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'Third Largest Economy'—\$5.9 Trillion Gambling Beyond Regulation

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Unregulated online gambling reached \$5.9 trillion in global wagering value in 2025, larger than the gross domestic product of every country on Earth except the United States and China, according to a new report from Gaming Compliance International (GCI). The figure represents the total handle moving through unlicensed sports betting, casino, poker, crypto gambling and lottery products globally, growing from \$5.1 trillion in 2023 and \$5.7 trillion in 2024.

The 78 percent of gross gaming revenue captured by unregulated operators globally is the headline metric, but the more important number for fintech and crypto investors is hidden in the report's definitional shift. GCI now splits the online gaming marketplace into three layers, not two: regulated, unregulated, and a third bucket the firm calls "unacknowledged." That third category includes social casinos, sweepstakes, fake financial products, skins trading, TikTok contests, and most notably, prediction markets.

Ismail Vali, president of GCI, commented on the report that the marketplace has fragmented "in every jurisdiction" into regulated, unregulated and unacknowledged

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segments, and that the third layer "is accelerating consumer confusion, unregulated growth, and regulatory complexity at scale." Vali added: "In a world where you can bet on anything, consumers are increasingly betting on everything. This is the gamification of everything."

Why the third layer changes the math

Until this year, most marketplace analysis worked in a binary. Regulated brands with licenses, taxes and KYC sat on one side. Offshore unregulated brands sat on the other. The new layer captures products that replicate gambling mechanics, featuring stake plus uncertainty plus reward, but that are not currently classified as gambling.

That definition lands hardest on the part of the market Forbes readers have followed closely. Prediction markets now valued institutionally at \$9 billion after Wall Street's ICE bought \$2 billion of Polymarket in October are, in GCI's framework, neither regulated gambling nor unregulated offshore gambling. They are regulated as financial products under the CFTC inside the United States, and counted as unregulated gambling outside it. The report is explicit on the point: "in the USA, prediction markets are classed as financial products under the regulation of the CFTC."

That regulatory carve-out, Vali argues, is what lets the category grow without showing up in either of the conventional gambling buckets. On his earlier appearance on the On The Margin podcast, Vali traced the lineage. "Predictor platforms metastasized and morphed from fintech apps in the 2010s. They were just looking at things like Bitcoin, stock price movements. They then went into, when they started becoming audience-generated content, why don't we just bet on anything? Why don't we let the audience decide what they want to bet on?" Around Super Bowl Sunday this year, GCI estimated \$3.1 billion in prediction-market trading volume on the game and its surrounding events.

The size mismatch between regulated and unregulated prediction-market activity matters. In Vali's data, prediction platforms are 0.2 percent of legal sports-betting

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profitability inside the US. On the unregulated side, prediction-style products are already 8.7 percent of unregulated online sportsbook revenue. The unregulated side is more than 40 times the regulated one.

The trillion dollar problem

GCI CEO Matt Holt pulled no punches discussing the report. "The scale of the unregulated online gambling sector is now undeniable," Holt said. "At \$5.9 trillion in wagering value, this is one of the largest economic systems in the world," he added, describing the sector as operating largely outside regulatory oversight. "What this report makes clear is that regulators are not facing a marginal challenge, but a dominant one. The majority of activity is occurring beyond the regulated perimeter."

China's 2025 nominal GDP runs around \$19 trillion. US GDP is roughly \$30 trillion. Every other national economy sits below \$5 trillion. The unregulated online gambling handle is the third-largest gross economic flow on earth, even granting that handle is not equivalent to GDP because wagering value cycles the same dollars repeatedly.

The growth curve has slowed but not reversed: 12 percent year-over-year in 2024, 4 percent in 2025. Slower growth on a \$5.9 trillion base still adds roughly \$235 billion every twelve months. And it is expected to speed up again with the World Cup.

What the audience cannot see

GCI calls the current state the "White Noise Marketplace." The thesis is that consumers experience a single, blended ecosystem with no visible distinction between licensed, unlicensed and unclassified products. "The audience does not distinguish between these sectors," Vali said. "They experience one marketplace, where everything is accessible and everything competes equally."

The white-noise effect explains the persistent dominance of unregulated brands even in mature regulated markets. On the same podcast earlier this year, Vali was

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direct about how long the head start runs. Unregulated brands, he said, have been "haunting the American online gaming marketplace for three decades. So this year particularly marks the high point of internet penetration in the US beginning in 1996."

Two structural drivers keep that dominance compounding. The first is product bleed. Regulated prediction markets, the report argues plainly, "will be cannibalized by the unregulated." The second is the advertising channel almost no licensed operator can match. Unregulated gambling ads featured on more than 80 percent of illegal sports streaming in the US and UK across 2024 and 2025, GCI estimates.

Vali laid it out on the podcast. "Behind illegal streaming is malware, spyware, keystroke logging, and scams. So if you have not become a victim of crime, you will once you engage with illegal streaming. You just don't know it yet." The illegal-streaming-meets-illegal-gambling pipeline, he said, is "a dark nexus" between two parallel illicit industries that learned from each other during the pandemic. "When we cancelled all the professional sports during COVID-19, illegal gambling went to illegal streaming and said, we need something to show our audiences. We need events that we can make ourselves." The result was things like children's basketball from Ukraine and snail racing from Vietnam being streamed under unregulated-gambling logos to generate clicks.

The implications for crypto and prediction markets

For the crypto investor, the most consequential read is on the future of platforms like Polymarket and Kalshi. Both have been positioning themselves as financial-futures venues, not gambling sites. The CFTC's posture in the US has supported that framing. GCI's three-sector model is the first major industry report to put those platforms structurally inside a gambling-shaped economy without resolving the legal status question.

The report's broader implication is that the unacknowledged layer is where the next wave of crypto-gambling expansion will live. Crypto casinos already account for Forbes-documented multi-billion-dollar shadow markets in the US, and they have already metastasized through self-exclusion loopholes in the UK. The Drake lawsuit

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against Stake.com exposed a \$38 billion illegal crypto casino market in the US alone. The GCI numbers suggest those investigations were probing the edges of a much larger system.

Vali's prescription is the four-letter framework he has been pushing for two years. "M, P, E and O for monitor, police, enforce and optimize. That's how any regulator, government, treasury team needs to look at their marketplace and say, I need all the information, all the intelligence from that marketplace to be able to make the right choices, the right actions and dominate and control my marketplace," he said on the podcast. "You can look at any online marketplace in the world today and say most of them are in a state of chaos. It is a normal situation to be in a plus 65 or 70 percent control by unregulated gambling across the world."

Considering the report, Vali tied that framework to the new three-layer reality. "If you cannot see the entire marketplace" across regulated, unregulated and unacknowledged segments, he wrote, "you cannot control it. This is the shift. This is the problem we are helping to solve at GCI."

Where the money goes

The 22 percent of global gross gaming revenue captured by regulated operators is what is left for the entire licensed industry, against the unregulated sector's 78 percent. Licensed casino brands have spent the last decade telling investors their market share would expand as more jurisdictions legalized online gambling. GCI's data is the opposite story: their share is structurally low, not cyclically low, and the regulated platform infrastructure being built is, by GCI's count, addressing just 22 percent of the actual audience in terms of average global marketplace profitability.

The reason, Vali said earlier this year, is the one feature US legal gambling cannot replicate. "We have seven US states today that have legal, regulated online sports betting and online casinos. There is an opportunity with that dynamic to have what you call cross-sell. So I can acquire customers from sports as an operator and I can cross sell them into casino, poker and other products. When I lose money in the sports book, I get free spins in the casino. When I lose money in the casino, I get

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free bets in the sports book. So that's been a model globally for online gaming. It doesn't work in America because of this patchwork quilt of legality."

The unregulated operators have no such restriction. They sell sports, casino, poker, crypto gambling and predictor products to the same customer on the same site in the same session. Consumers, in Vali's earlier framing, are "used to the one stop gambling shop offered by unregulated gambling the whole world over."

The CFTC is the regulator of record for prediction markets. State gaming regulators control the licensed casino and sportsbook sides. No one regulates the third layer. As of May 2026, the question is no longer whether prediction markets, crypto casinos and TikTok contests look like gambling. The question is which industry they belong to. Vali's report quote sits awkwardly with both answers: this is "the gamification of everything." The perimeter, by his measure, no longer contains the gambling.

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