

THE RETURN OF CURAÇAO: WHY OPERATORS FIND THEIR WAY BACK TO CURAÇAO



Curaçao, the Netherlands Antilles was one of the first jurisdictions to regulate online gaming dating back to 1993. The legislation that regulates this is the 'State Ordinance concerning the exploitation of hazard games on the international market by means of service lines'; P.B. 1993 no. 63. Many of the large well-known online gaming operators have their roots on this Dutch Caribbean island, operating with a Curaçao entity which holds an eGaming

license of the Netherlands Antilles. As the industry developed, so did the challenges these pioneering operators were facing. For starters their main market at the time, the United States, closed its doors to online gaming providers targeting their residents, forcing operators to rethink their strategy and shift their focus to different markets. The UK became the alternative market for many operators, targeting these players from their Curaçao operation.

A second important development occurred: The UK decided not to include Curaçao on its list of white-listed jurisdictions. As a result many of these operators had no choice but to make the strategic decision to move their operation to one of the white-listed jurisdictions in order to comply with the UK regulations. In fact this move was ultimately driven by the operators' continuous aspiration to be recognized as a credible, fair and respectable provider of online games by regulators, its business partners and most importantly its player base.

The move to jurisdictions such as Malta, Alderney, Gibraltar and Isle of Man would fulfill this aspiration as these are jurisdictions which are either white-listed or were respected by the EU on grounds of free movement of goods and services in the EU.

However, that was then and this is now. As I'm writing this article, the online gaming industry is faced with yet another challenge. The difficulty operators are experiencing today is a new trend of regulation imposed by the countries where players reside, national regulation. A new era has begun!

No longer is the gaming license in the operator's jurisdiction of establishment sufficient, but one should nowadays hold a license in the market where its player base resides as well.

The UK once lead the way as a successful example of innovative, bilateral agreement based regulation.

The UK allowed those operators that met their criteria, to be acknowledged as so-called white-listed jurisdictions. This earned them the right to legally target the UK residents. Unfortunately, the other target markets have not followed this UK trend, but instead these countries have imposed national regulation on the international operators based on criteria which aims to protect their national operator(s), have control over what is offered, and safeguard their taxation rights amongst others.

I'm under the impression that before you know, this trend will force an operator which targets the whole of the EU to acquire 27 licenses to cover that particular region. That is excluding the gaming license in the tax attractive yet experienced jurisdiction where it is established and operating from. Not only will the cost of doing business for these international operators increase substantially but such additional national regulation will increase operational inefficiency for these international operators. In comparison to the national operators' competitive position as a result of national regulation and other operators around the world's low cost of doing business, the international operator will have a difficult

task maintaining its competitive edge! The other parties will simply be able to provide their services at a lower cost, with less hassle and thus eventually better for the player base.

But this is likely a worst-case scenario of the future. Unfortunately though, the present already has shown some characteristics of this predicted future. Namely, no longer are the jurisdictions that were once praised for their lengthy, intensive and costly licensing process, and which had earned them a white-listed status by the UK, respected and tolerated by the other target markets. What was once a competitive edge, a value and perhaps even a must for operators to be licensed in one of those jurisdictions, seems to have little added-value today. Unfortunately as it turns out, these jurisdictions are now also not treated with any favoritism as they have before. They are no longer recognized for their credible and reliable regulation by these target markets. Instead the target markets, such as France, have created their national regulation and licensing instead.

With this in mind, operators are moving to Curaçao, some even returning to their roots. Now you ask, why Curaçao? What's this jurisdiction's competitive edge over the others?

Curaçao offers a licensed eGaming company in a cost effective, tax attractive, and time efficient matter. An eGaming company is set up in a few days and licensed within a week. Furthermore, this company is only subject to 2% tax on net profits. The company will not pay any gaming taxes either, as these are not levied in Curaçao. Lastly, the licensed eGaming company enjoys a credible status with the renowned banks and merchant processors as a trustworthy, regulated, competitive and effective eGaming jurisdiction, ensuring the company can operate smoothly.

Needless to say, Curaçao has been a key player ever since the beginning of this industry's existence. The knowledge of both the regulator and the service providers is immense and has withstood the challenges the industry has faced over time. In addition Curaçao has an impressive history of being an important financial services center for over six decades. Also, as a member of the Financial Action Task Force on Money Laundering, Curaçao has strong anti-money laundering legislation in force and complies with all international standards. Lastly, Curaçao is white-listed by the OECD (Organisation for Economic Co-operation & Development) implying that while it has an attractive fiscal policy, it is not considered a tax haven. And last but not least, Curaçao is an Associate Member of the European Union (EU) and a designated Overseas Country and Territory (OCT) of the Kingdom of the Netherlands, a position that opens many doors for more favorable developments in the future.

Simply said, choose to comply, but do so effectively.

Choose Curaçao!

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