

Consultant Predicts Decline in Sponsorships as Illegal Betting Grows

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BY: MAGNO JOSÉ

Regulated betting companies have become the main partners for Brazilian sports teams, but a study projects they will hold only about a quarter of the market within a year.

The growth of illegal betting companies could significantly impact sponsorships for soccer clubs starting next year if the current scenario continues. This projection comes from consultant Ismail Vali, CEO of Yield Sec, a global betting market analysis platform.

According to data from the “Brazil – Online Gambling Market” study, the national online gambling market (which includes sports betting and casinos) is split between legal companies, with 49% of revenue (R\$17.4 billion), and illegal ones, with 51% (R\$18.1 billion), as reported by ge Globo.

These figures refer to the first half of this year, when regulation began. Although the numbers are lower than the global average (69% of bets are illegal), the increasing market share of companies that do not comply with government-established rules is a cause for concern.

“If we reach a point where over 60% of the market is criminal, you will see more sponsorship deals being canceled. If it reaches 75%, you will see half of the sponsorship market canceled,” Vali told ge.

According to Yield Sec’s analysis, the share of illegal operators grew by 10% between the first and second quarters of this year. The consultancy projects they will reach 74% by the end of 2026.

“In the future, for legal companies to sponsor clubs, the amount will decrease because no one will be making the money they should be. That is the biggest fear,” said the consultant.

“Many of the deals are driven by ego. Companies do them to say they are the biggest betting brand in Brazil and that they sponsor the biggest clubs. How long will you keep doing that when you’re no longer making money? Ego is affected when there’s no more money in your pocket,” he added.

All clubs in the Brazilian Championship Serie A are sponsored by betting companies – 90% of them occupy the main space on the jerseys. In August, Flamengo announced a deal with Betano worth R\$268.5 million, the largest of its kind in the country – five years ago, the club signed a deal with BRB bank for R\$32 million per year.

In Vali’s view, illegal operators also pose a risk to the integrity of the sport.

Unlike regulated operators, who are required to report abnormalities and suspicions of match-fixing, illegal ones operate under the radar.

“There is a complete lack of integrity control in illegal betting. If you have corrupt athletes, they won’t use legal betting sites, where everything is reported. Everything in the illegal sphere is outside integrity control.”

The study identified 167 legal operators in Brazil in the first half of the year, but another 2,316 illegal ones.

“What we found in six months of a legal market is great, one of the best performances we see internationally. But with very fragile foundations. If nothing is done, we can say that next year three-quarters of the market will be criminal. You start well, but then you get lost,” stated Vali.

The Federal Government has taken action against illegal betting, mapping out banks and fintechs that act as payment intermediaries for these companies, in addition to a “crackdown” on online ads for these firms.

In September, the Prizes and Betting Secretariat (SPA) of the Ministry of Finance, the National Telecommunications Agency (Anatel), and the National Association of Games and Lotteries (ANJL) signed a technical cooperation agreement to improve the detection and blocking of illegal websites.

For Vali, this crackdown is the best way to protect the market and increase tax revenue – the government has been trying to increase the tax on bets, currently at 12%.

“Instead of focusing on regulating the legal ones, you need to focus on fighting crime. Get rid of the crime, or they will find a way to take over your market,” he said.

“Brazil set an age limit to play (18 years old). Of course you do that, everyone does. But it’s an opportunity for crime, unless you police the market. Criminals will think: ‘What about 15-year-olds?’. They are easy to find, on social networks, on Roblox, on Fortnite. I can find these kids. In a while, they will be 18 and won’t play with the legal companies,” he concluded.