

The illegal betting market generates up to R\$40 billion per year and represents 51% of the sector.

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A survey by Massonetto Sociedade de Advogados reveals that irregular platforms generate revenues between R\$ 26 billion and R\$ 40 billion annually in Brazil, according to a study released in February.

A survey by Massonetto Sociedade de Advogados indicates that the illegal betting market... Online In Brazil, it generates annual revenues between R\$ 26 billion and R\$ 40 billion. The study was released in February 2026. The legal market moves R\$ 38 billion per year.

The research was conducted by Luís Fernando Massonetto, professor of economic law at USP (University of São Paulo), Bruno Braga Fiaschetti, master's degree holder in sociology, and Eduardo Moraes de Carvalho, master's degree holder in philosophy.

Illegal market participation

Analysis indicates that the illegal market accounts for between 41% and 51% of bets. Online in Brazil. The researchers used three previous studies as a basis: "Incidence of illegal betting in Brazil", by the Locomotiva Institute, published in June 2025; "Off the radar: Sizing and socioeconomic impacts of the illegal betting market in Brazil", by LCA Consultores commissioned by IBJR (Brazilian Institute for Responsible Gaming), from June 2025; and "Brazil – Gambling market". Online", from Yield Sec.

The authors concluded that Law 14.790 of 2023 failed to shift the majority of demand to platforms authorized by the SPA (Secretariat of Prizes and Betting) of the Ministry of Finance.

Costs of regulation

The survey argues that taxes and restrictions on sports betting regulation act as structural drivers of the illegal market. The research lists the following costs for legal operators: onerous grant; 12% taxation on GGR (Gross Gaming Revenue, the gross revenue from games), which will increase by up to 15% by 2028; obligations of compliance and confidentiality for the prevention of money laundering; installation of identity verification by facial recognition; deposit limits; advertising restrictions and prohibitions relating to certain profiles of bettors.

"If the regulatory design raises the cost of operating legally (compliance and confidentiality"Taxation, technological requirements, and trade restrictions) exceed the expected cost of operating illegally (including the realistic expectation of oversight and punishment), creating an institutional incentive for transgression, which shifts part of the supply and demand to unregulated circuits – or preserves them on a relevant scale," the study authors stated.

The survey acknowledges that regulatory measures are justified by consumer protection purposes. The researchers argue that the aggregate effect of the requirements represents a high cost to the legal operator.

Advantages of the informal market

The illegal market does not bear the burdens established by law. Irregular platforms offer odds – The number that pays the bettor, calculated based on the probability of the event happening – is more attractive. Users have easier registration. The bettor has a wider variety of payment methods.

"This regulatory asymmetry translates into concrete economic advantages that are passed on to the bettor in the form of..." odds "More attractive offers, more aggressive promotions, less registration friction, and a greater variety of payment methods," the researchers stated.

Illegal operators do not comply with any of the requirements imposed on legal operators. Illegal platforms employ strategies to confuse bettors, creating the false impression that they operate in the regulated market.

Difficulty in identification

Research cited by the law firm reveals that 78% of bettors surveyed – a total of 2.000 people – faced difficulties in identifying which platforms are legal and which operate illegally. The percentage increases among women, reaching 84% of those consulted.

Data from the Locomotiva Institute indicates that 61% of gamblers placed at least one illegal bet during 2025. Among young people aged 18 to 29, this rate reaches 69%.

Tax losses

The uncollected revenue from the informal market ranges from R\$7,2 billion to R\$10 billion annually, according to LCA estimates. "Considering this estimate in relation to the regulated market, it was calculated that the informal market generates revenues of between R\$26 billion and R\$40 billion annually. The estimate for the legal market is R\$38 billion," the study stated.

Massonetto Sociedade de Advogados stated that combating the illegal market would represent significant revenue gains for the Brazilian State.

Feedback loop

The study points out that there is a self-reinforcing cycle in the betting sector. "What is configured, therefore, is a self-reinforcing circuit. Regulation raises the costs for the legal operator; the illegal operator captures the difference with a competitive margin; the bettor, unable to distinguish between the two circuits, is attracted by the more favorable conditions of the irregular market; the revenue shifted to the illegal market reduces the tax base and the economic return of the regulated regime; the loss of revenue pressures the State to intensify taxation or requirements on the legal operator – which, in turn, widens the differential and strengthens the illegal market," he said.

Historical context of the game in Brazil

The study included a historical analysis of the jogo do bicho (animal game). The practice became an emblematic form of gambling in Brazilian popular culture during the 19th century. Jogo do bicho was created in 1892 by Manuel Ismael Zevada for the businessman João Batista Viana Drummond as a promotional strategy for the Rio de Janeiro Zoo.

The first legislation on the subject emerged in 1830. The Imperial Criminal Code criminalized "games of chance that disturb public order." According to the research, the elite ignored the law, "consolidating the duality between what is legal (for the rich) and what is illegal (for the poor)."

The legalization of gambling occurred in 1920, during the presidency of Epitácio Pessoa. The government legalized casinos to increase revenue and fund basic sanitation in the interior of the country.

In the 1930s, the Getúlio Vargas government completely decriminalized the practice. Brazil came to have more than 70 casinos, employing approximately 60.000 people directly and indirectly, according to the study. Rio de Janeiro consolidated itself as the most popular gambling hub. The Urca Casino, the Atlântico Casino, and the [unclear - possibly a specific casino name] were prominent examples. Copacabana Palace They operated in the city. The casino of Copacabana Palace "It has hosted iconic figures such as Frank Sinatra, Walt Disney, Albert Einstein, and Santos Dumont."

In April 1946, President Eurico Gaspar Dutra issued a decree prohibiting all forms of gambling in the national territory. The president argued that the practice stemmed from abuses harmful to morality and good customs. The measure had broad support in Congress. Documents show that the majority of senators and deputies sided with the president. The economic impact was significant for cities that depended on casino tourism, such as Petrópolis, Poços de Caldas, Lambari, and Caxambu.

The survey shows that the 1946 ban did not eliminate gambling in Brazil. The measure consolidated a "pattern of contradictions that persists to this day." The jogo do bicho (animal lottery) remained clandestine throughout the 20th and 21st centuries, becoming part of Brazilian urban popular culture.

The text points out that, while criminalizing certain forms of gambling, the State maintained and expanded its monopoly on federal lotteries. "This apparent contradiction demonstrates that the central issue was never truly moral or religious, but rather one of state control over an economically lucrative activity," it stated.