECTS OF THE GAMBLING BUSINESS

1. Working definition of 'gambling'
2. Origin and evolution of the gambling business
 - 2.1. The beginnings of gambling in Asia - as entertainment and a way of life
 - 2.2. Creation and organization of games of chance for commercial purposes in Europe
 - 2.3. America - Indians, colonizers and presidents, but also gambling
 - 2.4. The globalization of the gambling business
 - 2.5. Gambling in Bulgaria after Liberation and during socialism
3. Modern aspects of the gambling business: financial and economic, public and social, legal and ethical
 - 3.1. The participants in the modern gambling business and their financial and economic interests
 - 3.2. Social aspects of the gambling business
 - 3.3. Legal and ethical aspects of the gambling business

CHAPTER TWO: A METHODOLOGY FOR RESEARCHING THE FINANCIAL, ECONOMIC, SOCIAL AND LEGAL AND ETHICAL ASPECTS OF THE GAMBLING BUSINESS

CHAPTER THREE: ANALYSIS AND EVALUATION OF THE RESULTS OF THE RESEARCH OF THE FINANCIAL, ECONOMIC, SOCIAL, LEGAL AND ETHICAL ASPECTS OF THE GAMBLING BUSINESS IN BULGARIA AGAINST THE BACKGROUND OF GOOD PRACTICES IN THE WORLD AND TRADITIONS IN THE EUROPEAN UNION

1. Indicators for monitoring and regulation of the gambling business worldwide, in the European Union and in Bulgaria
 - 1.1. Indicators and regulations in the United States of America
 - 1.2. Indicators and regulations in Asia
 - 1.3. Indicators and regulations in Australia
 - 1.4. Indicators and regulations in the European Union
 - 1.5. Indicators and regulations in Bulgaria
2. Analysis and evaluation of the financial, economic and legal aspects of the gambling business in Bulgaria
3. Analysis and assessment of social and ethical attitudes towards the gambling business in Bulgaria
 - 3.1. Analysis and evaluation of the results of the survey "Gambling and me. No. 1" and "Gambling and I. No. 2"
 - 3.2. Analysis and evaluation of the results of the in-depth interviews
 - 3.3. Main conclusions and proposals for improving the gambling business and its regulation in Bulgaria
4. Results and conclusions from the additional in-depth interviews

CONCLUSION

BIBLIOGRAPHY

CONTRIBUTIONS

PUBLICATIONS ON THE THEME OF THE DISSERTATION

II. BRIEF DESCRIPTION OF THE CONTENTS OF THE DISSERTATION

CHAPTER ONE. HISTORICAL AND THEORETICAL ASPECTS OF THE GAMBLING BUSINESS

Chapter one of the dissertation is structured in three paragraphs and first an attempt is made to derive a complete and generally valid definition of gambling. Chapter one covers the historical and theoretical aspects of the gambling business and it is quite natural that any study looks into the origin of the phenomenon, analyzes its formation and evolution as well as its theoretical justification (mostly economic, financial, regulatory and socio-ethical).

In this regard, the dissertation follows this classical logic.

1. Working definition of 'gambling'

In **Paragraph 1** various points of view, principles and philosophies surrounding the definition of the phenomenon of "gambling" are discussed. A mandatory requirement in analyzing any issues related to the rich subject matter of gambling is to define what "gambling" really is. We accept as a synthesis of all analyzed definitions one well-framed definition: *gambling is betting money and/or other value for the bettor on a completely random event that has an unpredictable outcome or on another type of event in which there is an element of chance with the hope and a clear intention to win an additional amount of money and/or other value, but also with a conscious understanding of an existing risk of total or partial loss.*

2. Origin and evolution of the gambling business

Paragraph 2 examines the history of the gambling business in Bulgaria and around the world, including its origin and evolution over the centuries to the present day.

2.1. *The beginnings of gambling in Asia - as entertainment and a way of life*

Paragraph 2.1. traces the beginning of gambling to the peoples of distant Asia. *The cultures of the Asian world place gambling in extremely high regard* comparing them to the rest of the world. This has been proven since ancient times when the frequency and volume of betting in the Eastern world far exceeded what was happening in North America and Europe.

2.2. *Creation and organization of games of chance for commercial purposes in Europe*

Paragraph 2.2. takes a look at gambling across the European continent where the organization of *games of chance for commercial purposes* has most often taken place in places where the general public are free to bet against a bank that accepts bets. Even before mathematicians had developed the systematic treatment of randomness in theory crafty gamblers in the Italian city of Venice began to apply probability theories in practical ways that would revolutionize the world of gambling. *Italy is where the world's first casino was established.* Economically, socially and culturally it was the most developed region in Europe and it was no coincidence that Northern Italy was the *cradle of commercial gambling*.

2.3. *America - Indians, colonizers and presidents, but also gambling*

In **Paragraph 2.3.** attention quite logically turns to America where gambling predates the republic by several thousand years and Americans combined several traditions specifically European, Native American, and African, into a larger *gambling culture* that with the advancement of transportation and communications spread across the continent. *Like the Spanish the first British settlers* in the New World sought redemption and temptation either financial or spiritual and sometimes both.

At the beginning of the 20th century interest in American gambling games was focused on *innovative techniques and technologies*, machines (slot games). Given the emphasis on manufacturing and mechanization that came with the Second Industrial Revolution in the late 19th century it was only a matter of time before someone invented *a machine to "help" people play faster and more efficiently*. From the beginning of the 1870s the first slot machines that were truly mechanical and very simple versions known first as "coin in the slot machines" and shortly after simply "slot machines".

The gambling boom in Nevada and Las Vegas was caused by the Great Depression prompting prominent local figures, large gambling operators and businessmen to embrace the idea of opening up gambling more and more.

2.4. *The globalization of the gambling business*

In **Paragraph 2.4.** traces the globalization of the gambling business around the world starting from Asia, passing through Europe and America.

Forty miles west of Hong Kong, Macau burst onto the world stage in the mid-16th century under Prince Henry. Macao enjoyed a golden age in the 16th and 17th centuries as a trade gateway to Asia, but Hong Kong replaced Macao as the area's main commercial center. Faced with decline, Macau authorities have taken a bold step towards *legalizing gambling*.

Singapore is following the path of Macau focusing on shipping, manufacturing and technology and tourism. On May 26, 2006, the government announced the first winning bidder, Las Vegas Sands, was selected to build the Marina Bay resort. Casinos in *South Korea* for example date back to 1967. Jeju Island called the "Korean Hawaii" has become one of South Korea's most attractive resorts for foreign visitors. *Nepal, Cambodia and the Philippines* have active casino businesses and the Philippines even has a thriving casino industry with the state-owned Philippine Amusement and Gaming Corporation (PAGCOR) opening nearly twenty casinos across the country and becoming a major source of government revenue. Even *North Korea* one of the world's most isolated countries opened a foreign-only casino in Pyongyang in the late 1990s. *Malaysia's* casino monopoly is part of billionaire Tan Sri Lim Goh Tong's empire. Lim turned "Genting Highlands" into one of the largest resorts in the world uniting six hotels with over 8,000 rooms. Unlike the partial ban in East Asia the ban on gambling is almost absolute in the predominantly Muslim countries of the *Middle East and North Africa*. In Lebanon Beirut's Casino du Liban opened in 1959. For decades Egypt fostered a small casino industry mainly to generate revenue and acquire foreign currency, but Egyptian citizens were then prohibited from playing. Saudis were the most frequent visitors to Egypt's casinos although they were joined by American and European tourists. Morocco and Tunisia have several casinos which like Egypt and most Muslim countries have long allowed only foreign customers. Since 1969 Turkey alternated between permits and prohibitions and so on until 2013 when gambling was banned for the last time. Israel despite having no particular religious objections to gambling failed to develop a legal casino industry well on land, but casino cruise ships still operate successfully today out of the Red Sea port of Eilat. In 1998 Oasis Casino was opened in Jericho a city under the Palestinian Authority which was the largest private investment in the territory.

2.5. *Gambling in Bulgaria after Liberation and during socialism*

In **Paragraph 2.5.** gambling in Bulgaria after Liberation and during socialism is considered. Naturally gambling entered Bulgaria as a fashion and as modernity after the Liberation it developed even during the time of "real socialism" it was confirmed and even overexposed

during the time of the "transition" including nowadays. There are reports that almost immediately after the Liberation of Bulgaria (1878) the first casino was opened in the country. Ironically the roulette wheel was transported from Austria to the port of Lom on the historic ship "Radecki".

3. Contemporary aspects of the gambling business: financial and economic, public and social, legal and ethical

In **Paragraph 3**, the *contemporary aspects of the gambling business* are thoroughly discussed which would generally beg to be divided and considered into three main groups: financial-economic, societal and social, legal and ethical.

Financial and economic aspects can be considered in several directions. The state and its role in relation to applied tax policies and regulatory measures. Investors or operators pursuing their business interest. Society which in one form or another expects to receive a certain utility and not least the player the end user of the gambling product or in other words the customer of this service.

3.1. The participants in the modern gambling business and their financial and economic interests

In **Paragraph 3.1**, the participants in the modern gambling business and their financial and economic interests are considered. The fact is that gambling is a specific activity on the one hand due to the nature of the final product it produces, but on the other hand due to the principles and rules on the basis of which it is organized. This quite logically raises the question of the specifics of the direct participants in it.

Each *country* is a participant from the position of a tax and regulatory authority as already mentioned, but of course this does not exclude *the direct possibility of fully or partially owning and developing a gambling activity in the form of an operator*.

Without a doubt defining gambling has been a difficult and complex task, but an even greater challenge has been to define reveal and contain the interests of the *social entities involved in the 'game'*, as a result of the varied palette of individual reasons and motivations behind them.

3.2. Social aspects of the gambling business

In **Paragraph 3.2**, the social aspects of the gambling business are considered, realizing that gambling is a *complex social phenomenon* for which there is and cannot be either an

unequivocal assessment for them as a whole nor the same assessment for their varieties. There will always be opinions "for" and "against" them depending on the point of view. The ratio between pros and cons is different for different types of gambling.

3.3. *Legal and ethical aspects of the gambling business*

Paragraph 3.3. examines the legal-ethical aspect of the gambling business and the search for the eternal balance between good and evil, between joy and sadness, between "must" and "can", between allowed and forbidden, between right and wrong, between moral and immoral sets many philosophical, but also very human questions for reflection.

The development of the gambling business - due to the fact that it has complex and diverse financial-economic, social, legal and ethical dimensions and influences at the current stage (during XX I century) has been *very precisely monitored by the state and European regulatory authorities and according to some indicators - also on a global scale* which has made it possible to make careful and accurate analyzes of its influence to take regulatory measures and to adopt essential laws defining the framework of the permissible impact.

The question arises whether Bulgaria has achieved harmonization of European standards for the regulation of the gambling business as well as whether accepted "good practices" are really being followed in our country. For this purpose, an *adapted methodology for assessing the financial, economic, social and legal-ethical aspects of the gambling business is needed* based on global and European standards; on this basis an *analysis of the "health" characteristics of the gambling business is possible* which will serve as a kind of *"prescription" for future changes*.

CHAPTER TWO: A METHODOLOGY FOR RESEARCHING THE FINANCIAL, ECONOMIC, SOCIAL AND LEGAL AND ETHICAL ASPECTS OF THE GAMBLING BUSINESS

In **Chapter Two** of the dissertation the question of choosing an *adequate methodology for researching the gambling business* in Bulgaria and what *such a methodology should contain is raised*.

First, it must present exactly whether gambling in Bulgaria is monitored according to *adequate indicators*, characteristic of good practices on a global scale, but also and above all whether gambling in Bulgaria corresponds to the good practices of the member states of the

European Union. Therefore, the first element of the methodology is related to determining the indicators for evaluating the financial, economic, social, legal and ethical aspects of the gambling business.

We accept as *reference countries* of the gambling business (thanks to the studies in the first part): the USA the countries with developed gambling in Asia and Australia as well as the member states of the European Union with well-established traditions and established statistical systems for monitoring the indicators of this business as well as established legal, cultural and ethical standards.

However, no matter how important the quantitative and qualitative indicators are if they are not presented *transparently in the economic statistics of the country* (through NSI) and also by reflecting them in the revenue part of the state budget in the revenue part of the documentation in the National Revenue Agency etc., then these indicators do not show the state of the gambling business. This will be the reason to "peek" into the reporting system for tax revenues, for possible gaps in the national coverage of the business.

A similar study will *describe the "framework" in which the Bulgarian gambling business must necessarily fit*.

Secondly it is also necessary to take *into account the broad public opinion* in the country through marketing and sociological research. There are several characteristic segments in society that are directly or indirectly related to the gambling business in Bulgaria. On the one hand, these are *the organizers* (economic agents) who are directly involved in the "production" of gambling. In this regard, it is possible to divide the research into two parts: traditional online surveys and in-depth interviews with the main gambling agents. Specifically, in our methodology we will insert the benefits presented to us through online surveys. On the other hand, these are the *players who directly participate through their own bets*. However, as stated in the first part the issue of player addiction (as well as the implications for them and their families) cannot be ignored. Along these lines sociological and marketing research methods which have proven their undoubted advantages can and will be used, as well as specialized for the attitude towards gambling advertising. On the third hand, the broadest *public opinion* is not unimportant especially considering the traditional conservatism of the Bulgarian citizen. Whether we like this conservatism or not is irrelevant. If there is evidence that such conservatism exists state regulations should account for it, but not only by concealing the existence of widespread gambling, but also by acting more punitively (through

taxes and fees) than in other member states of The European Union. And in this regard, the research will use specialized surveys and additional studies to reveal the palette of opinions in the Bulgarian society as well as the general attitude towards this specific market. Finally a very valuable element of the research would be that of the competitiveness of Bulgarian gambling in relation to the other leading countries of the EU.

In practice, this means creating an *adapted methodology for the study of the gambling business* and the attitude of the three main segments of society related to it which contains several interrelated parts:

1. Synthesized study of the *system of indicators for monitoring the gambling business* in the world and in certain member countries of the European Union. In parallel with the synthesis of the system of indicators there will be a synthesis of the *systems for market regulation of the gambling business* of their similarities and differences. Such research will introduce us to the financial and economic aspects of the gambling business in these countries.

2. Tight survey "*Gambling and me. No. 1*" of the attitude of the three described segments to the gambling business which contains (on the recommendation of as many respondents as possible) 11 main questions.

3. Extended complementary and enriching survey "*Gambling and me. No. 2*" of the attitude of the three described segments to the gambling business, but mostly aimed at *active players* which contains 36 questions.

4. Complementary and enriching in- *depth interview "Gambling and me. No. 3"* of the attitude of the three described segments to the gambling business, but mostly aimed at the *economic agents in the gambling business* which contains 36 questions.

Both the survey and the in-depth interviews should suggest *the social, legal and ethical aspects* of the gambling business in Bulgaria.

Therefore, the starting point in further research will be to analyze the monitoring indicators and regulatory regimes in different parts of the world, but with an emphasis mainly on the "good practices" and traditions of the member states of the European Union in the field of the gambling business. This is precisely the *starting point that allows one to assess how far indicators and monitoring and the regulatory regime in Bulgaria meet good standards and European traditions*, but also how competitive they are.

This is also the main reason for choosing a *cascade methodology for evaluating indicators and regulators of the gambling business* which - in itself is productive enough to answer the question of whether Bulgaria follows good practices and European traditions. With a similar study - through the results of the analysis it will be possible to evaluate the statistical and legal framework of gambling business in Bulgaria.

But at the same time - precisely because the gambling business is perceived by society, by players, by onlookers, etc. as a special phenomenon such a conventional methodology is not sufficient. Therefore, our research will be garnished with a *survey of consumer behavior and public attitudes towards the gambling business* (and towards gambling in a general sense as a cultural and sociological phenomenon), garnished with in-depth interviews.

In this way - through the system of four research tools - the financial, economic, social, legal and liquid aspects of the gambling business in Bulgaria will be analyzed expertly and evaluated relatively competently.

CHAPTER THREE: ANALYSIS AND EVALUATION OF THE RESULTS OF THE RESEARCH OF THE FINANCIAL, ECONOMIC, SOCIAL, LEGAL AND ETHICAL ASPECTS OF THE GAMBLING BUSINESS IN BULGARIA AGAINST THE BACKGROUND OF GOOD PRACTICES IN THE WORLD AND TRADITIONS IN THE EUROPEAN UNION

Chapter **three** of the dissertation analyzes and evaluates the monitoring and regulation indicators of the gambling business in Bulgaria and how it fits into global standards and good practices in the European Union; the attitude of economic agents, players and the public to the gambling business in our country is analyzed and evaluated, carried out on the basis of surveys; analysis and evaluation of the results of the in-depth interviews. In conclusion, both problems arising and related to the gambling business as well as the ideas and proposals for its improvement and better regulation in Bulgaria will be presented.

1. Indicators for monitoring and regulation of the gambling business worldwide, in the European Union and in Bulgaria

In this **Paragraph 1** an *overview of the indicators for the study of the financial, economic, social and legal-ethical aspects of the gambling business around the world and in the*

European Union will be carried out they will be compared (as indicators, but also as data) with the Bulgarian on the basis of which will justify *the state of the gambling business in our country* with possible assumptions and proposals for improving both its functioning and through growth the benefits for society.

In general, the indicators that should be reported and deserve attention and interest are aimed at *three groups of studies*.

The first group is related to the need for internal company financial, marketing and market analysis for the purposes of making the most correct decisions and implementing the most effective measures in the short, medium and long term by strategic management.

The second group is related to almost identical needs, but covering the interest of the state (tax benefits) and society ("harm/benefit" ratio). Indicators from this group are in some places mirrored in some analyzes they show both sides of the same coin and somewhere they conflict with the previous ones. These indicators require even greater responsibility in the collection, reliability, analysis and subsequent decisions. The business is motivated, decides and acts only from the point of view of financial interest, but the state has a greater and responsible task, namely, in addition to the financial interest of the business, the financial interest of the state, but also the public benefit.

The third group of indicators is related to the needs and activities of non-governmental organizations some of which engage in public reports and recommendations related to topics and issues affecting and affected by the gambling industry. Each jurisdiction requires, collects, processes and analyzes different amounts of information depending on the freedom of the market the depth to which it aims to reach and the problems it is trying to solve.

Let's take a look at *several completely different regions, modes of regulation and model choices for the purpose and the indicators* taken into account in the respective place.

1.1. Indicators and regulations in the United States of America

In **Paragraph 1.1.** the indicators and regulations concerning the gambling industry in the United States of America which the American Congress determines on the basis of the so-called " *Commerce Clause* ". It imposes the overall national framework (or in other words: the "big picture") in the industry. On the other hand, each individual state has its autonomy to set additional regulations and impose restrictions and requirements on gambling operators.

It can be concluded that the authorities in the USA and the authorities in the individual states carefully monitor and thoroughly regulate the gambling business which gives *good financial, economic, social and ethical results* .

1.2. Indicators and regulations in Asia

Paragraph 1.2 discusses the indicators and regulations in Asia bearing in mind that Asians represent more than 60% of the world's population so it is only logical that this region currently also represents *the largest gambling market in the world*. The Macau government imposes taxes on gambling operators of 39% on "GGR" with 35% going directly to the state (Macau's budget) and the remaining 5% being used in various forms for beneficial public causes and endeavours (PwC, 19 July 2022).

Gambling in the People's Republic of China (PRC) is prohibited by law except for the administrative territories of Macau, Hong Kong and Taiwan.

In *Hong Kong* some forms of gambling are legal as long as they are organized and managed by the government-funded "Hong Kong Jockey Club" ("HKJC").

There are two official casinos in *Singapore* "Resorts World Sentosa" and "Marina Bay Sands". Two other organizations 'Singapore Pools' and 'Singapore Turf Club' control lottery games and sports betting.

In *Japan* the topic of gambling is somewhat controversial. Although gambling is officially prohibited by Japan's penal code opportunities to engage in gambling are ubiquitous.

1.3. Indicators and regulations in Australia

In **Paragraph 1.3.** benchmarks and regulations in Australia are reviewed. We should note that Australians are *the world's biggest gambling losers per player*. They lose over \$25 billion a year on gambling and losses per adult player are A\$1,277 per year down from 2001–2002. (Australian Institute of Health and Welfare, 16.09.2021).

1.4. Indicators and regulations in the European Union

In **Paragraph 1.4.** monitors the indicators and regulations related to gambling in Europe as *one of the largest markets* in the world. In the future, Europe is expected to experience *even more significant growth in the gambling market with a focus on the online segment*. There are significant differences in the share that online gambling occupies in each individual European

market, but interest is provoked in addition to *the link online-land-based gambling and online-volume of gambling revenue*. Analysts have come to believe that *the online gambling sector has quite a good potential for future prospects and financial prosperity*.

As a result of an analysis of the monitoring indicators and regulatory regimes in different parts of the world, but with an emphasis mostly on the "good practices" and traditions of the European Union member states in the field of gambling business a *clear point was identified that allows to assessed to what extent the monitoring indicators and the regulatory regime in Bulgaria meet good standards and European traditions*, but also - and how competitive they are.

This is the main reason to choose a **cascade methodology for evaluating indicators and regulators of the gambling business** which - in itself is productive enough to answer the question of whether Bulgaria follows good practices and European traditions. With a similar study - through the results of the analysis it will be possible to evaluate the statistical and legal framework of gambling business in Bulgaria.

But at the same time - precisely because the gambling business is perceived by society, by players, by onlookers, etc. as a special phenomenon, such a conventional methodology is not sufficient. Therefore, our research will be garnished with a **survey about consumer behavior and public attitudes towards the gambling business** (and towards gambling in a general sense as a cultural and sociological phenomenon).

1.5. Indicators and regulations in Bulgaria

In **Paragraph 1.5.** the indicators and regulations related to the gambling business in Bulgaria are considered which can later suggest the necessary changes in our country against the background of good practices in the world and in the European Union. Traditionally, the accountability of the gambling sector in Bulgaria its transparency and reliability of the indicators especially in the publicly available sources is *highly limited and distorted and even in certain periods it is almost completely absent*.

The information provided by the National Revenue Agency is in the direction of general regulations, requirements, legal basis, forms, declarations etc., but *NOT publicly available financial data similar to European and world practices*. Like it or not Bulgaria will *have to integrate and harmonize its observed indicators and regulations*.

However, it is known that there are a number of *indicators the observance of which could lead to useful, valid and objective information about the difficult benefit-harm balance.*

Although, at first glance the information on various indicators seems to be carefully collected and is basically minimally sufficient for the implementation of European-type state regulations deep doubts remain that in this century certain *private interests accompanied by corrupt practices have not only "regulated legal changes, but also achieved a strong "withdrawal" of the state* in terms of control and tax revenues. It is a fact that "Big money" in other European countries has also encouraged lobbying, but it is also a fact that the EU looks under a magnifying glass at such events and reacts relatively adequately especially when gambling sponsors political parties.

2. Analysis and assessment of the financial, economic and legal aspects of the gambling business in Bulgaria

In **Paragraph 2.** are analyzed *the financial and economic aspects of the gambling sector* in Bulgaria on financial and economic indicators such as the volume of the existing market, tax revenues, employment, social impact etc., which could be done based on data from before 2019 and *with many conditionalities and assumptions* due to the compromised environment at that time (period) which incidentally also led to the closure of "DKKH".

According to the latest information (no newer information as of October 2022!) *the total turnover from gambling activity in Bulgaria for the period 2018-2019* was over BGN 3 billion, but the tax revenues from gambling for the same accounting periods amounted to about BGN 177 million. Based on global trends and indicators supplemented by calculations and assumptions related to the policies and rules of the "tolerant" tax policy the rules for the payment of winnings and prizes etc., we can assume that *the gross income from gambling activities of private operators in Bulgaria is clearly higher compared to other countries.*

As for the revenue of the state as a result of the overall gambling activity not only laymen, but also professional researchers will encounter *enormous difficulty and even impossibility to get a clear and detailed picture of the state of this business, let alone its publicity.* This will be proven below, but even here we will mention that for example in the "Report on the implementation of the state budget of the Republic of Bulgaria for 2021" the word "gambling" occurs exactly 10 times, but without specifics.

A key role in increasing the amount of fees collected after 2014 is played by the new changes introduced (Art. 30, para. 3 and para. 4) with amendment and add of the Law on Gambling (SN, No. 1 of 03.01.2014) in force from 01.01.2014. This increase is related to the regulation of online betting and the introduced two-component fee (BGN 100,000 + 20% of the difference accepted bets - paid winnings) with the large number of submitted written requests for organizing online betting as well as with such licenses issued to Bulgarian and foreign companies.

As a consequence of these legal changes, an "opportunity" was formed *for the large private lottery operators in Bulgaria on the basis of which they paid less taxes to the treasury over the next 5 years.*

After the closure of "DKH" the official transfer of the activity to the structure of "NAS" and directly under the supervision of the executive director and/or his deputy *a large part of the data disclosed on the official website of "DKH" until that moment already are not accessible and available.* Currently, official data related to state gambling revenues can be seen in the extended reports on the report on the implementation of the state budget of the Republic of Bulgaria.

The lack of accurate information on the revenues of private gambling companies on an annual basis makes it difficult - even impossible - to carry out a correct analysis of the market structure and assessment of competition, but nevertheless it is clear that the results of private lottery games for the same period mark top.

The results of the development of gambling activity attributed to the revenue part of the state budget and the interests of the private sector are visible well traceable and precisely estimable. But the potential harm it brings to society as a whole and to the individual in particular has also been irrefutably proven.

Today the tax philosophy applied to gambling in Bulgaria still follows a two-component (fixed fee + % tax) non-progressive logic. *The taxation of a player's profit* after gambling is determined by the "Act on Taxes on the Income of Individuals". According to this legal regulation *whatever the amount of money won from games of chance it is not taxable and in fact the player receives its full amount.*

In certain periods, the legal framework and in particular the tax system determining the environment for the development of gambling business in the Republic of Bulgaria can be defined as a form of " *European tax haven* " for the organizers of gambling games.

3. Analysis and assessment of social and ethical attitudes towards the gambling business in Bulgaria

In **Paragraph 3** on the basis of the selected methods the statistically observed indicators and regulatory mechanisms - in general, gambling conditions in Bulgaria and around the world - have been studied so far. The specificity and peculiarities of the topic "gambling" require the application of the adapted cascade methodology for its complex and in-depth scientific research and in the direction of the *social and ethical aspects of this type of business*. The methods selected for the needs and objectives of this dissertation are indicated in the second chapter as follows:

- survey under the name "Gambling and I. No. 1", implemented at the end of May 2021.
- survey under the name "Gambling and I. No. 2", implemented in March 2022.
- in-depth interviews focused on some of the key gambling figures in the sector, conducted in September-October 2022.
- a comparative analysis comparing, from one side, the results of the studies, but also the practices applied in the different markets, conducted in October 2022.

Initially, the findings from the two surveys will be presented.

3.1. Analysis and evaluation of the results of the survey "Gambling and me. No. 1" and "Gambling and I. No. 2"

In **Paragraph 3.1.** the results of the first survey " *Gambling and me*" were analyzed. No. 1 " which covered an audience of 217 people, Bulgarian citizens, persons of mixed gender, aged 18 to 80, randomly "responded". In this first attention survey respondents were asked 11 questions; and in the second " *Gambling and I. No. 2* " the questions were 36 of which 11 were repeated from the first study to confirm the initial findings; naturally due to the considerable time required for responses to the second survey the number of respondents was 173. The questions were carefully divided into different groups/topics starting with general questions related to gambling passing through those seeking answers related to the so-called problem gambling issues related to social and legal-ethical norms and perceptions and possibly ending with financial-economic ones.

People's opinion is what it is, but it is important and unique to the study. As already mentioned a high levy (tax, fee, excise duty, etc.) quickly becomes an incentive for the state to promote this activity and a low one is a product of lobbying or corruption. Gambling must really be marginalized taken out of the mass market and *turned into a luxury and hard-to-reach commodity*. It should be logistically assembled by setting aside 3-4 specialized areas for gambling carried out by private gambling operators, but under strict control by the state and with very clear and strict regulation as well as highly inflated criteria for operators.

From here on we continue with the analysis of another 23 questions and their answers asked by topic, but only to the group surveyed in the second survey "Gambling and I. No. 2". The next 8 pcs. pie charts cover the results of questions with a specific focus on "*problem gambling*" and "*pathological gambling*" marking the state of society according to this risky and not to be neglected indicator.

Diversity of opinion in the two surveys suggests that the most important social aspect of gambling is the prevention of the acquisition of a *gambling addiction or a pathological gambling-related disorder*.

Pathological gambling disorder is characterized by uncontrollable gambling beyond any boundary of socially acceptable or recreational activity so that it has serious consequences for the gambler's personality and life. People who suffer from gambling addiction may lose all their savings may become involved in crimes (theft, check forgery, money laundering) in order to obtain the necessary amounts of money for their "habit". Many important relationships and work can be lost to gambling addicts.

Gambling addiction is an example of a process or behavioral addiction that differs from substance addictions such as tobacco, alcohol, food, drugs. In behavioral addiction the "wave" the "high" comes from a series of actions that are related to the behavior. In gambling addiction euphoria comes from the social atmosphere or group that gathers at the casino, bingo hall or racetrack and the excitement comes from taking risks. Some gambling addicts have "lucky" accessories, clothing, talismans that they carry with them when they gamble. Sometimes just touching the talisman, accessories or favorite clothing is enough to cause a "euphoria".

People with a gambling addiction may engage in different types of gambling or activities. The most widespread are the "games of luck or happiness" in casinos - slot machines, roulette,

cards. Many of these games are available on the Internet the main difference being that they do not use chips or bills, but credit cards.

Gambling addiction develops slowly over time. People can start with acceptable social and recreational gambling and gradually become addicted until they develop a pathological disorder. In most cases addiction develops over several years although there are cases where people who have gambled for 10 years in a controlled manner and under the influence of a major stress such as divorce or job loss develop compulsive gambling disorder.

There are no known biological causes for gambling addiction. However, there are quite serious psychological reasons for gambling addiction. A very big reason for the development of gambling addiction is the easy access to games related to betting - casinos, euro points football, internet poker, bingo halls. There are theories that claim that the *causes of pathological gambling* are related to cognitive disorders and not so much to mood problems. Gambling addiction is associated with dysfunctional thought patterns. *Symptoms of gambling addiction* include an over-involvement in gambling that disrupts the individual's social functioning as well as professional commitments. Very often the addict cannot control their gambling behavior and continues to gamble and go to the casino despite attempts to quit or stop.

Gambling addiction is diagnosed when the affected loved ones or family of the addict or he himself declares this problem. Denial is very characteristic of the gambling addict. To be diagnosed as a gambling addict a person must have the following symptoms to meet the criteria for the disorder for the past 12 months (Министерство на здравеопазването, 2022):

- To think about betting all the time.
- To bet increasingly large amounts of money when gambling.
- Trying to stop gambling but failing in these attempts.
- Becoming irritable or having frequent mood swings when he stops gambling.
- To use gambling as an escape from other problems.
- To keep betting to try to win back the money lost ("chasing").
- Lying about the seriousness and frequency associated with gambling.
- Attempt to obtain gambling money by engaging in illegal or immoral activities.
- Have work and family problems caused by gambling.
- Relying on other people or loved ones to cover financial problems caused by gambling.

It is *necessary to distinguish gambling addiction from social gambling* which is characterized by spending free time with friends betting for a limited period of time when there is a limit to the amount of money that a person can lose.

3.2 Main conclusions and proposals for improving the gambling business and its regulation in Bulgaria

In **Paragraph 3.2 assessments** are made of the general state of the picture describing the gambling business in Bulgaria main conclusions and proposals for its improvement are made focusing on the years after the "Transition" from a centralized planned economy to a decentralized market economy which led to endless "free" opportunities for manipulation and manifestations of private initiatives with huge profits *cannot be characterized as high*. The lack of transparency and accurate reporting in almost all elements constituting the gambling business are just some of the reasons for such a low rating. Over the years the gambling business quite naturally followed its path of growth like most other economic sectors in Bulgaria and acquired at least a seemingly more modern facade. This facade completely collapsed before 2020 when scandals and media revelations showed that gambling was linked to massive corrupt practices and "legal" tax evasion which naturally led to the curtailment of private lottery games and subsequent "natural" bankruptcies.

The lack of guarantees for the protection of the state and public interest in particular the interest of each individual player is a huge problem that tends to get swept away in countries and postponed over time. This is either a lack of knowledge on the part of the legislator and the controlling authorities or it is a deliberate well-thought-out and motivated act. This same has been plainly seen over the years, but has been very clearly and strongly felt in the last few of them, especially in the period 2020-2022. Dressed in facts even just the one year "tax holiday" for the lottery games in 2014 is definite assessed as directed damage to the budget in line with the same with BGN 693,109,261.66 is a catastrophe for the image of the institutions and a fact that cannot hide the corruption. The feeling of complete belonging of the gambling business to the criminal world; the greatly understated state control even the accusations of aiding, abetting and engineering by the highest organs of state power namely how to carry out a series of legislative and tax crimes, so that in the end it is possible to write them off legalize and stamping with a white government seal are trouble. The field of this state auspices also includes the practical, bureaucratic destruction of any "foreign" competition trying to establish itself in the sector, but also the actual intimidation of potential competition that

based on a preliminary assessment of the business environment in Bulgaria would not even think of trying the legal order. This competitively controlled environment leading to a complete lack of free market competition limited the entry of large and proven global gambling operators from whom it was possible to draw experience and to show a model established far earlier in time, but also not allowed small local players to develop independently. Moreover, the gambling business in the years of transition developed according to the (anti) logic of seizing competitors if they dared to appear; seizure of clients' funds (de facto and de jure); capture (privatization in private interest) of regulatory bodies.

The philosophy and logic of the gambling business in more developed countries rest on other mechanisms and rest on other working formulas and proven pillars. The desire for "quick and easy profits" by participating in the gambling industry of any aspiring entrepreneur is quite natural, primary and logical, but the ability of the individual physical and legal entity to assume guarantees and subsequent responsibilities is something completely different. The requirement of certain and clear guarantees should be both an axiom and a theorem in relation to the organization of gambling. This attribute is an irrevocable and inherent norm for the complex matter of gambling which takes it out of the generally accepted template outlining widespread understandings of requirements, organization and control of business in general. The motto that should be read and adopted by entrepreneurs wishing to develop a gambling activity is not "Desire for quick and easy profits", but "Desire for slow but sure profits passing through full guarantees". In this way, a gambling operator should be a structure (including legal and physical entity/entities) that is actually subjected to a heavy procedure of verification of a number of difficult to achieve criteria guaranteeing the commitment to the state and society. Again we will mention the fact for example that the Camelot Group is owned by the Ontario Teacher's Pension Plan which is an independent organization in the general sense of a teacher's pension fund. It is not power structures that should exploit the gambling sector, but secure economic and Czech structures that should develop it. Objectively speaking in recent years especially with the advent of online platforms that allow access and remove borders some of the largest bookmakers accepting bets have entered the Bulgarian market led by the largest among them "Bet 365". This ability to access markets and customers on the one hand precluded the physical risk of building a gambling operation on land in a risky market such as that of Eastern Europe on the one hand. And on the other hand, it quite naturally eliminated the vast majority of power gamblers (operators) who did not have the potential, judgment, intelligence, human resources, speed, etc. to stay in business. Online

gambling offers unlimited possibilities in terms of distance, volume of players and variety of games, thus covering everything for everyone in one place here and now at the moment. It gives the opportunity to bet on the endlessly popular sports bets by types of sports in real time even; possibility to play any kind of virtual games from slots to American roulette, blackjack, poker etc.; all kinds of real gambling games performed on the ever so popular "live streaming" in real time with live croupiers from purpose-built studios; to lottery games, bingo, lotto and raffles. All this possible in one place at any time of the day and night secured with almost all payment instruments and processors known today in one "handle" called a mobile phone or any other mobile/stationary device.

Regardless of the expansion of online channels giving users in Bulgaria the "privilege" to bet and direct funds outside the country and in our country only taxes and fees remain in the budget *borrowed gambling operations still retain the larger share of the market*, but of-course undergo a transformation in the direction from "Ridotto" to "Las Vegas" or in other words - from romanticism to practicality. Low among the people, close to the masses, accessible to all, already satisfying not only passions and needs until yesterday a privilege of selected circles, but also those on a very household level such as hot food, music, dancing, etc. summarized in the so-called a complete experience.

4. Results and conclusions from the additional in-depth interviews

In **Paragraph 4** the results of the additional in-depth interviews are presented and analyzed. As a consequence of the attempt to carry out a final survey through the in-depth interview method contradictory, but also quite expected results and reactions were achieved. *13 important open questions* were asked which greatly excite my thoughts and scientific research as a professional, but also as a citizen and I am convinced that they also excite a large part of the public, because I have researched it.

Several *different participants in the gambling business* having their own role, function and place were asked for their opinion (publicly or anonymously) and principled position.

First, the questions for discussion were addressed to *the state-regulator* in the person of the Minister of Youth and Sports to the National Revenue Agency (to the Director "Supervision of Gambling and Gambling Activities") and to the Chairman of the Council for Electronic Media (CEM). The three state institutions directly involved and more or less responsible for one or another element of the gambling industry in Bulgaria did not respond to official

inquiries or after a short correspondence ended all attempts at contact. The chairman of the CEM undertook a conversation-interview, but at a later point he lost the "desire" for it.

Secondly, the questions were directed to *owners (bosses) of leading Bulgarian companies* determining the climate and pace in the gambling business in the last 30 years. Some of them personally expressed an initial desire to participate in the in-depth interviews, but after getting to know the normality of the questions they lost "interest".

Third, the questions were aimed at *active gamblers*. The answers from practically the only small group (8 people) namely that of the players who showed courage, bravery and courage to express their anonymous opinion on the questions posed are presented here. At the request of the respondents they are not represented by their names and positions in society being coded as "economic agents" from 1 to 8; N: 1 to N: 7 are current players and N: 8 is a "former" player who hasn't played in years.

Thinking analytically and approaching pragmatically in accordance with *the abdication of taking a position by the state regulatory bodies and the owners of gambling operators* in Bulgaria I reach logical conclusions and conclusions bearing clearer and more definite answers even if they had answered those questions posed in the survey of the in-depth interviews. It is obvious to everyone that it is easier and more convenient to subtly bypass and slide aside the answers to the most logical and normal questions posed even without economic and/or media interest, but only for the purposes of applied science. This is probably in line with the logic that the answers to the questions posed are clear to all which is the truth itself. The answers to the questions posed are clear and unambiguous and have already been answered by both the responsible state institutions and the responsible gambling operators. The answers have been given over the years through: duly accepted by the NRA the bookmakers' annual financial statements; the decisions of heads of budget committees; the procedural-investigative actions brought against more than one chairmen of state commissions (reference the non-existent DKH); the deliberate (in)action and (in)action on the part of the Ministry of Finance, DANS and the services, CEM, CPC, CPC; through the disastrous results of the Bulgarian sports bookmaker over the years; and as a kind of apotheosis, through the "war" between the gambling bosses led to many confessions and self-confessions from the same even without anyone asking questions from a scientific research survey.

A brief reading of the results of *in-depth interviews with active gamblers* summarizes that people have a general understanding of "what gambling is". They have a clear idea and manage to formulate an acceptable if not complete definition describing its nature, psychology and even economics. The majority perceive gambling as something acceptable and normal that should exist, but of course with many conditions regarding the social and health status of potential players their physical and mental maturity. This goes through the correct, exact targeting of a quality and business-useful customer base of wealthy players through the arsenal and means of all known marketing tools, but under the thick magnifying glass of regulation and control by the legislature, agencies, governmental and non-governmental organizations and the public.

The assessment of the interviewed players is highly polarized regarding the *state's monopolization of lottery games* in 2020. This is probably a reflection of a principled public attitude and position regarding the concept of monopoly and its possible place in the free market, as well as the understanding of freedom in general. People understand the function the effect and the scale of the emergence of the big betting companies in sports, but they definitely report a greater negative impact on the variety around the world. At the local level there seems to be a pleasant nostalgia for the sports successes of the native athletes from the time when the state took care of them entirely. Unfortunately, the model for such care passes to a certain extent through the deductions of the BST and the respondents are not convinced that the activity of the TOTO really supports sports, culture and other good causes as prescribed by law and that the funds are spent according to purpose. The respondents have different opinions and in line with the question whether the so-called "soft gambling" should be freely distributed in publicly accessible commercial establishments. Quite logically those of the respondents who believe that "soft gambling" should be offered freely and in non-specialized facilities also believe that gambling is important for the Bulgarian economy and leads to economic growth as well as that there is a proportional relationship between the gambling sector tourism and other sectors of the country's economy. Just like the gambling bosses, and maybe the state regulators at certain times. The last three of the questions posed to the interviewees touched on the topic of possible expansion of the gambling sector in Bulgaria through a more active state policy and the topics of the adequacy of charging and taxation both of gambling operators and of individual players.

It is clear from the answers that there is enough *gambling* all around us and no one wants a policy to expand it. They also do not want to tax the individual profits of the players which is quite natural and logical according to the profile of the interviewees (active players). However, people traditionally do not understand the principles and logic of financing a state just as they do not understand that the state is precisely the people who make it up, but at the same time influenced by a long tiring and painful debate along the lines of pro/con; useful/harmful is for example the "flat" tax they give divergent opinions on the question of whether the taxation of the gambling business in Bulgaria is adequate. This, of course is also a matter of knowledge, intellect, sensations, intentionality, experience, etc.

For this reason, *a thorough scientific approach to the gambling business* will bring additional utility to the sector. On the one hand, it will lead to greater efficiency of the processes in the sector itself, and on the other hand, it will focus attention on each individual player in particular, as part of the responsibility to society as a whole.

CONCLUSION

The recommendations (the contributions of this dissertation) are related to a number of practices some of which have long been known around the world, but not adopted in our country while others are apparently adopted and completely bypassed.

It is no secret to anyone that sharp turns in fiscal policy are increasingly difficult to implement in neoliberal societies and economies like Bulgaria's. Where everyone feels strong and self-sufficient in their own way and fiercely pleads for a "small" state although in difficult times they need a strong one, but without understanding the way to it. Paradoxically it is a fact that *the governing elite is finding it increasingly difficult to dare to oppose corporate interests in favor of public ones* by taking measures to limit the huge, unjustified and illogical excess profits in the private sector such as gambling business. Consciously, the politicians and law makers "cheaply" bend to the ever more powerful and strong corporate capital instead of it being harnessed in favor of the public interest and well-being so that in this model the capital returns again and in greater volume to all.

It is very politically acceptable today to conveniently refer to history, but without knowing it or if we do know it to pervert it jesuitically. Part of the contribution of the present development is the presentation of *an objective although not completely comprehensive*,

historical overview of the gambling business around the world. The attempt to collect and summarize the historical facts and circumstances surrounding the development of the gambling business in general. The motives, goals and prerequisites for its emergence as a social phenomenon its subsequent imposition among people in one form or another and its commercial mastery. To bring out the real reasons (good and bad) and motives (selfish and idealistic) for its commercial development over the years and its transformation into modernity and culture. This aims *to outline the good practices adopted and established in the most developed European and world markets* such as: Great Britain, France, Italy, Germany, Spain, America, Asia, Australia etc., as well as to take into account their natural mistakes and weaknesses.

To report, analyze and evaluate these same *practices applied in Bulgaria, analyzing and comparing it with those leading markets.* An attempt is made to summarize and visualize public opinion, attitudes, understanding, feeling, expectations etc. related to the gambling business in our country. To present principled recommendations that do not claim to be exhaustive, but should be periodically expertly reviewed, analyzed, evaluated and updated where and when this is necessary. The preparation and public provision of clear accurate and organized information relating to the gambling sector without of course compromising and/or putting at risk the sharing of business-critical commercial information. At the present moment the transparency, access and accuracy of information concerning this sector of the economy is very unsatisfactory. The database in Bulgaria related to the gambling business which tracks and provides metrics and indicators to society is in a catastrophically opaque state unlike countries such as Great Britain, the United States or Singapore for example. The pattern of concealing information rather than revealing it is still alive. We are still guessing and tweaking financial puzzles to guess at the most basic commercially insensitive business metrics such as: total volume of bets placed in Bulgaria; the land-based part to the online gambling part in them. Informationally open developed markets publish this and much more detailed industry information even on a quarterly basis without fear.

All financial and economic aspects related to the industry such as income from taxes and fees, direct and indirect receipts to the state must be clearly indicated even arranged in a separate part of the state budget so that the *benefit of the sector to society can be clearly seen knowing his harm.* These are again part of those good practices modeled on markets such as the UK, USA, Singapore and others. Because sufficiency does not end with the speculative disclosure

of the "significant" approximately 200 million budget revenues from gambling, but also with a financial and legal analysis and report of the missed ones as well as with an analysis and report of the social, ethical and health cost that society pays against these budget revenues. Will it not turn out that this will actually be only part of the budget expenditure in the long run, but to recover from these revenues? We can try to estimate and predict this only if we know and work with correctly measured and disclosed indicators and indicators starting with the most basic ones that were discussed and continuing with more detailed ones.

The discussion regarding *charging and taxation of the gambling industry* has been a hot potato topic for many years, but in the last 10 years it has become an especially hot potato topic, why? It is obvious that the taxation of the gambling business (and not only this business) in Bulgaria is greatly reduced compared to other EU member states. The prospect of future harmonization of legislation within the union is very remote. First of all a conversation should begin in Bulgaria to illuminate the sector by measuring, reporting, presenting and analyzing the indicators and indicators that the world and the EU measure which will answer the question of how much and who should be collected and which institution and implementation of a regulatory framework will also lead to this. Apart from gambling operators the environment in Bulgaria is a kind of tax haven for gambling players as well. The gambling income/profits of the end users of these services are not taxed even with the minimum of 10% tax. The practice of taxing gambling profits is applied from the most developed market - that of the United States of America to a diametrically opposed market in terms of development, history, psychology and even geography in a country like Kenya. The differences can be found in the collection policies be it withholding when the winnings are paid out by the gaming organizer (this is the principle in both countries given as an example) or collection at the end of the year, but not in the philosophy of taxation.

It will be a huge success if the present scientific study contributes to the perception of the issue related to *gambling advertising* much more responsibly. Marketing and advertising of gambling should be severely limited in terms of visualisation, messaging, accessibility, (un)demandability following the model applied to tobacco and alcohol products. No exception should be made for etc. "fantasy games", "games of skills" carrying a deeply hidden and unconscious gambling character, subtly training and cognitively working on the consciousness for the next action. We will draw a parallel for example between the relentless aggressive advertising of gambling and the aggressive advertising during an election

campaign of political parties and personalities. In both cases the promises are big, dreamy, quite possible, colorful and close to everyone, but the winnings only materialize for a small group of players in the game. Lest the comparison appear to be a play on words intended to mar the otherwise pure and unselfish affairs of state I might make another comparison such as that the advertisement of gambling is like a solemn military parade. They show toys for adults and children look at them with interest. Gambling is equally or more dangerous than drug and alcohol addiction and we must frankly say that the depth of the effect is much more harmful and affects larger circles of people around the victim and its saturation - unlike those listed is not even enough endless funds. It is no coincidence that the popular expression: "Love is until time, alcohol is until morning, but the mosquito is until the grave!".

The potential risk of social habituation to the existence of easily accessible gambling all around us is starting to turn into a real gambling culture especially among the young. This *high-risk phenomenon for society* with all the charm it brings should be segregated into dedicated gaming gambling areas. These relatively remote places where the entertainment of land-based gambling as well as other related activities can be freely developed and offered to customers willing to spend time and money for the purpose should be under special supervision by the institutions and under strict regulatory mode. The rapidly developing, but controversially regulated and controlled online gambling usually lagging behind with an adequate legislative framework must by condition be a service with highly controlled access. All this in order to protect only the regular players who participate according to the established rules, but especially those who at all costs should not be part of this machine. These are minors patients (mental illnesses) people with low income and all other risky and vulnerable groups in society. This does not mean that these people should be limited or deprived of the right to try their luck, but that the form and frequency should be kind to them. This is where lottery games come in State lotteries and even private ones. The color and traditions surrounding the games of the BST and the State Lottery (dating back to 1957 and 1958 respectively) are quite acceptable as long as it does not take on ugly dimensions. Licensing of private operators offering lottery games is also an option that more than one developed market is implementing. Licensing only private operators is an option, but under strict state financial control and a comprehensive commitment to provide in advance a full bank guarantee against announced promised and advertised winnings as well as transparent printing of a series of coupons for each game.

Along with all the theoretical accumulations there is also a word about the latest initiative by regulators and operators called *responsible gambling*. This concern is still very reminiscent of pharmaceutical companies' concern for the sick. Regardless of the expressed will and desire on the part of gambling operators for prevention and care for addicts before this challenge there is a thin line separating corporate interest from social responsibility. The actions of the state are reduced to the legal collection of fees from 2014 from all license holders to be provided to the Ministry of Youth and Sports. With the amendment of the Gambling Act of 2020, texts were created regulating the socially responsible behavior of gambling organizers vulnerable persons were defined and measures were provided for their protection. At that time, the state in the person of the DKH created a "Register of Vulnerable Persons" (created on the basis of Article 10 of the Criminal Code) with the aim of prohibiting or preventing them from participating in gambling games. However, for the period from 12.12.2020 to 12.12.2022 the keeping of a register of vulnerable persons under Art. 10 of the Gambling Act as well as access to it. Persons who submitted a request for entry in the register after 12.12.2020 will not be entered. If they wish they can submit a new request for registration after 12.12.2022 when the keeping of a register of vulnerable persons will be renewed.

Very important directions for the state, society and industry have been taken where by necessity where by inevitability by many normative requirements have been written down some of which have even already been adopted and represent the real normative base, but their compliance and follow-up is lacking. The solution to a *beneficial and not harmful gambling industry* is rooted in responsible and functioning legislative, executive (control) and judicial authorities. Unfortunately, history shows otherwise namely that they are actually the cause of the sector's woes not the solution. It turns out that we look for the solution in the cause without thinking about the reason for the solution.

CONTRIBUTIONS WANTED

1. An *in-depth study of the specialized scientific literature* was carried out *evaluating and summarizing the theoretical statements related to the specifics of gambling as a business sector* the evolution in thinking regarding the relationship: "economic and financial benefits - moral-ethical and social harms" and the various concepts for its development and management; the historical rise of the gambling business is explored in detail and cross-cultural differences are described and systematized; a clear picture of modern gambling is presented.
2. Interdisciplinary approaches are applied to *analyze, study and define the studied phenomena and differences in the gambling "model" in the modern world as the broadest basis for a methodology for deriving indicators, components and characteristics of this business* as well as a justified adequate model for its management included in the theoretical framework of the study.
3. Through independent assessment of various methodological and methodical research tools, an *adequate informational and methodological base of the study was selected as well as the corresponding adapted methodology*. An author's methodology and research toolkit has been developed combining the quantitative and qualitative methods of the triangulation principle - a combination of different methods (questionnaires for surveys 1 and 2 expert in-depth interview), but also offering materials, criteria or parameters for evaluating gambling activities and public attitudes towards them.
4. An *independent study of the attitude to the gambling business* was conducted through two surveys and in-depth interviews in several directions: first, from the positions of the state-regulator; secondly, by the bookmakers; third, from the point of view of the active players; fourth, from the citizens who did not practice gambling.
5. Recommendations have been developed and proposed *for possible management strategies and policies* to be used in the state management of the gambling business in Bulgaria in order to overcome some of the proven problems. Specific guidelines for improving the management of the financial effects for Bulgaria of this type of business tailored to the specifics of cultural differences have also been presented. These recommendations are also aimed at changing the attitude of bookmaking companies to short-term results; strengthening communication

between companies and their customers the perception and compliance of written and unwritten rules.

6. In addition, comparative *cross-cultural analyzes of the gambling business around the world and in Bulgaria have been carried out which indicate similarities and differences* (based on the research, the author's observation and the findings made) and which have not been studied so far and their influence on behavior and development has been assessed of gambling based on the current practices used.

7. The financial, economic, social and legal-ethical aspects of the gambling business in Bulgaria are described in a synthesis *if it is oriented towards the proposed changes*.

PUBLICATIONS ON THE THEME OF THE DISSERTATION

Scientific conferences:

1. *Monopoly or competitive "Lottery"*. Jubilee international scientific conference in honor of the 100th anniversary of the founding of the University of Economics - Varna, "Economic science, education and real economy: Development and interactions in the digital age", May 10-12, 2020. Varna, 2020, Collection of reports. Volume III, pp. 309-319.
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DECLARATION OF ORIGINALITY

I, the undersigned Kristian Krasimirov Ivanov, declare that I am the author of the dissertation "Financial, Economic, Social and Legal-Ethical Aspects of the Gambling Business", I myself carried out the surveys and in-depth interviews, and drew the conclusions myself.

The declaration of originality applies both to the dissertation work and to the author's reference to it.

December 16, 2022

(*Kristian Krasimirov Ivanov*)

