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GAMBLING BUSINESS AS PART OF KAZAKHSTAN'S TOURISM POTENCIAL

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This article examines possibilities of applying gaming industry as a tool for developing the tourism potential of Kazakhstan. It contains a detailed study of experience of foreign countries in regulation of gambling and its impact on the development of tourism in the state. This type of business affects the development of gaming tourism, which in turn can become a means of replenishing the state budget and contribute to the development of inbound tourism, a good example of this fact is the casino in Macau. The development of the tourism industry leads to the expansion of the tourist services provided. Thus, the emergence of tourist services related to gambling, the so-called junket tours, which have long been known in the world, and are quite new for our region. The definition of junket tours is given and features of their practical implementation are analyzed. Results of the Gambling Availability Score rating for residents in individual countries are analyzed. The final part of the article proposes a concept for the development of gambling tourism in the Republic of Kazakhstan for the long-term period, which includes many directions and it is very important to approach this concept comprehensively.

Key words: gamble; tourism; tourism potential; tourism economy; gambling; junket tours; destination; gaming tourism; casino; service; online casino.

ҚАЗАҚСТАННЫҢ ТУРИСТІК ӘЛЕУЕТІНІҢ БІР БӨЛІГІ РЕТІНДЕ ОЙЫН БИЗНЕСІ

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Мақалада Қазақстанның туристік әлеуетін дамыту құралы ретінде ойын бизнесін пайдалану мүмкіндіктерін зерттеу жүргізіледі. Ойын бизнесін реттеу және оның мемлекеттегі туризмнің дамуына әсері туралы шет мемлекеттердің тәжірибесіне егжей-тегжейлі зерттеу жүргізілді. Бизнесінің бұл түрі ойын туризмінің дамуына әсер етеді, бұл өз кезегінде мемлекеттік бюджетті толықтырудың құралы бола алады және кіруге ықпал етеді туризм, бұл фактінің жақсы мысалы-Макаодағы казино. Туристік саланың дамуы көрсетілетін туристік қызметтердің кеңеюіне алып келеді. Сонымен, ойын бизнесімен байланысты туристік қызметтердің пайда болуы, әлемге бұрыннан белгілі және біздің аймақ үшін жеткілікті жаңа жанкетт турлары. Жанкет-турлардың анықтамасы келтіріледі және олардың практикада іске асырылу ерекшеліктері талданады. Жекелеген елдердегі тұрғындар үшін құмар ойындарға қолжетімділік рейтингісінің нәтижелері талданады. Мақаланың қорытынды бөлімін-

де Қазақстан Республикасында перспективалық кезеңге арналған құмар ойындар туризмін дамыту тұжырымдамасы ұсынылады, ол көптеген бағыттарды қамтиды және осы тұжырымдамаға кешенді түрде бару өте маңызды.

Негізгі сөздер: құмар ойындар; туризм; туристік әлеует; туризм экономикасы; ойын бизнесі; джанкет-турлар; дестинация; ойын туризмі; казино; сервис; онлайн казино.

ИГОРНЫЙ БИЗНЕС КАК ЧАСТЬ ТУРИСТСКОГО ПОТЕНЦИАЛА КАЗАХСТАНА

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В статье проводится исследование возможностей использования игорного бизнеса как инструмента развития туристского потенциала Казахстана. Проведено подробное исследование опыта зарубежных государств относительно регулирования игорного бизнеса. Данный вид бизнеса влияет на развитие игрового туризма, что в свою очередь может стать средством пополнения государственного бюджета и поспособствовать развитию въездного туризма, хороший пример данному факту является казино в Макао. Развитие туристской отрасли приводит к расширению предоставляемых туристских услуг. Так появление туристских услуг, связанных с игорным бизнесом, так называемых джанкет-туров, давно известных в мире, и достаточно новых для нашего региона. Приводится определение джанкет-туров и анализируются особенности их практической реализации. Анализируются результаты рейтинга доступности гемблинга (Gambling Availability Score) для резидентов в отдельных странах. В заключительной части статьи предлагается концепция развития гемблинг-туризма в Республике Казахстан на перспективный период, которая включает в себя множество направлений и очень важно подойти к данной концепции комплексно.

Ключевые слова: азартные игры; туризм; туристский потенциал; экономика туризма; игорный бизнес; джанкет-туры; дестинация; игровой туризм; казино; сервис; онлайн казино.

Introduction. World experience evidences that gambling as a regulated activity may be an additional source of state budget replenishment and funding for social programs in the field of culture, healthcare and sports, etc. For Kazakhstan, attracting financial resources to support such programs is also an issue of interest. Gambling can become an important driver in increasing incomes at all levels of the budget system and developing the tourism industry. Large-scale casino complexes can act as a kind of attraction points for attracting foreign tourists. As a result, the funds in the

budget may be used to restore infrastructure and tourist facilities, as well as to train personnel. Moreover, the ban on gambling in some countries with strict legal regulation leads to the rise of gambling in neighboring countries with a more loyal attitude towards this industry, consequently leading to an increase in tourist trips with the aim of visiting gambling establishments. According to this growth, the economic attractiveness of regions with a developed gambling industry is also increasing.

There are very few scientific studies and publications on the development of gambling

and its impact on the development of tourism in Kazakhstan. Research by K.K. Sabirov, Ye.O.Prilepskikh, I.M. Kichigin skate around the role of games of chance in the development of tourism. K.K.Sabirov focused his attention on the importance of the role of games of chance and the gambling industry in the regions of Kazakhstan as an attractive tourist factor [1]. During the research, the author mainly analyzed foreign experience in the context of retrospective influence. In this regard, new research into the features of the gambling industry in the system of international and domestic tourism, the specifics of the legislation governing gambling (games of chance) in European countries, as well as identifying the possibilities of legislative support for the operation of casinos and other gambling establishments as one of the components of the tourism potential development of Kazakhstan is of particular relevance.

In terms of the availability of gambling or possible participation in games of chance, the situation varies greatly from country to country [2]. The ban on gambling in some countries with effective legislative regulation leads to the rise of gambling in other countries, often neighboring ones. Regions that focus on the development of gambling as part of the country's tourism potential primarily note the emergence of tourist trips with the aim of visiting gambling establishments. The corresponding economic impact of these trips on the development of the region is the next stage. International practice shows that these trips are mostly organized. Currently, gambling is actively developing in a number of European countries, including at the expense of tourists. Many of them have game entertainment centers. The largest of them are in the USA (Las Vegas, Atlantic City) and Europe (Monte Carlo, Baden-Baden).

Tourist trips associated with visiting a casino owe their appearance, first of all, to

the marketing programs of casinos. A casino trip is an organized gambling tour for people who travel to casinos primarily to gamble. Such a trip often includes transportation, accommodation, means of stimulating the game in the casino and the movement of funds to and from the casino [3]. Taking into account the above features, we can attribute these tours to organized tourism. According to the definition by O.T. Loiko, organized tours include a situation where tourists purchase tours on pre-agreed routes, period of stay, and the volume of services provided through a special tourist sales apparatus [4].

Junket tour (free entertaining trip) is a professionally planned vacation in a casino, which includes not only games of chance, but also a comfortable transfer, accommodation, meals and even excursions. Junket tours are held at the expense of casinos or other gambling establishments. The organizers pay for the player's transportation, meals and accommodation, however, the player undertakes to play for a certain time and at certain rates specified in the contract. In other words, these are tours to those countries where gambling is legal [3].

The choice of the junket tour is associated with the choice of the casino organizer. The following three factors should be considered:

- reputation of the establishment;
- professionalism;
- level of service.

Tourist trips to casinos are common in the Americas, the Caribbean and Asia and less common in Europe. The number of such trips to casinos in Africa, the Middle East and Central Asia remains unknown [5].

The main target audience of junket tours are, of course, citizens of those countries where the gambling is banned or restricted. Usually, it is the operator offering the junket tour that

is obliged to provide the most comfortable conditions, particularly:

- place of residence (hotel, etc.);
- meals (eating areas, restaurants, all-inclusive option, etc.);
- transfer (to the destination and back);
- entertainment and recreation (excursions, meetings, etc.);
- anonymity (an additional service which is often provided upon request).

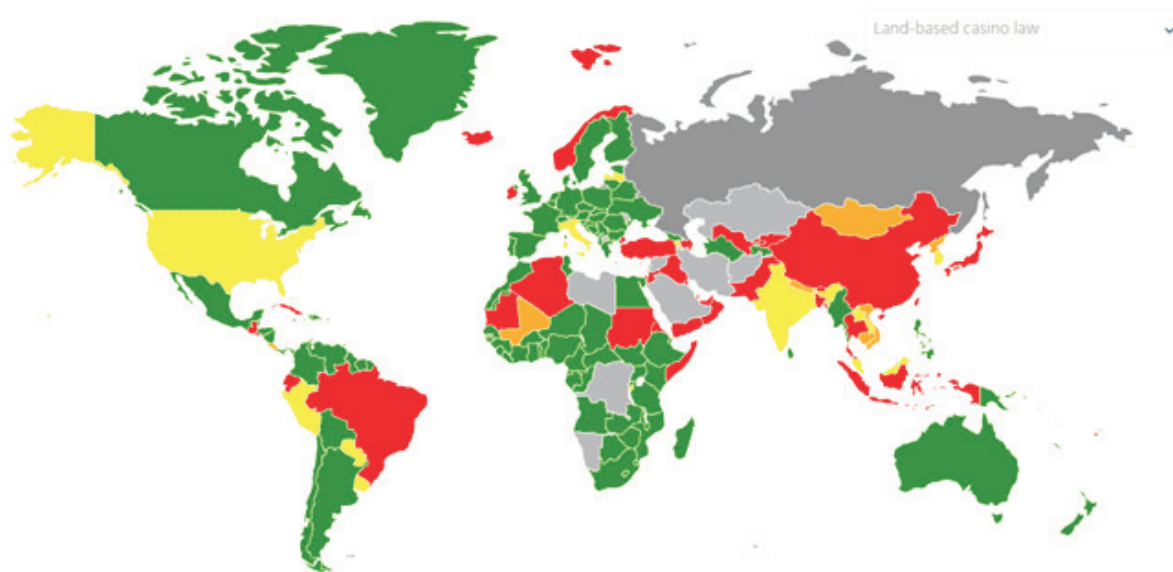
The mechanism of the junket tour is that the client exchanges a certain amount of money for chips, which he must use in different games during the entire duration of the contract. The level of service depends on the size of the deposit. The minimum bet also depends on the size of the deposit. The larger the deposit, the higher the minimum bet.

Travel is the second advantage of such tours. The guest is not limited to just visiting the casino. He/she has a new country at his/her disposal, and the sights of such a country may also be of interest to him/her. A trip to the

USA is the most exciting way for a gambling tourist. There he/she can see Las Vegas, visit the suburbs of New York, where the richest people in America come to gamble. Optionally, you can look into the unusual Indian casinos located on the territory of the reservations. The Baltic countries and Georgia are also among the leaders of junket tourism.

The number of countries in the world that continue to treat gambling as a crime and regulate it mainly in the criminal plane is getting smaller every year.

Land-based casinos are completely prohibited only in 4 countries of the world – Iceland, Ireland, Norway, Ukraine. In Italy, Luxembourg, Sweden, Russia and Kazakhstan, land-based casinos are allowed only in certain locations. For example, in Russia, a legal casino may be established in five special economic zones permitted by law: Altai krai, Krasnodar krai, Primorye, Kaliningrad region, and since 2015, Crimea and Sochi [6].



- Allowed in certain territories
- Prohibited
- Legal for foreign visitors only
- Legal in limited regions only

Figure 1 – Legal regulation of the activities of land-based casinos [7]

Currently, European countries are friendly to the organizers of Internet games, believing that the activities of online casinos are much safer and less prone to fraud than land-based casinos. The World Pay payment system used by game operators provides a good opportunity to European governments for regulating game operators' income [5]. A number of states (Austria, Iceland, Luxembourg, Switzerland, Czech Republic, Slovakia, Serbia) prohibit local operators from organizing online gambling for their citizens, while such permission is invalid for similar foreign companies. Ten European countries allow online casinos to operate in their jurisdictions with no restrictions. Legislation in 15 countries requires online gambling operators to have a license which is issued by authorized bodies and is usually expensive.

In countries such as Poland, Latvia, Belarus, Georgia, where gambling is clearly regulated and controlled by state administration, casinos are the basis for the formation of gaming tourism destinations. Here, the integration of gaming establishments into the urban infrastructure is observed. Casinos are usually located within the city and are separate, small establishments compared to those in Las Vegas and Macau. Cities with a developed offer of gambling tourism in these countries attract significant flows of international and domestic tourists and are a significant source of revenue from gambling tourism in regional and, consequently, national economies [3].

Game tourism is a kind of tourism where the participating tourists, also called players, manage resources, data, etc. through game symbols in order to achieve their goal (winning). The main direction of gaming tourism includes activities with entertainment and, sometimes, educational purposes [2].

H. Gu, G. Di, N. Guo, as well as J. Ho Kim, K. Ho Kang studied the impact of the development of gambling in Macau and US cities. The

authors analyzed the positive (growth of the economy, increase in tourist demand, improved tourist infrastructure, formation of a brand of the territory) and negative consequences of this phenomenon (growth of social inequality, uncontrollability of the process of managing gambling establishments, growth of crimes in cities) [8].

About half a million people from different parts of the world visit Macau casinos every month. The ability to visit casinos for citizens of those countries where gambling is prohibited is a feature of the gambling service in this region. Macau, a separate, autonomous administrative region of China, is a good example. There are many round-the-clock casinos for tourists. Every year during the Golden Week, many gamblers from China and all over the world meet within the walls of Macau establishments [9].

Materials and methods. Thus, the world practice has three models of regulation today, depending on the attitude of society regarding gambling activities:

1. Complete ban on gambling, which is inherent in countries with a high level of religious influence on society, poor countries or very rich ones, with strict legislative regulation of the economy.

2. Partial legalization of the gambling market, when the state allows only certain types of games of chance or certain operators of gambling business (including state monopoly), or territorial concentration in special gambling zones.

3. Full legalization of gambling within the framework of state control of games of chance.

In order to help orientate consumers of gambling services, Key To Casino combined all the results of the research [7] and summarized them for each country. The score received was called Gambling Availability Score. Gambling Availability Score is a complex

indicator that reflects the peculiarities of the gambling legislation of the respective country, as well as the stipulated actual permissions and restrictions for operators and players [7].

Each country can score a maximum of 1000 points in total. Scoring is based on the assessment of six different factors:

1. 500 points are given based on the percentage of online casinos that allows citizens of the country to play online;
2. 100 points are given to the country having laws on land-based casinos;
3. 100 points are given by researchers based on the analysis of the country's legislation regarding online casino operators;
4. 100 points are given to a country based on the existence and severity of the penalties faced by players;
5. 100 points are given to a country based on whether Internet service providers in the country block access to casinos (the possibility of depositing electronic money);
6. 100 points are given to a country based on whether the country blocks financial transactions related to payments at online casinos.

When summed up, this rating represents the position of the country's government on both land-based and online gambling, as well as the attitude of online casinos to this country.

According to the research conducted by Key To Casino in 2020, the Gambling Availability Score shows that the United States is one of the worst countries for resident gamblers. The country scored only 273 points out of 1000. Iraq is also in the list of the worst countries (220 points). The citizens of the Channel Islands, Côte d'Ivoire and South Sudan, whose legislative initiatives are rated at 918, 914 and 912 points, respectively, can best implement their gambling opportunities (both in land-based casinos (off-line) and online casinos (on-line)) [7].

The graph shows the first fifteen positions of the leading countries, as well as the positions of the countries that complete this list (Figure 2).

Among the CIS countries, Uzbekistan occupies the lowest position in the rating, having 474 points. On the second and third steps from the end, there are Russia and Kazakhstan, having 615 and 680 points, respectively [7].

Results and discussion. The issue of legalizing gambling becomes especially relevant in the context of holding cultural, sports and entertainment events at a transnational level, as well as in the context of the established political agenda on increasing the tourism potential of Kazakhstan and its capital. The motivation for the legalization of gambling is the same for everyone, i.e. financial component and a serious potential for increasing tourist attractiveness. Kazakhstan has a very convenient location and developed servicing in the field of leisure such as cafes, restaurants, clubs, sights, cultural facilities. Accumulating the attractiveness of this servicing, an integrated approach to the formation of the market of gambling services can not only develop the gambling industry, but also offer additional options like visiting attractions, cultural monuments. All this will undoubtedly be a significant financial injection into the region's economy.

This creates an opportunity to attract a large flow of tourists not only from the countries of the former CIS, but also from Europe, Asia and the Arab countries of the Middle East. World experience has shown that countries dominated by the gambling are very popular with tourists and bring huge amounts to the government budget [10].

Taking into account international experience, the development of this industry will be complicated if there are no government support measures. One of the simplest measures is to create the necessary mechanisms to protect investments, reduce corruption risks, and create

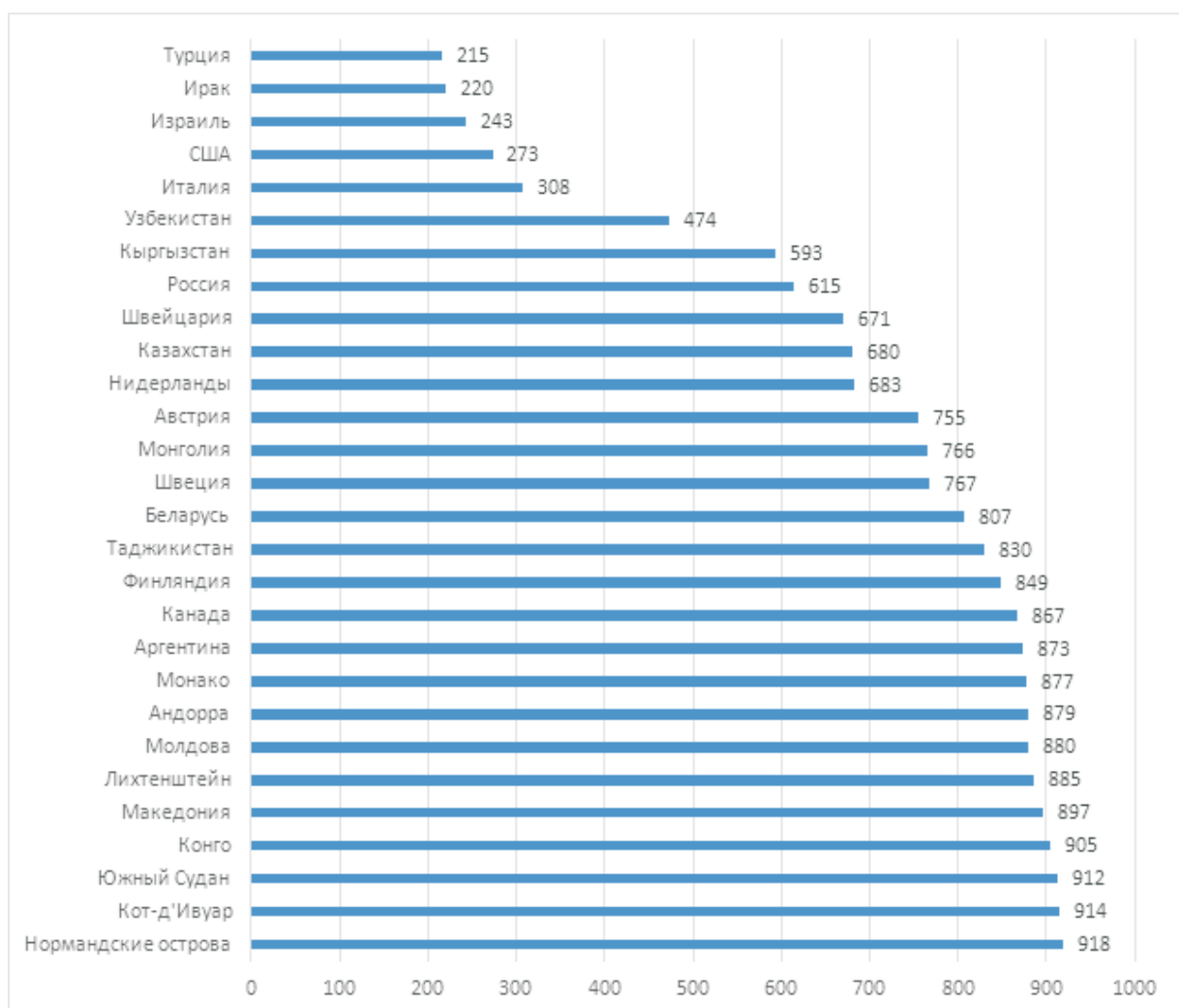


Figure 2 – Countries with the highest and lowest Gambling Availability Score for residents, 2020 [7]

a transparent system of taxation and licensing. Besides, there is a need for systematic work to create the IT infrastructure. This will allow entrepreneurs to make a choice in favor of Kazakhstan. In that way, expert K.A. Katkov argues that the main method of gambling regulation in foreign countries is not a ban on games of chance or gambling establishments, but an effective legal regulation thereof [11].

Conclusions. This article assumes that Kazakhstan has chosen the most successful solution in terms of gambling regulation with an emphasis on the development of promising tourist destinations.

Thus, the Kazakh gambling is connected with the tourism sector. The opportunities of gambling should be used to develop the country's tourism potential.

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