

Online betting: Different metrics for different evaluations

- ▶ Estimates of the online betting and gaming sector can vary widely, depending on the definition of the measures used. Building on our study "[Macro Vision — Online betting: Estimated size and impacts on consumer spending](#)", we present three possible definitions and our corresponding estimates.
- ▶ We believe that total spending on online betting and gaming, a frequently mentioned metric, is not suitable for analyzing the impact on consumption. For this purpose, net spending, which deducts the amount received in prizes by players, is more appropriate.
- ▶ We estimate that in the 12 months ending in June, total spending was R\$ 68.2 billion reais, while net spending was R\$ 23.9 billion.
- ▶ To assess the flow of funds in and out of the country, which may be relevant to the foreign exchange market, the volume of transactions between Brazilians and foreigners related to online betting and gaming should be considered. We estimate it at R\$ 112.5 billion.

1. Different metrics: Total spending, net spending, total volume of international transactions

Estimates of the online betting and gaming sector in Brazil accumulated in 12 months to June 2024 (billions of reais)			% of GDP
(1)	Total spending on online betting and gaming (amount sent abroad)*	68.2	0.62%
(2)	Prizes received by winning players (amount received from abroad)**	44.3	0.40%
(1) - (2)	Net spending on betting and online gaming (total spending minus prizes won)	23.9	0.22%
(1) + (2)	Total volume of international transactions related to online betting and gaming (Total spending on online betting and gaming plus prizes received)	112.5	1.02%

*As explained in our "Macro Views — Online betting: Estimated size and impacts on consumer spending", total spending on betting is made up of: (i) service fees paid by players to the company responsible for the game or bet (24.1 billion) and (ii) the portion of the betting pot to be distributed to the winners (44.1 billion).

**The prizes received were calculated as the difference between the revenue from the Balance of Payment's "Secondary revenue - other transfers" account in June 2024 and December 2022 (lines i - f, from the table in the original study), accumulated over 12 months.

Total spending on online betting and gaming. This refers to the amount sent abroad to online betting platforms, without taking into account the amount received back by winning players. According to our estimates based on balance of payments data, this amount totaled R\$ 68.2 billion in the 12 months to June 2024. It is important to note that the actual amount bet may be higher, as players often use their winnings abroad to place new bets, without repatriating the money earned. We haven't made any estimates on the actual amount bet because the focus of our study is macroeconomic.

Net spending on online betting and gaming. We believe that this is the most appropriate metric for estimating the impact of the betting sector on the consumer, as it measures how much actually left the Brazilian consumer's pocket and has not returned. It is equivalent to the amount sent abroad to betting sites, R\$ 68.2 billion, minus the amount received in prizes by winning players, R\$ 44.3 billion, totaling R\$23.9 billion.

Total volume of international transactions related to online betting and gaming. It's calculated by adding the total expenditure on betting (outflows in the balance of payments) to the prizes received by the winners (inflows in the balance of payments). It aims to measure the total volume of transactions between Brazilians and foreigners that originate from online betting and gaming operations. Our estimate for this figure is R\$ 112.5 billion.

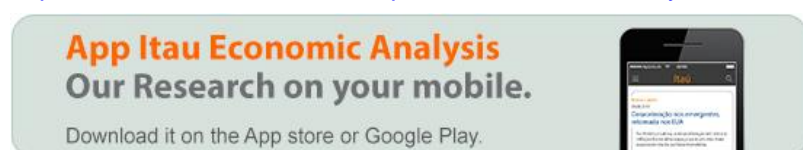
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