

Bettor: illegal sites account for 55% of the Brazilian market (Svetikd/Getty Images)

Dirty Game: The explosion of illegal bets threatens the regulated betting market

While regulated betting companies spend fortunes to comply with strict rules, clandestine sites turn a billion-dollar market into a free-for-all for crime

BY FELIPE CARNEIRO DECEMBER 21, 2025, 08:00 AM

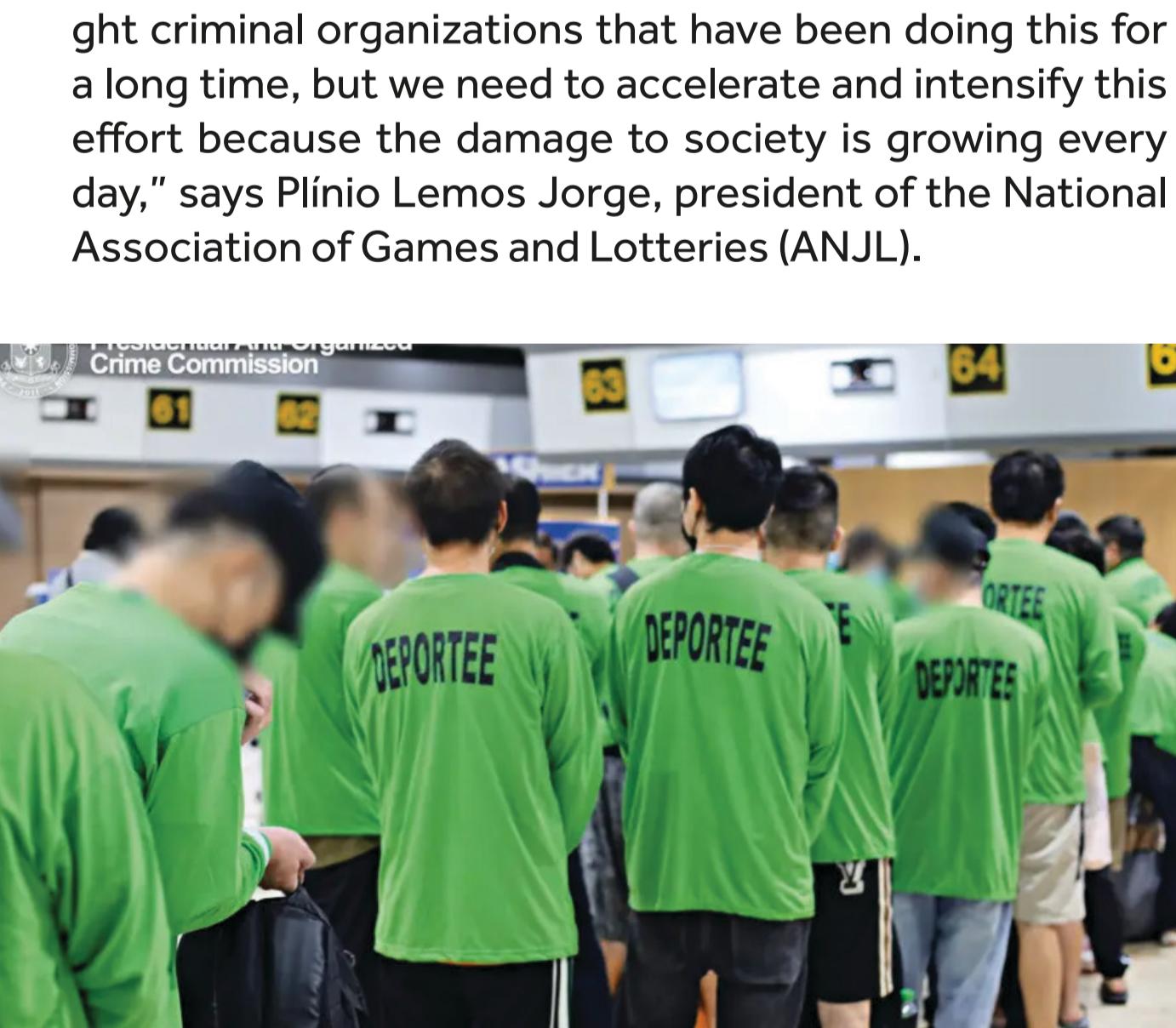
Entering Brazil's regulated online betting market on January 1, 2025, came at a high price. The entry ticket cost 30 million reais for the operating license, plus 5 million deposited in a mandatory guarantee account, proof of another 30 million in net equity, in addition to setting up the entire company structure on national soil and a package of player protection measures that doesn't cost less than 40 million reais. And that's without counting marketing—just the Flamengo jersey sponsorship is worth 268 million reais per year, while at Corinthians the value is 103 million reais.

The prize seemed to justify the risk and attracted dozens of companies (today there are already 97, owners of 167 brands) to compete for a market that moved over 35 billion reais in gross revenue in the first half of 2025 alone. The danger? That all this investment would become useless, since Brazilians continue to have access to thousands of clandestine casinos on the internet, which bear none of these costs to operate. "The regulation was very well done and the legal betting companies dominated the market very quickly," says André Gelfi, president of the Brazilian Institute for Responsible Gaming. "But the illegal ones adapted just as quickly and are growing without any really effective fightback."

The turnaround began in the second quarter of 2025. From January to March, the legal market had captured 55% of online bets in the country, driven by aggressive marketing campaigns. However, it only took three months for that share to drop to 45%—a rapid decline that set off all alarms. The reason? Illegal operators quickly discovered how to exploit every new rule created to protect the consumer. The battle between betting companies became an asymmetric war, fought around the "three Ps": price, product, and promotion.

Losing the Game

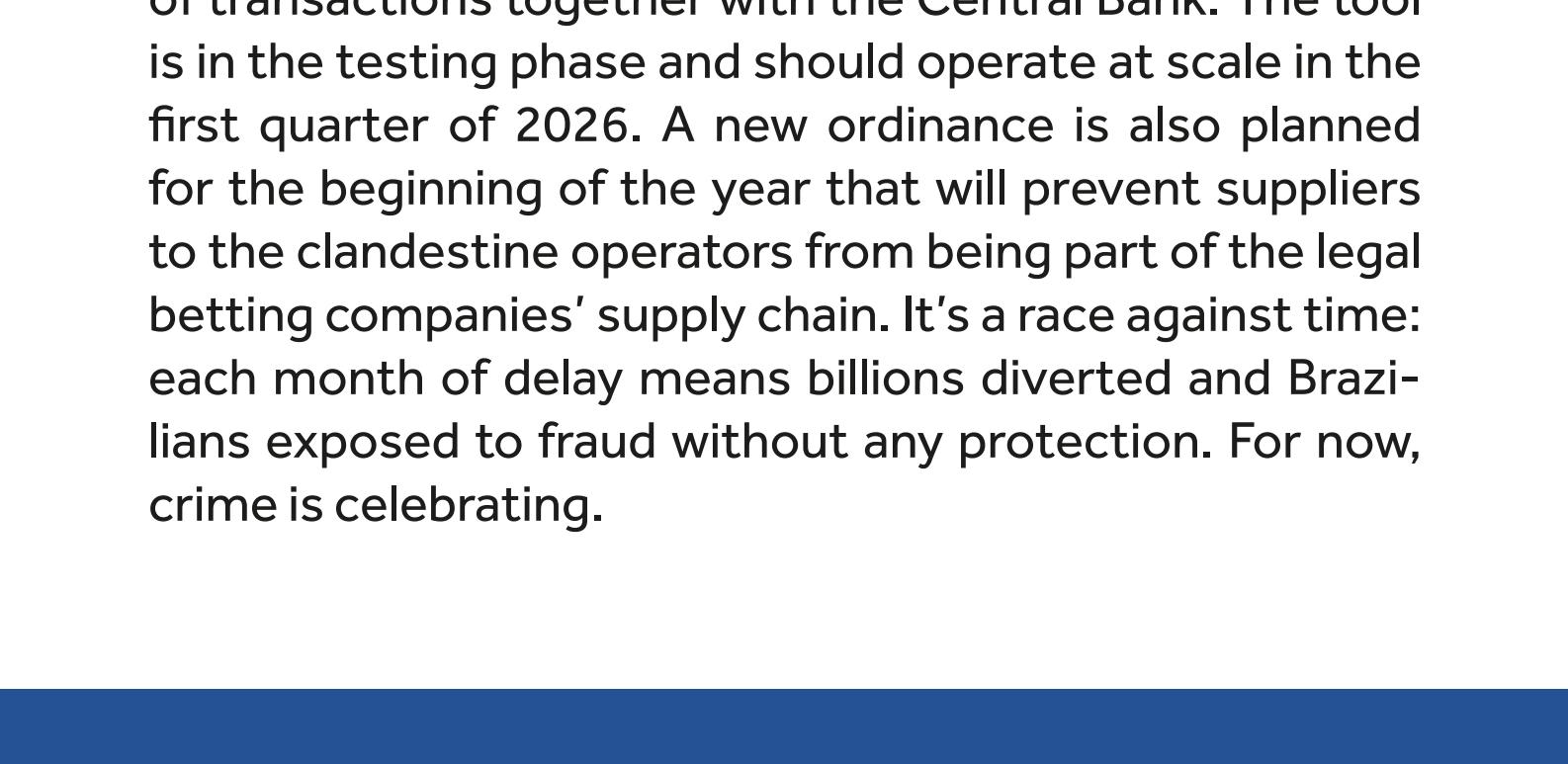
The illegal betting market is growing in Brazil, but it is still below the global average (in %)



Source: YieldSec / GCI

Without paying taxes or complying with regulations, clandestine sites can offer odds impossible for legal competitors to match, bonuses banned for regulated houses, and a level of access ease that is almost automatic, as they ignore requirements like age verification, bank linkage, facial identification, and other barriers designed to protect vulnerable bettors and curb money laundering. More seriously: illegal betting sites flood the Brazilian digital environment with an average of 22,000 new promotional pieces of content per day, targeting especially young people under 35 through mid-range influencers and encrypted messaging platforms like WhatsApp and Telegram, which are practically immune to oversight.

Without protection mechanisms, minors bet freely and compulsive gamblers—who would be blocked on legal sites by self-exclusion tools and income-linked limits—find wide-open doors. Houses disappear overnight when a bettor wins significant amounts, leaving them with no recourse. A survey by the Locomotiva Institute revealed that 61% of Brazilian bettors have placed at least one bet on an illegal platform in 2025. More worryingly: 72% admit they cannot distinguish a legal site from an illegal one.



Corinthians: the team receives 103 million reais per year from its sponsor (Agência Corinthians).

Today, there are 2,316 identified clandestine operators, compared to only 167 with an official license, a ratio of almost 14 to 1 that shows the scale of the problem. "All the accusations made about the betting companies—that they don't pay taxes, deceive bettors, exploit gambling addiction—only happen in the illegal market," says Guilherme Figueiredo, commercial director of Betano. "But the bad reputation falls on the entire industry."

The problem has grown because the fight against clandestine houses has been, from the start, ineffective. With a structure of no more than fifty people—and only five dedicated to monitoring the entire internet—the Secretariat of Prizes and Bets (SPA), of the Ministry of Finance, is limited to receiving reports of illegal sites and requesting Anatel, the telecommunications regulatory agency, to block them. The illegal betting sites, however, were already prepared: for every address taken down, another would immediately appear, with no relevant impact on the business. It soon became clear that it would be necessary to attack the sensitive point of the operation: the payment methods, preventing the clandestine operators from receiving the bettors' money.

X-ray of Betting Sites

Online regulation* figures in Brazil after six months

*Regulation came into force in January 2025. Source: YieldSec / GCI

However, it was still necessary to define who would have the authority to do this. In the second quarter of 2025, an ordinance granted this power to the SPA and established severe punishments for financial institutions that process transactions for illegal bets, but the practical application of these rules is still in its infancy. "It's natural for regulatory bodies to go through a learning curve to fight criminal organizations that have been doing this for a long time, but we need to accelerate and intensify this effort because the damage to society is growing every day," says Plínio Lemos Jorge, president of the National Association of Games and Lotteries (ANJL).

The difficulty is not exclusive to Brazil. Worldwide, authorities struggle to confront illegal operators, who are generally based in other countries, making it difficult to identify them. The Philippines' clandestine market has fallen from 93% to 46% in the last six months, but the country's illegal operators have adapted to the new rules by shifting to other countries like Thailand and India. "The challenge is to find the right strategy to combat this," says Val, president of GCI, the company that operates the illegal market. "We need to identify the criminal route changes."

Since January 2023, when this strategy was adopted, the Philippines' clandestine market has fallen from 93% to 46% in the last six months, but the country's illegal operators have adapted to the new rules by shifting to other countries like Thailand and India. "The challenge is to find the right strategy to combat this," says Val, president of GCI, the company that operates the illegal market. "We need to identify the criminal route changes."

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