

Gamblers bet on Bitcoin for anonymous online wagering

Anti-gambling laws may not stop bets with Bitcoin

By [Adam Bender](#) (Computerworld)

12 June, 2014 09:55



SatoshiDice is the most popular Bitcoin gambling site, according to James Canning of the Bitcoin Betting Guide.

Bitcoin could give a boost to online betting due to the digital currency's anonymous nature and ability to circumvent anti-gambling laws in the United States and other countries.

About 50 per cent of Bitcoin transactions globally have been for online gambling, according to James Canning, webmaster of the Bitcoin Betting Guide.

Bitcoin is appealing to gamblers because it allows them to place anonymous bets and avoid lengthy registration processes to verify who they are and where they come from, said Canning, who will speak next month at the Inside Bitcoins conference, from 9 to 10 July in Melbourne.

Even in Australia, a more gambling-friendly nation, registering for a licensed gambling website requires handing over personal details, credit card information, utility bill and copies of the front and back of a driver's licence, he said.

"I can do everything I've just said in Bitcoin in as long as it's taken to explain how long it takes in fiat."

Bitcoin gambling could be even more attractive to people who are not allowed to gamble under the law, including minors and American citizens. The United States is one country where lawmakers have banned online gambling operations.

"People in the United States or India dream they could gamble so easily," said Canning. "[You] dream that there was such little friction in gambling if you're a United States citizen, or a Chinese citizen, or a Nigerian citizen or if you're 16 years old, or if you're an athlete who wants to bet on your own team."

"Bitcoin removes all the friction."

Not everyone shares Canning's enthusiasm for Bitcoin as a disruptive force for Internet gaming. The US non-profit Stop Predatory Gambling said Bitcoin makes it easier for gambling operators to exploit customers.

"While digital currency could play a beneficial role in the future of our society, it will never achieve its potential as long as its primary purpose is to wash money for people who profit from exploitation," a spokesman for the anti-gambling group said.

"The independent evidence shows that government-sponsored gambling, including online gambling, creates unfairness and inequality of opportunity because it's based on cheating and exploiting citizens. Gambling operators use Bitcoin to help cover up this major rip-off."

GetUp!, which advocates against gambling in Australia, said it's wary of Bitcoin betting but does not yet see it as a major problem.

"Anything that allows underage people to gamble unchecked is something we'd be against, but as far as I'm aware Bitcoin gambling is not at the scale we'd campaign on – compared to approximately 11,000 pokies owned by [Woolworths]," a GetUp! spokesman said.

Canning said he fully expects resistance to Bitcoin gambling, but does not believe the US government or anyone else can shut it down.

"I imagine it's just a matter of time until they fail in their attempts to come after Bitcoin gambling," he said.

"We have censorship-resistant technology. As we're building the Bitcoin ecosystem, we're learning from past censorship efforts and past legal crackdowns and we're building things that are deliberately censorship resistant."

Historically, the US Justice Department has shut down fiat-based online gambling sites by cutting off their ability to transact with customers, he said.

“They can’t do that with Bitcoin. That’s impossible. The only way they could do it is to shut down the Internet.”

Next page: The state of Bitcoin gambling

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State of Bitcoin gambling

There are hundreds of online gambling sites that accept Bitcoin, but they tend to be specialist sites and few if any are mainstream gambling companies, said Canning.

“Most of them are very new” and only about a dozen are worth gamblers’ time, he admitted.

[SatoshiDice\[1\]](#), a simple dice game named for the [mysterious founder of Bitcoin\[2\]](#), Satoshi Nakamoto, is the most popular Bitcoin gambling site, said Canning.

In SatoshiDice, a player rolls a number between one and 100 after placing a bet on what they’re going to roll. Canning said the odds are slightly better than Blackjack and quite a bit better than slots.

The game has seen “thousands and thousands of micro transactions – just people betting a few cents per roll.”

We contacted popular Australian companies that offer online betting – TabCorp, Sportsbet and Tom Waterhouse – but none would comment about Bitcoin or if they would accept the cryptocurrency in the future.

Gambling sites that choose to accept Bitcoin stand to benefit, asserted Canning. “Advantages to the customer are advantages to the operator.”

Bitcoin allows online gambling site operators to widen their potential customer base to the entire world, regardless of any individual country’s laws, he said. The quicker sign up process enabled by Bitcoin also means users are less likely to abandon ship during registration, he said.

Bitcoin operators can choose to be anonymous, avoiding taxes and other legal responsibilities, he said.

Also, the instant nature of Bitcoin transfers can also help websites avoid fraud, he said.

For example, with traditional payments, customers can ask their bank to reverse charges after they've lost a bet. And Bitcoin operators don't have to deal with fraudulent IDs submitted by identity theft criminals, he said.

The cost savings from some of the above benefits can be passed on to the customer, said Canning.

"They can actually pay out more to the customer and make just as much money because their expenses are lower."

Canning said he does not view the price volatility of Bitcoin as a problem for gamblers or operators. The amount of volatility in Bitcoin is lessening with time, and regardless, Bitcoin gambling isn't about making a fortune, he said.

"Most people are not gambling with the expectation of increasing their purchasing power," he said. "Most people are gambling for fun, for entertainment."

"For recreational gamblers, which are the majority, I don't see a problem."

Adam Bender covers telco and enterprise tech issues for Computerworld and is the author of dystopian sci-fi novels [We, The Watched](#)[3] and [Divided We Fall](#)[4]. Follow him on Twitter: [@WatchAdam](#)[5]