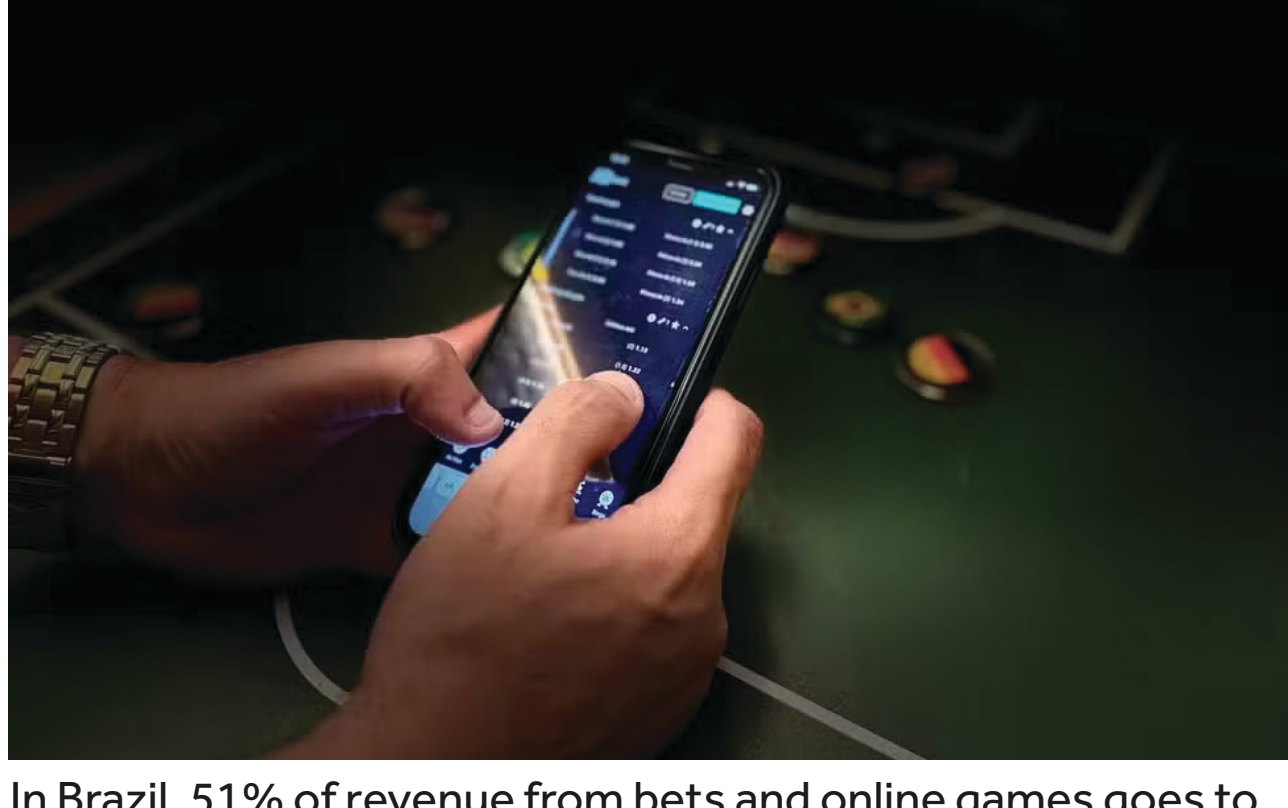


Photo: Augusto César Gomes



In Brazil, 51% of revenue from bets and online games goes to illegal companies; Government restricts payment methods for online sports betting

Consultant predicts drop in soccer club sponsorships with the advance of illegal bets

Regulated betting companies have become the main partners of Brazilian teams, but study projects they will occupy only about a quarter of the market in a year

BY LEONARDO LOURENÇO — SÃO PAULO
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The advance of illegal betting companies could have a significant impact on soccer club sponsorships starting next year, if the current scenario continues. The projection is 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 divided between legal companies, with 49% of the revenue (R\$ 17.4 billion), and illegal ones, with 51% (R\$ 18.1 billion).

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

“If we reach the 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,” said Vali to ge.

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

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

“Many of the agreements are driven by ego. Companies make them to say they are the biggest betting brand in Brazil and that they sponsor the biggest clubs. How long will you do that when you are no longer making money? Ego is affected by no longer having 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 shirts. In August, Flamengo announced a contract 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.

Illegal operators also represent a risk to the integrity of the sport, in Vali’s view.

Unlike regulated ones, which are required to report abnormalities and suspicions of match-fixing, illegal ones operate below this radar.

“There is a complete lack of integrity control in illegal bets. If you have corrupt athletes, they will not use legal bets, where everything is reported. Everything in the illegal spectrum is outside of integrity control.”

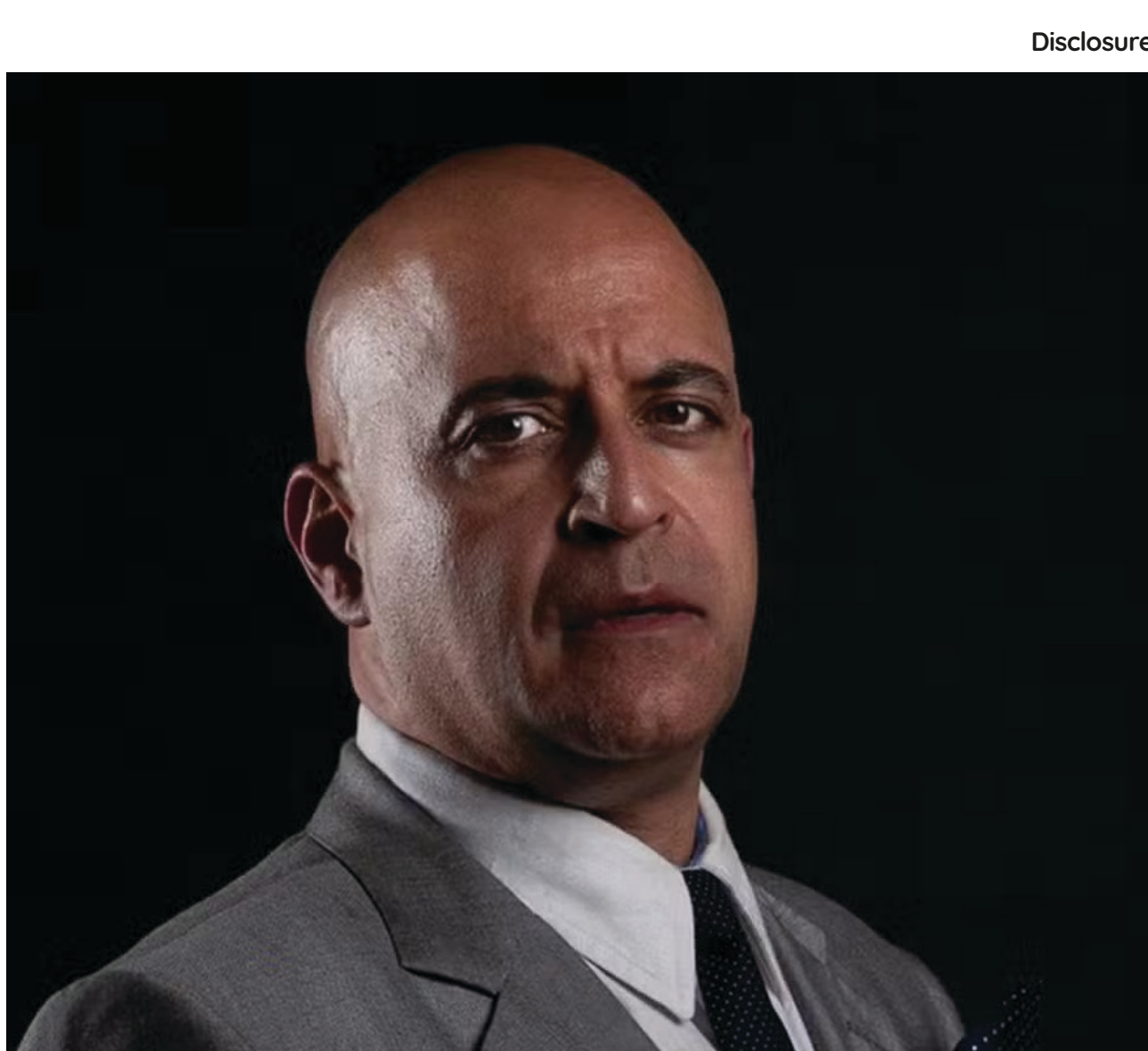
The study identified 167 legal operators in Brazil in the first half of the year, but another 2,316 illegal ones.

“What we discovered 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,” said Vali.

The Federal Government has taken actions against illegal bets, mapping banks and fintechs that act as payment methods for these companies, in addition to a “hunt” for online ads from these companies.

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

Disclosure



Ismail Vali, CEO of Yield Sec consultancy

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

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

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