



INTERNATIONAL **GAMBLING** LAWS
AND **REGULATIONS** REVIEW
2025 / 26



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THE INTERNATIONAL GAMBLING LAWS & REGULATIONS REVIEW 2025/26

– SWEDEN

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Continued struggles to direct players to licensed operators

Since the reregulation of the Swedish gambling market in 2019, the issue of how to entice customers to licensed operators and block unlicensed operators from targeting the Swedish gambling market has remained the most topical issue both in the industry and on the legislator's agenda. While opinions in the Swedish gambling community differ on what is currently the level of channelisation to licensed operators, it seems to be common ground that the market currently fails to meet the target line

of 90 percent set prior to the reregulation. For 2023, the SGA estimated that approximately 86 percent of gambling on the competitively exposed part of the Swedish market took place on platforms covered by Swedish licenses, although that number seems to be lower for commercial online gambling. However, both Swedish license

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Sweden's gambling market struggles to hit the 90% channelisation target, prompting a review to tighten regulations and curb unlicensed operators.

holders as well as interbranch associations have questioned the 86 percent estimate and argue that this number is in fact considerably lower.

Possible change of the scope of the Swedish license regime

Considering the failure to reach the 90 percent target line and that the additional legal remedies mandated to the SGA in the last couple of years have proved insufficient to counter the illegal gambling services, the Swedish government recently appointed a commission which has been instructed to examine a possible widening and clarifying of the scope of the Swedish Gambling Act. Technically, this could be achieved by changing, clarifying or even fully abandoning the so-called “direction criterion” which the Commission has been specifically instructed to examine.

Currently, the Swedish license requirement only encompasses the provision of online gambling services that are provided in Sweden, and which are directed at the Swedish market. In short, the direction criterion essentially requires that the design or functions of the gambling platform manifests an intent to target the Swedish market, e.g. Swedish language, use of Swedish currency for deposits and/or withdrawals, or Swedish customer support, whereas the mere accessibility for Swedish customers to gamble on a foreign online gambling platform does not suffice. While the direction criterion has been subject to extensive regulatory litigation in the past years, many issues remain to be settled by authoritative case law.

Aside from the parts of the Swedish market that remain covered by the state monopoly, e.g. lottery scratch tickets and gambling machines, the current direction criterion gives rise to a tripartite, competitively exposed Swedish gambling market in the following segments:

- Licensed operators,
- Unlicensed, legal operators (not targeting the Swedish market), and
- Unlicensed, illegal operators (actively targeting the Swedish market).



In a recently published report by the SGA, the regulator estimated that two thirds of the gambling on unlicensed platforms in Sweden is legal, i.e. conducted on platforms which are not directing their services towards Sweden. While the third, illegal category thus seems comparatively small, the tripartite market is in the SGA's view nonetheless problematic and can be exploited by operators who do not want to shoulder the regulatory burden that the Swedish Gambling Act presents.¹ Further, the SGA, which has struggled to successfully push the boundaries of the direction criterion through the court system, is also skeptical of the arguably unclear scope of the Gambling Act that the direction criterion creates and argues that a two-part market would allow it to work more effectively to re-direct customers to licensed operators. Obviously, a full abandonment of the direction criterion would eliminate the second category listed above as any provision of gambling services to Swedish customers would then be encompassed by the license requirement. In practice, such a regime would presumably require unlicensed operators to effectively block customers on the Swedish market at the risk of otherwise providing illegal gambling services. Notably, this was initially suggested by the commission that initially examined the reregulation of the Swedish gambling market back in 2017, before being dismissed by the Swedish Government Office.

The agenda of the current commission has been applauded by the industry, which seemingly has set its hopes high for a second chance to implement such a regime. While speculation of the conclusions of the commission and the possible subsequent proposed amendments to the Swedish Gambling Act might be premature at this stage, one may question that the currently legal, second category is targeted to indirectly and possibly get at the third, illegal group. Further, a potential abandonment of the direction criterion raises several highly complex legal issues which must be addressed and remitted to relevant instances before becoming reality. The commission will present its conclusions by 17 September 2025 at the latest.

Sanctions against B2B operators

In parallel to the focus on targeting illegal B2C operators, the SGA has also rendered its first sanctions against B2B operators following the implementation of B2B licenses in the summer of 2022. In the handful of supervisory cases initiated to this date, the sole litigated issue has concerned the alleged illegal provision of gambling software to unlicensed operators that have, according to the SGA, directed their services towards the Swedish market.

Notably, the first judgment from the Administrative Court on this issue was rendered in April 2025. The case concerned a B2B license holder which through a group company provided gambling software to two unlicensed B2C operators which had

been blacklisted and enjoined by the SGA from directing gambling services towards the Swedish market. However, the gambling software provided to the operators was geo-blocked and the games were thus not available for the Swedish market. Moreover, the B2B operator had included provisions in the license agreements with the B2C operators to the effect that the gambling software provided must not be made available on markets where the B2C operators did not hold a necessary license.



Sweden's SGA pushes for a clearer Gambling Act by targeting unlicensed operators and sanctioning B2B providers, aiming to boost channelisation to licensed platforms.

1. The SGA's situation report – online gambling outside the licensed market, published in April 2025.



The Court dismissed both arguments with reference to the wording of the prohibition in the Gambling Act, i.e. that it is illegal to provide gambling software to unlicensed operators directing their services to Sweden – full stop. Unsurprisingly, the judgment has sparked intense debate within the Swedish gambling community where the commercial impracticability of the Court's position has been questioned. In summary, the criticism mainly relates to the fact that the B2B operator had in fact taken reasonable measures by geo-blocking the Swedish market to effectively prevent the games from becoming available in Sweden which arguably forms the rationale of the relevant

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Sweden's SGA faces pushback as courts challenge its broad sanctions on B2B operators and payment providers, sparking debate over compliance burdens.

statute. Further, the B2B operator had included a clause in its agreement with the B2C operator that the games must not be provided to markets where it did not hold the required license rights. In retrospect, one may ask which further measures that the B2B operator should have taken to ascertain compliance.

While the Court's interpretation of the

statute can possibly be claimed to be supported by its wording, the criticism against the judgment is fair as the consequential, virtually uncontrollable compliance risk arguably goes beyond what the legislator had intended for.

Fortunately, the judgement has been appealed by the B2B operator and further guidance from the Administrative Court of Appeal, which is expected to grant leave to appeal, should thus be provided in 2026.

Actions against payment service providers

In addition to targeting B2B operators, the SGA has also targeted several payment service providers in its quest to get at the illegal operators. The legal basis of the supervisory actions was that the provision of the relevant payment services, which makes use of the Swedish identification application BankID, to unlicensed operators formed an aiding and abetting of illegal gambling services.

However, in the pilot case adjudicated by the Administrative Court of Appeal, the injunction issued by the SGA was found to be too general in its wording, as it covered all unlicensed operators, i.e. also legal B2C provider which do not direct their services to Sweden. The Appellate Court thus rejected the action in its entirety for this reason already, and before it got the chance to elaborate on the fundamental issue whether implementing BankID in the payment services entailed that the services are directed to Sweden. In sweeping fashion, the Court merely stated that there was no evidence of illegal gambling, nor any furtherance of such operations. Considering the Court's view on the fundamental failure to draft a proper injunction, it is understandable that the case was not appealed by the SGA.

While the judgment indeed indicates that the use of BankID is generally not sufficient to consider that the services are targeting the Swedish market, the Court's reasoning is explicitly referencing the evidence in the case and not the legal issue as such which leaves some room for uncertainty. Obviously, it is very unfortunate that the case turned on the SGA's fundamental mistake with the wording of the injunction considering the limited appellate court case law on the direction criterion.



Responsible Gambling – Dual battlegrounds

Upcoming precedent on liability for net losses

A civil case between a former customer and an online gambling provider currently pending before the Swedish Supreme Court concerning responsible gambling issues currently has the Swedish gambling community on its toes as it could form an important precedent in terms of liability for the net losses of customers with gambling problems. The case is the first of its kind in Sweden and could potentially set off a litigious trend similar to those witnessed in e.g. Germany and Austria if ruled in favour of the claimant.

In short, the case concerns liability for the net losses of a former customer who allegedly was targeted with excessive bonus offerings and personalised marketing, despite showing signs of gambling abuse. In a landmark judgment from the Swedish Patent and Market Court of Appeal, the operator was ordered to reimburse the former customer for his net-losses (approx. EUR 530,000) attributable to a certain period where he had been given a VIP status.

While the case concerns the time prior to the subsequent reregulation of the Swedish gambling monopoly in 2019, when there were no statutory RG requirements in Sweden, it cannot be excluded that the Supreme Court's forthcoming judgment, which should be expected later this year, will include precedential points that will have authoritative effect also for customer relations post 2019. As a testament to that potential effect, parallel civil proceedings pending before the appellate Court of Appeal that concerns RG liability related to gambling after the reregulation has been stayed pending the outcome of the Supreme Court proceedings. Considering the substantial regulatory RG burden put on operators under the current license system, the outlook in the latter case arguably favours the former customer.

Regulatory proceedings on RG issues

In parallel to the civil proceedings, the SGA has been actively enforcing the regulatory RG requirements, where considerable sanction fees have been issued against several operators due to shortcomings in relation to the duty of care. In summary, the alleged RG violations mainly concern insufficient detection of excessive gambling patterns, and nonexistent, late, or ineffective preventive RG measures in relation to such gambling patterns or risk indicative behaviour.

To this date, the administrative courts have in essence almost exclusively upheld the findings of the SGA, even though some of the sanction fees have been lowered. However, there is still no authoritative case law that provides useful guidance on when, how, and to what extent RG measures should be taken. The SGA has indicated that the supervision of RG issues will remain one of its focus areas and more supervisory actions are thus likely to follow.

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Sweden's gambling industry braces for a landmark Supreme Court ruling on operator liability for problem gambling losses, alongside intensified SGA enforcement of responsible gambling rules.



End of land-based casinos in Sweden

In April 2025, the Swedish government adopted a change to the Gambling Act which entails the end of (legal) land-based casino business in Sweden by the end of 2025. The decision followed the closing of three of the four casinos in recent years for lack of profitability. The first closing took place in 2020, and the subsequent two came into effect in early 2024. It appears that the Covid 19 pandemic hit the business rather hard as the visitor numbers in 2022 and 2023 had fallen to almost 50 percent in comparison with 2019. It is difficult to conclude whether the

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Sweden's land-based casinos will close by 2025, ending a state-run era amid declining profits and doubts about curbing illegal gambling.

pandemic indeed formed the true death blow to the Swedish land-based casino regime but presumably, the global recession and inflation have added to that effect. The rationale for the liquidation of the land-based casino regime in Sweden is that it arguably no longer fulfils its main purposes i.e. to create income for the government

and effectively prevent illegal land-based casino gambling. As to the latter point, a study in 2006, i.e. six years after the opening of the four initial casinos, indicates that the effect on the illegal land-based casinos was marginal. Further, the possibility of playing legal land-based casino games at certain licensed restaurants is maintained, which to some extent might counter the growth of illegal land-based casino games in the absence of the casinos.

The proposal and subsequent decision not to allow private operators to step in and run land-based casinos instead unsurprisingly met critique from the private sector, which aside from the risk of increased opportunities for illegal operators has pointed to the upside of creating jobs and strengthening Sweden's status as a tourist nation that it would have if the land-based casinos would be kept open and run by private operators. The Swedish Government dismissed these points in short fashion by in essence stating that it found no reason to reassess its previous conclusions that land-based casinos should not be run by private operators.

As regards the closing of the state-owned casinos, it appears sensible that the Government should not be running casinos, especially not with negative profitability when the effect on preventing illegal land-based gambling is seemingly small. However, considering the nature of land-based gambling services, which arguably offers increased possibilities to take appropriate RG measures in relation to customers which are encountered in person, it seems somewhat counter intuitive not to at least examine the opportunity of allowing private operators to run such casinos further. The future will tell whether the closing will attract illegal casinos in this void, but it seems unlikely that Sweden will open the possibilities for land-based casinos in the foreseeable future in any form.

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