

THE **iGamingFuture**

MAGAZINE

SERIES

October 2023



**THE FUTURE OF
BONUS
ABUSE**

We solve bonus abuse.



Content Protection

Protect your entire portfolio. Receive notifications when exploitable slots are targeted.



Real-Time Monitoring

Our AI monitors all gameplay, immediately identifying abuse and sending notifications.



Automated Escalations

Send notifications to players when observations are made. Implement harsher penalties for persistent abuse.



Incident Management

Ensure safe withdrawal processing with an audit trail provided on every case. Take action, even in regulated markets.



Deterrent Shield

Discourage abusers with the visible Greco shield wherever you market bonus offers.

Find out more at thegreco.com



MARKET OVERVIEW

In an industry as large and fast growing as iGaming, it's inevitable that unscrupulous practices by players will be present to some extent. However, some estimates suggest that bonus abuse makes up 50% of all the fraud experienced by operators.

Bonuses are a widely used, and many argue essential, way for casinos to attract and retain players. The intention is that by offering some free credit or a free wager, a new customer can sample the casino's offering and enjoy their experience enough to go on to register and deposit.

However, bonus abusers are adept at circumventing the boundaries of these offers,

either by setting up numerous fraudulent accounts to capitalise on bonus offers or by using the games to see the highest possible returns from their free bets.

iGaming margins on certain games are so tight, that for some casinos an unwisely delivered bonus offer can wipe out profits for particular games, or the time period in which the offer was running.



A study by consultancy *Ravelin* last year was reported to suggest that there had been a significant rise (up to 71%) in operators reporting bonus abuse.

In an industry worth an estimated \$92.9bn, according to *Statista*, it's clear that operators need to be finding ways to stem the flow of profits into the hands of bonus abusers.



Curtis Roach

HEAD OF CONTENT
iGF



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CHIEF MARKETING OFFICER

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MICHAIL KOUTSOUKOS
CRM INDUSTRY EXPERT

OUR EXPERT SPEAKERS

INDUSTRY INSIGHTS

As the market landscape evolves and adapts to new trends, our industry has now been compelled to react accordingly.

IN THIS EDITION our panel identifies some of the common mistakes made by operators in designing and rolling out their bonus offers, as well as ways in which they can mitigate the ever-growing threat of bonus abuse across the industry.

Looking for more insights?



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GRECO REVEALS IGAMING'S DIRTY SECRET: Real-time Game Analysis vs. Bonus Abuse

In line with iGamingFuture's ethos, **I want to discuss Greco's vision for the future** of iGaming. **But first we must address the dirty secret that propels our mission.**

Through collaboration with over 40 operators worldwide, we've pinpointed their vulnerabilities, saving them significant sums in the process. **Our discovery?** The industry has a glaring oversight: a profound lack of gameplay-based automation.



Ozric Vondervelden

CEO AND CO-FOUNDER
Greco

I've seen firsthand how **BI teams strain their servers** to breaking point, **occasionally leading to site crashes**, all in a bid **to execute complex SQL queries before** their quarterly review **deadlines**.

Recently I spoke with an operator who manually reviews gameplay for a quarter of their withdrawals. Such a task demands the attention of an astonishing **97 personnel**, amounting to **116,400 hours monthly**. And **yet significant amounts of bonus abuse still slips through**. In a survey conducted over the past week, **six operators from diverse markets mirrored similar challenges and resource allocations**, painting a clear and **revealing picture of a widespread issue**.

Delving deeper, I **sought to understand the nature of these checks**. You might assume they'd involve intricate behaviours to justify such resource-intensive processes. But these checks **often boil down to metrics as simple as bonus-to-cash ratios**.

Every one of these six operators conducted one or more checks related to terms violations. Examples include exceeding the maximum stake, cash stashing/parking and exploiting persistent slots to bypass wagering requirements. Some even manually assess players for re-segmentation.

While I acknowledge the challenges of **automating gameplay analysis**, this **information serves as a gateway to truly understanding your player base**. It offers **invaluable insights** into player preferences, tendencies, risks and values. **The amassed data forms the bedrock of analytics**. And how it's leveraged can make or break an operation.

In what's **essentially a digital, technology-driven industry**, our lag in automation is perplexing.

The data is available, so why aren't we processing it in real-time and automating subsequent actions? When cars can drive themselves and AI can write articles for us, it's bewildering that manual

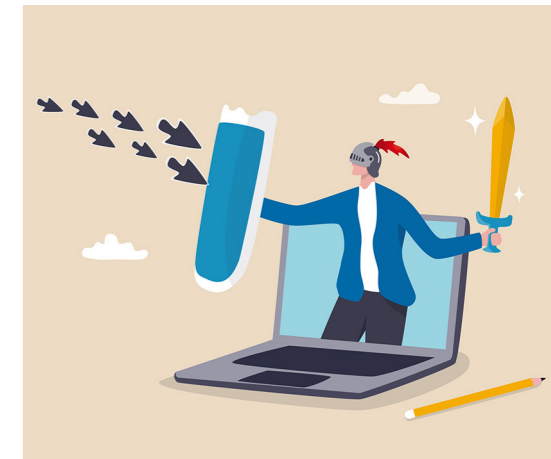
withdrawal reviews are still a thing and drag.

It's **widely acknowledged** that **fast withdrawals play a crucial role in cementing brand loyalty**. Yet the **bottleneck of manual reviews remains a major impediment**.

The pitfalls of manual reviews range from knowledge voids, human errors and unpredicted spikes in withdrawal requests, **resulting in a lack of consistency**. This **often gives rise to bonus abuse, triggering** a cascade of **tighter restrictions, dwindling bonuses and a compromised user experience**. **Retrospective manual reviews leave little room for timely player behaviour rectifications, and often lead to severe penalties** such as confiscations. **These repercussions not only blemish a brand's image, but also inadvertently penalise players unfamiliar with the small print**.

As our data suggests, **timely notifications to players during the first signs of risk acts as a powerful deterrent**.

Grounded in Deterrence Theory, the principle is straightforward: **Making players aware of their actions in real-time, signals you're alert and collecting evidence that may be used to justify penalties should they continue**. **This drastically curtails term violations**, resulting in fewer



disputes, improved brand sentiment – and bigger margins.

Greco's ambition extends beyond mere automation. We seek to **redefine the iGaming landscape**.

By automating gameplay analysis, we not only **enhance accuracy but also liberate resources**, allowing teams to focus on tasks that truly **drive growth**.

This precision, coupled with real-time intervention, translates to substantial cost savings.

Operators can expect improvements across the board – from more efficient promotions and streamlined withdrawals, to better-crafted bonus terms. In essence, **Greco's vision is not just about technological advancement; it's about a smarter, more sustainable future** for the entire iGaming industry.

What is the current level of bonus abuse and how much revenue are operators losing, or expected to lose, as a result?

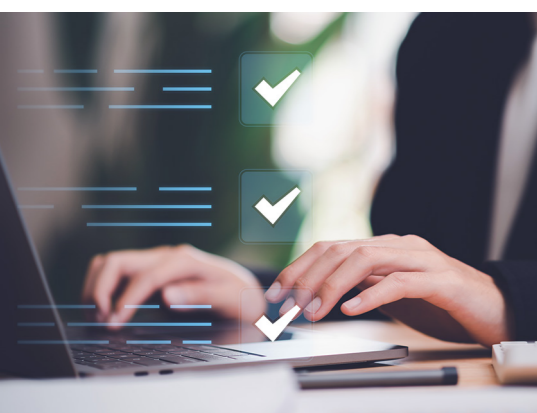
OZRIC

It changes for each operator and for each country.

Countries with national identity numbers, for example, tend to be better at managing abuse. It depends on verification processes, laws around bonusing in different countries, and different ways of bonusing.

Pre-wager bonuses can go some way in managing risks, and they can also give value retrospectively, which can be effective in pretty much eliminating bonus abuse, but at quite a cost to user experience.

An important factor is interoperability between those solutions as well. So, silos of risk can be quite a problem.



It's a big problem in Brazil right now. The UK have had a huge problem. The US is experiencing a growing problem. In some countries you just don't see abuse.

Ultimately, the more value on offer, the better your acquisitions but the more of a target you are.

We are working with *Kaizen* at the moment and highlighted a set of players targeting them for many millions within just a few weeks, which came as a big spike off the back of YouTube publicising it. It varies dramatically. That's why we're focused on one behaviour at a time, understanding them all so that we can quantify the exposure of each of them.



In the US, we calculated recently a player can take \$18,000 in value from all the local offers. If you extrapolate that across the population, the potential risk exposure is huge.

In the UK there's less value on offer, it's around £2500. We know there's over 200,000 members on the bonus abuse forums. Extrapolated, based on our understanding of the syndicate, there'd be about a million identities in use in the UK for this purpose, which makes it a multibillion-pound counter industry.

We need more data, but it's a big problem.

LOUIS

To back up Ozric's point around national identity numbers and verification, even though *LiveScore* is currently only running betting in a few markets, we are already seeing big differences between markets.

A question for Ozric, or maybe someone else, is what's stopping the most sophisticated bonus abusers globally going into some of those less sophisticated markets?

OZRIC

I think to some degree they are.

Maybe not to the extent I would have expected, but there's forums that talk about ways of travelling to the US for the purpose of exploiting offers.

That's another strictly regulated market, but a lot of these smaller licences offer huge amounts of value. A lot of these sites don't have strict verification processes. A lot of the crypto sites are focusing entirely on retrospective rewards. They're not actually giving any frontloaded value and they're doing this, I believe, because they can't manage the risks effectively.



So different sites are handling it differently. Some of them are also playing it by ear – when the abuse comes, they'll fix it.

You'll see incremental changes in bonus value, in terms, and so on.

What are typical behaviours you see exhibited by bonus abusers?



HENK

We had a €10 free registration bonus. This bonus got used a lot by Eastern European countries. First, we geo-blocked those countries, then we saw a lot of registrations in Belgium also registering for the free €10 bonus and not depositing afterwards.

We noticed they used it to play on roulette games rather than slot games, because it was easy to influence the bonus and easy to get our play through on roulette.

So, we also denied the roulette bonus. Then we started only using deposit bonuses, and we used it more as a retention tool rather than an acquisition tool.



Most registrations for us came through the affiliate channel.

That was one of our first links because that was the easiest method to find us on organic search results. We tried to negotiate with our affiliates to remove that registration bonus and focus more on the deposit bonus.



OZRIC

Having a preferential bonus with your affiliates can be a massive risk.

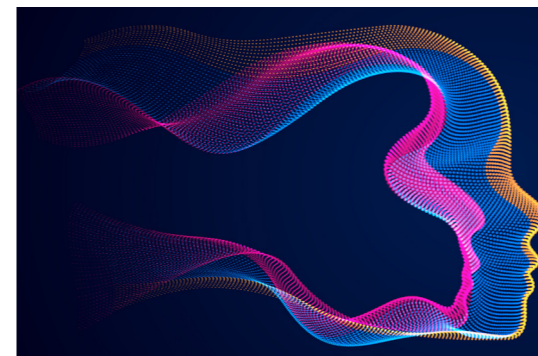
And no-deposit bonuses are quite a risk as well because the data points around the payment are some of the most powerful for managing these risks and if you don't have a deposit, you don't have that information.

The place to start is correlating players through device fingerprinting, so looking at device browser and cookie information.

Then you have verification processes to try and reduce fake, stolen or synthetic IDs. Ultimately, none of these solutions are a full solution. They're sort of limited by the data that's available. Players continue to undermine these processes.

There is a third area of risk management which is unique to the gambling industry. There's the gameplay and the use of exploitable slots to undermine wagering requirements.

Cash stashing is a huge problem with pretty much all operators, where players undermine the intended order of consumption of the different funds types.



Also there's bonus engine logic abuse, where players are sort of cheating the intended function of the bonus engine.

There's early withdrawal strategy, there's general breaches of terms, but then there's also advantage play, which is probably the most challenging because this is players playing within the terms and conditions and not strictly cheating. They're consistently optimising the value of the bonus and represent long-term negative value.

MICHAEL

From my experience cash stashing and exploitable slots are the most frequent abuses.

The different markets have different approaches, as different syndicates, for example, have different preferences in terms of how they want to abuse operators.

Creating multiple accounts and placing opposing bets to quickly wager the deposit bonus is also among the three most frequent ones.



LOUIS

Ultimately, these players are trying to get a lower theoretical loss than the bonus they're getting. Roulette's very useful, because it's all upfront.

You know the odds of every bet you place; you know the volatility of every bet you place. It can really help you plan that strategy. Strategies exist with or without roulette, and they exist on every site. It's just easier to use a game like roulette to piece it all together.

Is there a direct link between offering bonuses on a game and popularity with players?

LOUIS

If you have **exclusive titles or branded titles**, there is a **benefit** as an operator in **that game being particularly popular**, because outside of that operators aren't particularly interested in which games people are playing, **it's more about our players playing with us as an operator.**

If you take **content that you want to push in terms of actives and turnover**, the **offer's going to drive that.** So if you have the same game on two different websites and one's got a big launch campaign, you're going to see more traction for that game early on.



In the long run, **it's always going to come down to the quality of the game.** You can get someone to try something with marketing, but you can't get them to stick.

If you look at **offers in general**, a very small percentage are about a specific game.

You may deposit and get 10 free spins on Fishing Frenzy, but its more about the deposit than it is about pushing Fishing Frenzy. **You've got to be seen as similar in generosity to the market that you're in.**

I think **that's why it's a very fertile ground for bonus abusers.**



On the flip side, ongoing retention marketing is as important, but you've got a bit more data on players at that point to better segment what you're doing.

It **doesn't mean that everyone in the industry is doing that as best practice** today and lots of people **still run sitewide cashbacks, sitewide freespins, that attract some abuse.** But it's much simpler on the retention side **to make sure that most of your spend is going to players you trust.**

OZRIC

Part of what we do is **test every single game.**

We've got a database of over 40,000 slots, and as each new one is released, we go and test it. This is basically what feeds our engine. I know it's a limited perspective, but I've spent a long time wondering what makes a game popular or not. And I honestly still don't know.

I see clones of games where one is successful, and one has never been played. It's a massive contrast with no rational explanation. **I can only assume marketing plays a big part on the success of games.**

Something **we've been** doing is **reporting on the success of games during cash play, if they're excluded from bonus play.** And **we found that, despite the global ranking of that game, not having it available for bonus play does have a negative impact on the cash flow.** All of this is **possibly bad for the player in the sense that they're not necessarily being served with the game that best suits them and there's other forces at play** in terms of marketing or incentives.



MICHAIL

The point on welcome bonuses is very valid because this is an industry standard.

As Louis mentioned, **after that most operators have enough data to draw a conclusion whether customers are bonus abusers and flag them as such and therefore exclude them from future retention offers.**



But at that first point we don't have this information, so shaping the welcome offers in a way that mitigates the risk without ruining the customer experience is super important.

It's **definitely an area that we're going to be focusing on.**



How can the risk of bonus abuse be mitigated without impacting the player experience?



MICHAIL

I don't think there is a magic bullet. As Ozric said we do different things, but the interoperability of solutions is not there yet.

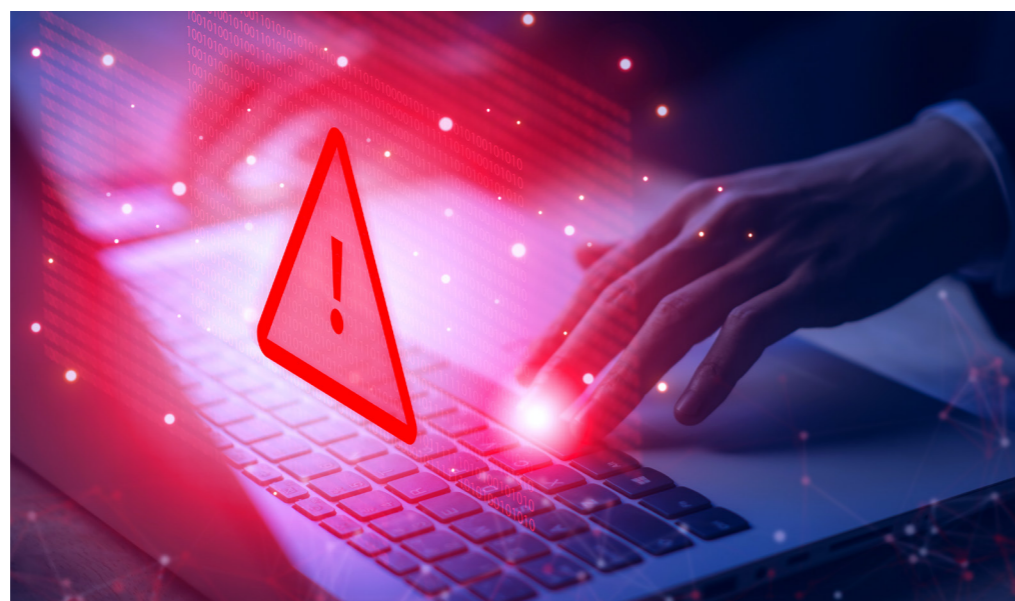
In most cases we don't have integrated solutions or different ones for detecting the digital fingerprint and so on, to my knowledge there's not one single tool that integrates everything.

We need to mitigate risk without harming the customer experience, because we can have the customer jumping through hoops to get a bonus, but obviously this is not a good experience.

At least as a concept, the key is to be able to collect as many data points as possible.

From the first few transactions, we are able to identify whether a customer has a propensity to be a risk and therefore the key is to go down to the customer level, instead of implementing blanket approaches.

It's a challenge, we're talking about sophisticated models, and potentially AI coming into play.



LOUIS

I just have a question.

Do people think that there's a big false positive rate of identifying bonus users, and are any genuine players getting flagged as bonus abusers if their play just happens to resemble a bonus abuser?



OZRIC

I think that's very common.

It depends on what data you're looking at and, going back to the point before, it's how you're correlating part of the player journey as well.

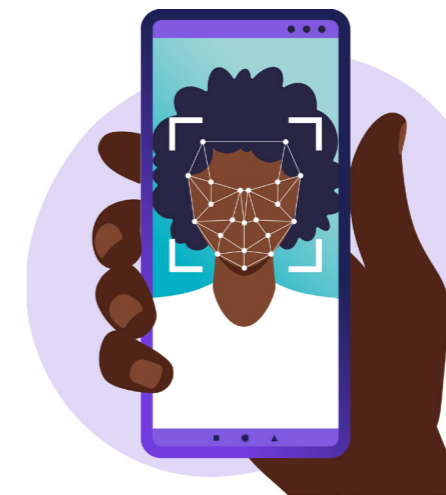
So, the ultimate solution is to carry risk. From registration to verification to gameplay, and all those build confidence.

We've seen a lot of false positives and the experience of everyone is impacted by the actions of a few bonus abusers, because the way that a lot of operators manage these risks is with blanket processes that impact everyone.

Our motto is 'don't hate the game, hate the player'. Sounds bad, but what I mean by that is if you focus on the bad actors, everyone else can have a much better experience.

MICHAIL

As Ozric said, the more data you collect, the more you compound your knowledge about a customer potentially being a risky player.



For example, in one market we knew that 80% of registrations that came from direct traffic were abusers, so we could very easily draw a line, implement a blanket approach, and take a decision that whenever it came from direct traffic, they're not getting a welcome bonus, or they're flagged by default as bonus abusers. Again, that will give us 20% of this traffic as false positives, but it's an educated decision. It would be a bad decision obviously for this 20% of the customers, but it's something that we have in our hands in order to tackle the issue.

HENK

That is how we try to treat it as well.

We look at a registration form and look at age gaps and all that. And we try to identify where the most bonus abusers are.

We try to exclude them as well from the bonuses, I think that helped us most.



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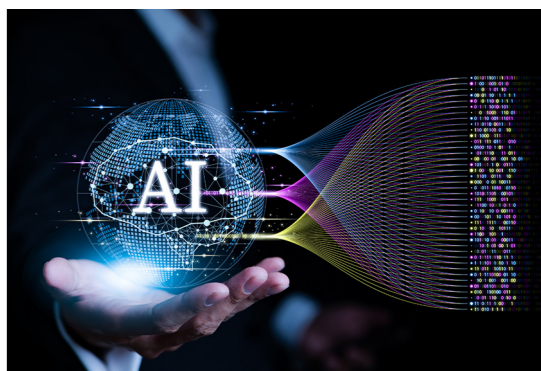
What role does AI play in the future battle against bonus abuse?

LOUIS

I know for a fact, **five or six years ago, someone would post a set of instructions on a forum, we'd find hundreds of players would come through following those instructions exactly, we'd write some rules that found those players, flag them, either minimise the bonuses they received or prevent them getting further bonuses. That's a lot of manual effort.** What happens when it goes up on a Saturday morning? No-one's in the office till Monday morning.

AI will bring a more generalised way to solve that. So, an AI understands conceptually what bonus abuse is and writes those rules on the fly as it sees particular behaviours or patterns or outcomes, which will take out a lot of the manual effort.

Of course, **the devil in that, as with anything, is implementation and I expect some operators will implement it better than others and really get that value.**



OZRIC

I don't think AI in isolation is sufficient.

It's always retrospectively identifying patterns by which time it's already a little too late. We're focused on building foundational, universal rules for each form of bonus abuse or each behaviour and then layering this with self-learning to basically refine the aspects of these rules that have some flexibility or behavioural evolutions.

I think a hybrid approach is going to be incredibly powerful.

EDITOR'S CONCLUSION

While operators have little choice but to make bonuses a part of their acquisition and retention incentives, some players have the potential to cause the industry eye-watering losses.

Ozric Vondervelden's estimate that a US player has the potential to take \$18,000 with the right manipulation of bonus offers, reveals that the potential value of this booming counter industry.

As is often the case in iGaming, a lack of data and technological integration of the available tools means operators are currently short of what they need to adequately tackle the problem.

WHILE MANY OPERATORS HAVE SEEN SUCCESS IN REDUCING BONUS ABUSE VIA BLANKET STRATEGIES, SUCH AS THOSE MENTIONED BY WOLFF AND MICHAIL KOUTSOUKOS, IT'S CLEAR THAT THESE, WHILE EFFECTIVE TO A DEGREE, DO NOT OPTIMISE THE USER EXPERIENCE FOR PLAYERS – PARTICULARLY THOSE THAT HAVE NO PROPENSITY TOWARDS BONUS ABUSE THEMSELVES.



Meanwhile, the issue is variable across different markets, in some regions bonus abuse is virtually unheard of while in others it appears to be rife. Therefore, cross-jurisdictional operators would be wise to assess their risks across each territory separately.

Blitz Casino Chief Marketing Officer Henk Wolff, and Vondervelden, also highlight the considerable bonus abuse risk posed by affiliates, and suggest mitigation strategies are imposed to enable bonusing to play its crucial role, without bleeding profits into the hands of wily abusers.

IN THE LONG TERM, AI MAY PROVE USEFUL IN ISOLATING RISKY PLAYERS WITHOUT FLAGGING THOSE THAT SIMPLY MEET ARBITRARY CUT OFF POINTS, SUCH AS REACHING A CASINO AS DIRECT TRAFFIC. IN JURISDICTIONS WHERE THE USE OF BONUSING INCENTIVES HAS BEEN CURTAILED BY REGULATORS, THIS KIND OF PRECISION SEGMENTATION IS PERHAPS EVEN MORE CRUCIAL.



“ *The future of the industry relies on the ability for great minds to share powerful ideas.*”

- *iGamingFuture*

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