BETS IN THE BRAZILIAN NATIONAL CONGRESS

# Illegal Online Gambling Platforms Outpace Legal Ones in Brazil, Says U.S. Firm

• Yield Sec reports that for every R$ 1 spent on regulated platforms, R$ 1.04 went to the black market

• Sites prohibited from operating in the country grew by 10% between the first and second quarters of 2025

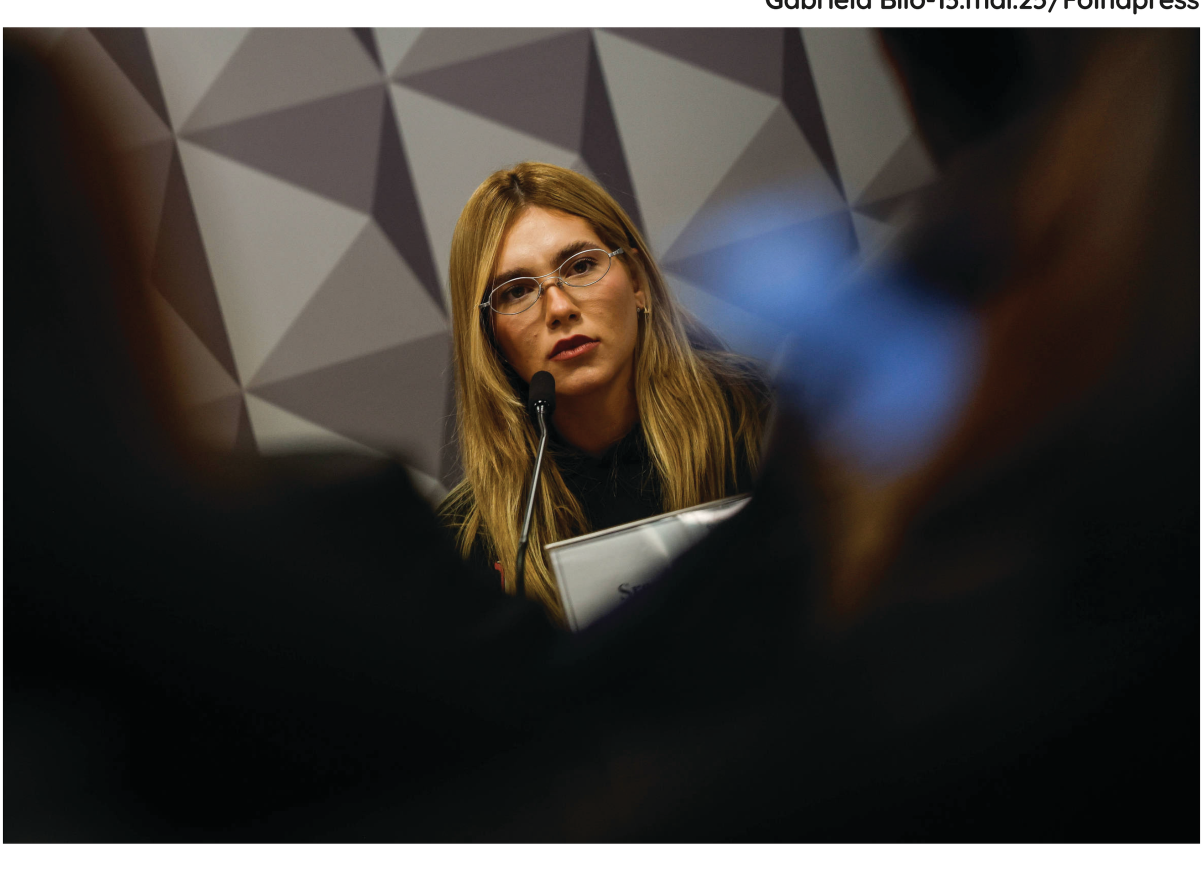
BY ALEX SABINO, SÃO PAULO

In the second quarter of this year, Brazil's illegal online gambling market became larger than its legal counterpart. For every R$ 1 wagered on government-authorized platforms, R$ 1.04 was funneled to illicit websites.

The data comes from the study "Brazil – Online Gambling Market," produced by the U.S.-based firm Yield Sec, which specializes in data analysis and consulting services for online marketplaces.

The term "online gambling" encompasses betting, casinos, and all internet-based games not considered games of skill—poker, for example.

Gabriela Biló-13.mai.25/Folhapress

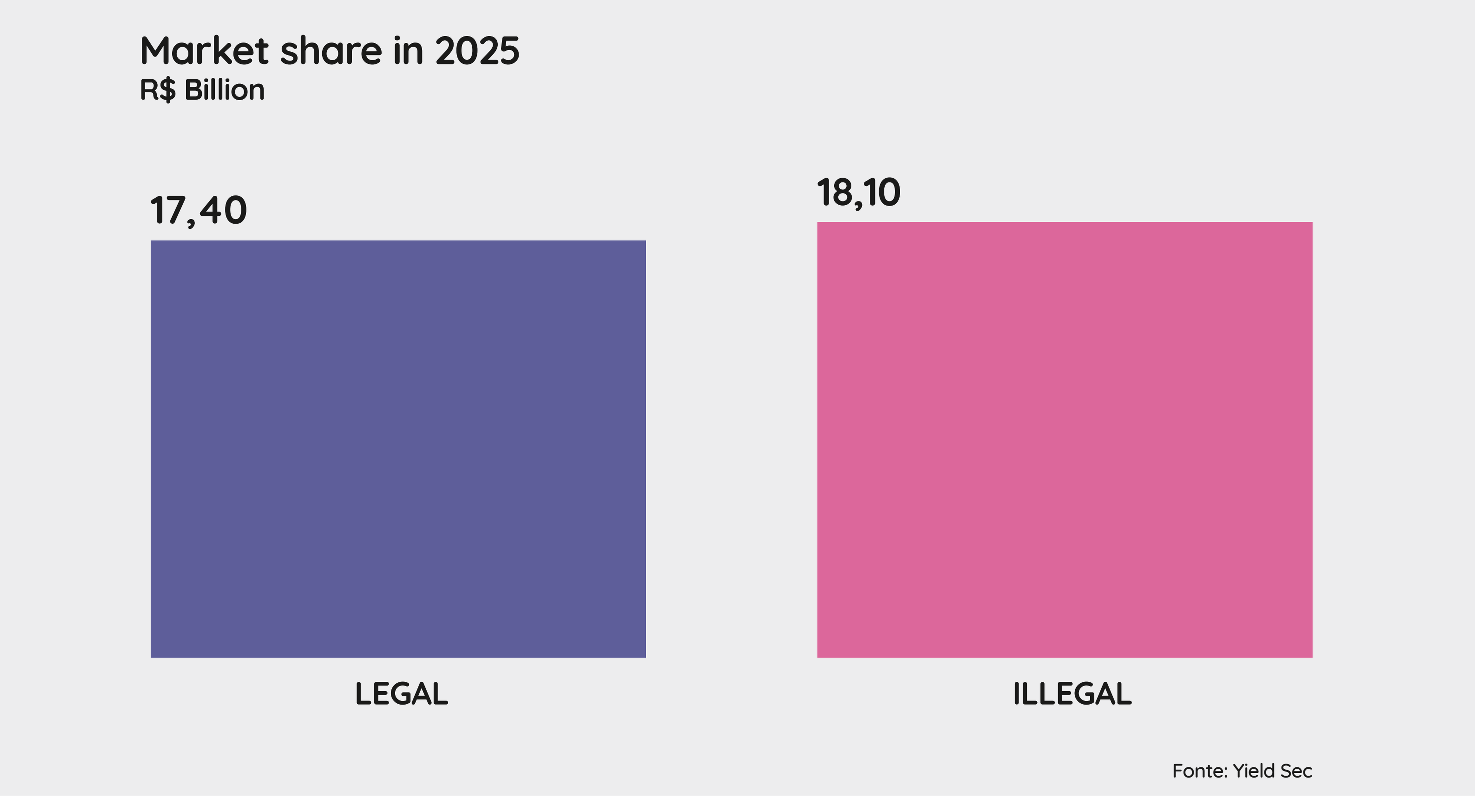


Influencer Virgínia Fonseca, who advertised online gaming sites, testifies at the CPI das Apostas

The legal sector, regulated by the federal government at the end of last year and launched on January 1st of this year, attracted 55% of users in the first quarter of 2025, compared to 45% who accessed illegal platforms. Between April and June, the situation reversed, with black market sites accounting for 55% of user access in the country.

"A 10% shift from one quarter to the next is unprecedented. Crime has grown in a way we have never witnessed before," stated Ismail Vali, co-founder and CEO of Yield Sec.

In terms of financial movement, the platform estimates that illegal sites now handle a larger volume. Considering the first six months of the year, the unlicensed market processed R$ 18.1 billion (51%), compared to R$ 17.4 billion (49%) for the legal market. The figure for government-regulated platforms matches the one reported by the Finance Ministry's Prizes and Betting Secretariat.




"Crime found a pathway into Brazil's online gambling market due to a lack of political will and the absence of effective legislation, the result of years of inertia. It has established itself in the country and will continue to exploit market dynamics," the report states.

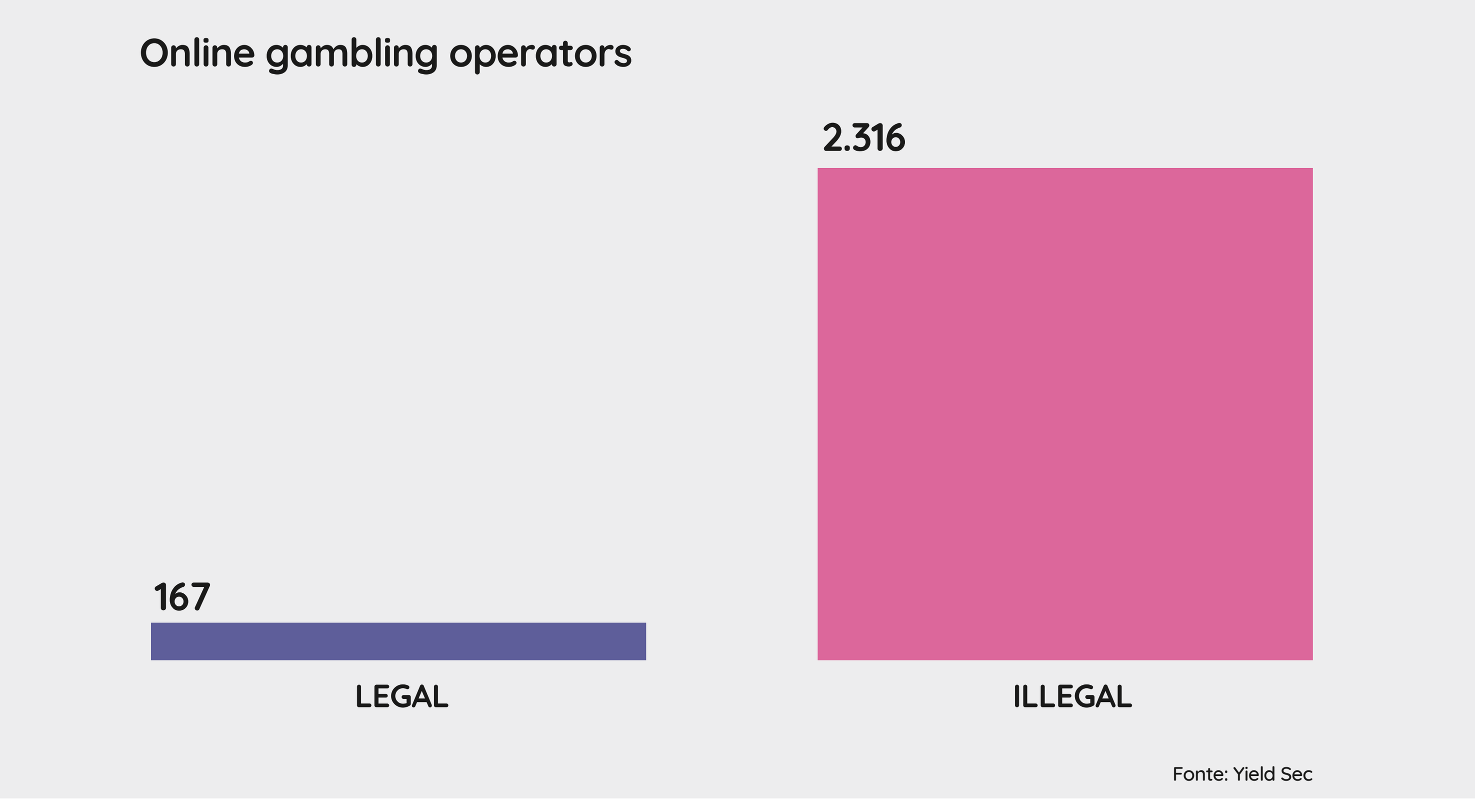
According to the North American company's survey, which uses internet activity monitoring tools, 37% of Brazil's population interacted with online gambling in the first half of the year—amounting to 81.7 million people. Of this total, 23% (50.9 million) used sites operating outside the law.

Yield Sec estimates tax revenue from legal gambling reached R$ 4.46 billion in the same period. However, an estimated R$ 4.61 billion was lost to the parallel market. The number of illegal operators far surpasses the legal ones: 2,316 are accessible in the country, compared to only 167 authorized by the government.

Concerns are heightened because the betting market is expected to surge with the approaching World Cup, scheduled to begin in June 2026. If nothing changes, the company projects the illegal sector will capture 72% of the market in the third quarter of next year.

According to the firm, the illegal sector thrives because the issue in Brazil has been dominated by political disputes and a focus solely on monitoring illegal platforms, without adequately addressing underlying criminal activity.

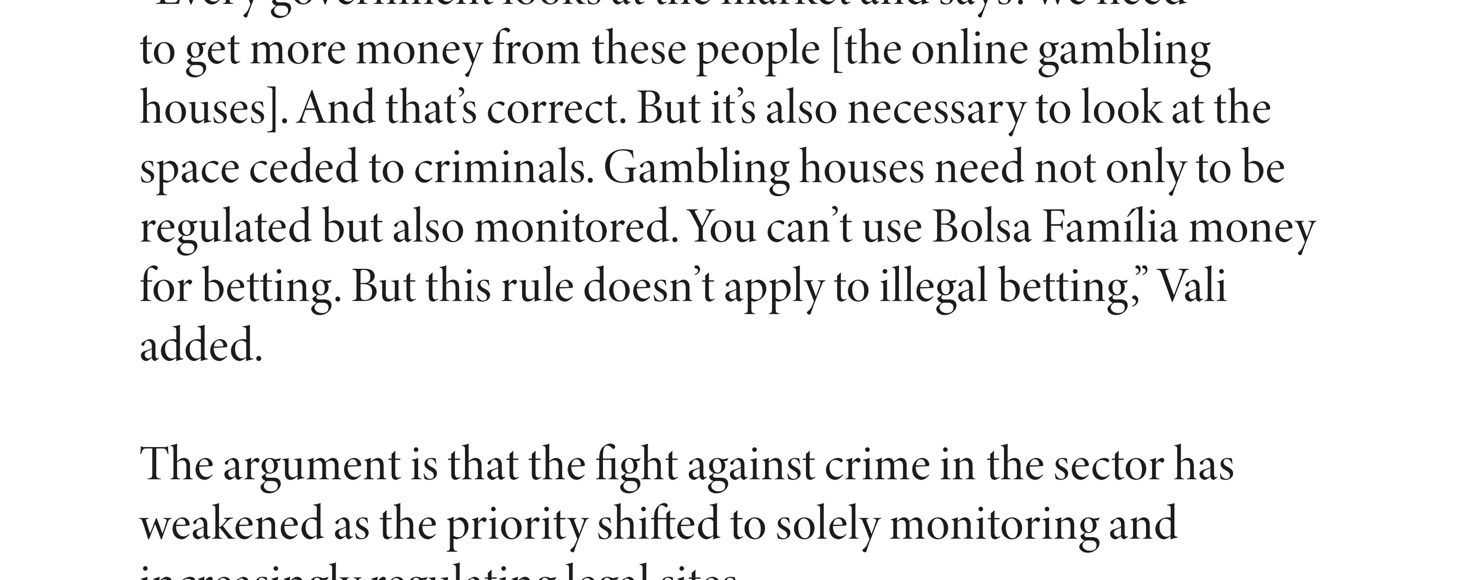
"Constant speculation and political debate over topics such as minimum age, deposit limits, financial accessibility criteria, bans for certain groups [such as social program beneficiaries], advertising restrictions, tax increases, product limitations, and other factors have generated fear and uncertainty within the online gambling sector," the study says.




This has created an opening for the illegal sector, where players restricted on official platforms can place bets on unregulated sites without any security safeguards.

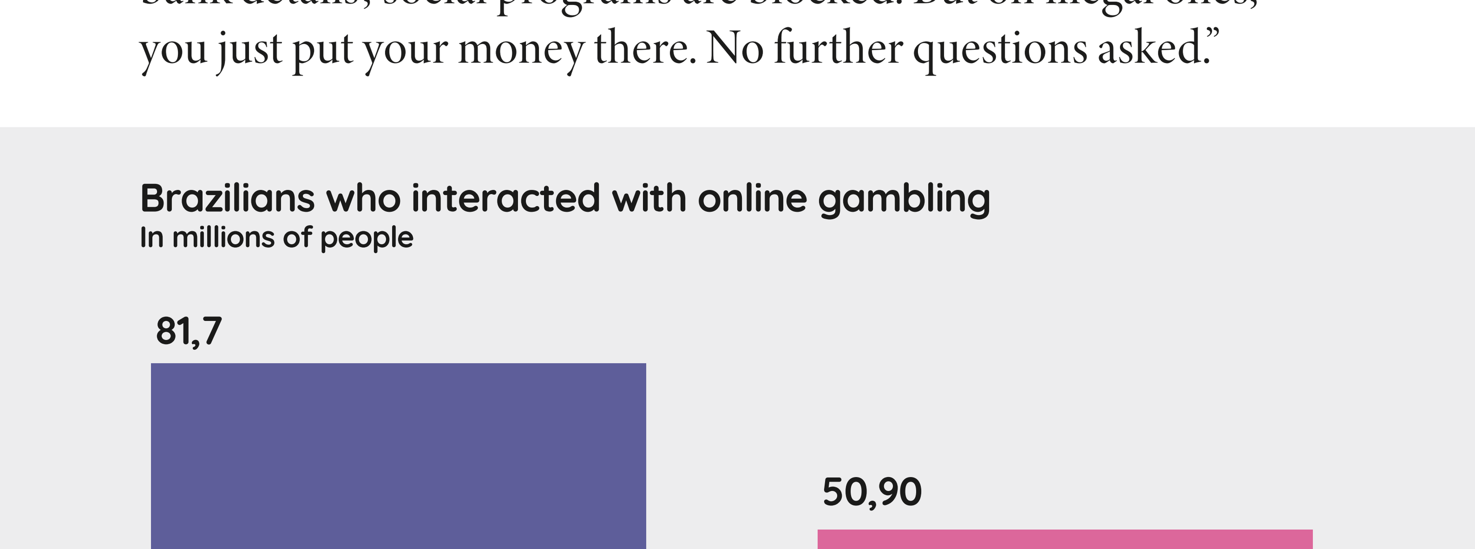
Issues like gambling addiction, the use of federal social program funds for betting, and the impact of these platforms on household budgets have drawn concern from President Luiz Inácio Lula da Silva himself. A congressional inquiry committee (CPI) on sports betting was established but ultimately lost momentum.

To balance its accounts between 2025 and 2026 and increase revenue, the federal government plans to collect retroactive taxes from gambling operators, which could yield R$ 5 billion.

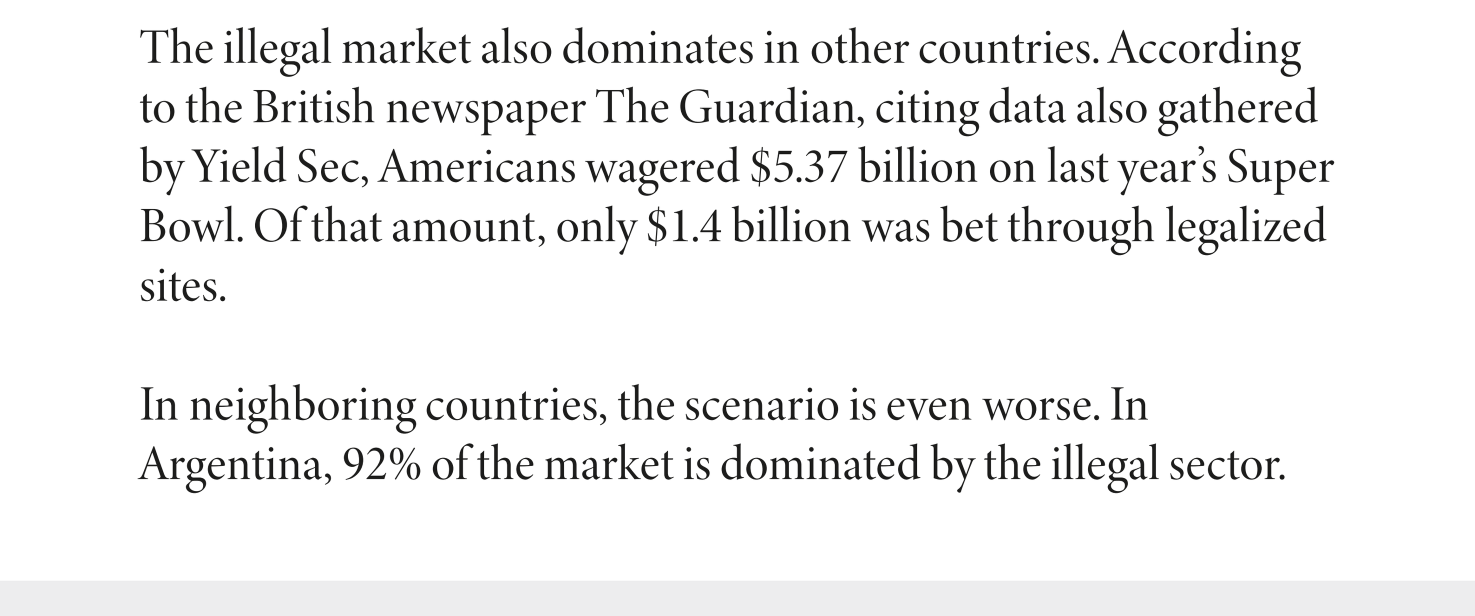



"Every government looks at the market and says: we need to get more money from these people [the online gambling houses]. And that's correct. But it's also necessary to look at the space ceded to criminals. Gambling houses need not only to be regulated but also monitored. You can't use Bolsa Família money for betting. But this rule doesn't apply to illegal betting," Vali added.

The argument is that the fight against crime in the sector has weakened as the priority shifted to solely monitoring and increasingly regulating legal sites.




"On regulated platforms, you must provide your name, tax ID, bank details; social programs are blocked. But on illegal ones, you just put your money there. No further questions asked."




The illegal market also dominates in other countries. According to the British newspaper The Guardian, citing data also gathered by Yield Sec, Americans wagered $5.37 billion on last year's Super Bowl. Of that amount, only $1.4 billion was bet through legalized sites.

In neighboring countries, the scenario is even worse. In Argentina, 92% of the market is dominated by the illegal sector.