

The WAGER, Vol 4(20) - Online Casinos: A Closer Look

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Gold Club Casino is one of several online casinos popping up on the Internet, and provides an example of how such enterprises operate. The mechanism is simple: 1) Download the free casino software 2) Install it on your computer 3) Register and make an initial deposit 4) Begin gambling. Even the most novice of computer users can set up his or her own casino account in well under 30 minutes. The software offers both a "demo" mode and a "real" mode. The former allows players to practice gambling using the cyber-equivalent of play money. The real mode logs the user into the central server where he or she can conduct transactions with real money. At press time, the WAGER has not yet determined whether the odds of the demo games match the odds of the real games. In addition, it is too early to evaluate the influence of online casinos on pathological gambling; however, certain other issues arise. Will online casinos be effective in controlling access to underage gamblers? To what extent will regulations be enforced successfully? It should be noted, of course, that these issues are common to all online casinos and not just the Gold Club Casino reviewed here. Listed below are some summary data for the online gambling industry as a whole.

Vital statistics of online casinos¹

1998 total online wagers	\$13 billion
1998 total wagers minus payout	\$651 million
Current number of online casinos	about 300
Number of countries offering online gaming licenses	about 25
American participation	75% of all wagers came from between 200,000 and 300,000 Americans
Average annual revenue per online casino	\$3 to \$4 million

Source: 1 Schauerte, M. (24 Jan 1999). Legislator in Illinois wants to outlaw using Internet to gamble; Just accessing web with intent could be a felony. St. Louis Post-Dispatch, C3.

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