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The “Singapore Model” in Gaming: Applications in South Korea

By

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## **PART ONE**

### **Introduction**

The gaming governance system in Singapore is a very well-known and internationally renowned model. Singapore began to launch their gaming regulation system in 2005 by establishing a national framework on gambling prior to opening two integrated resorts in the country in 2010 (Winslow, Cheok, & Subramaniam, 2015). In contrast, the South Korean “model” is much less renowned. Though there have been discussions about introducing full-scale integrated resorts, the government currently allows South Korean citizens to gamble in only one property - Kangwon Land (Research, 2016). However, Kangwon Land’s situation is controversial in South Korea, with concerns about problem gambling issues arising from the very beginning. The gambling addiction rate of South Korea in 2012 study conducted by National Gaming Control Commission, was 6.1%, which was significantly higher than that of Singapore which was only 0.2% in 2014 (though it should be noted, measurement differences are common in this field). This gambling addiction rate also appears to be high compared to some other countries such as the U.K. (2.5%), Australia (2.4%), and France (1.3%) (The Chosunilbo, 2012).

### **Purpose**

The purpose of this professional paper is to review the current state of Singapore and South Korea’s gaming regulation systems and examine possible applications for the government of South Korea if they are to implement integrated resorts that reflect the Singapore model.

### **Statement of objective**

In order to review the effectiveness of Singapore’s current gaming regulation system, this paper will research the impact of Singapore’s gaming regulation system on social safeguards and the casino business. In order to provide an accurate idea of the government regulations of South

Korea, this study will contrast and compare South Korea's and Singapore's gaming regulation systems.

### **Justifications**

Ever since Singapore launched their gaming regulation systems in 2010, the system has been well-known for its effectiveness and social safeguard model. Singapore is currently charging a S\$100 entry levy which is equivalent to (\$80 USD) to citizens or permanent residents of the country (Singapore Casino Entry Levy, 2015), close to 10 times the amount which the casino in South Korea is currently charging for their locals (Casino Entry Guide, 2014). Singapore citizens' visiting of the casino has gradually reduced after three years of implementing its regulation system (CRA 2013). South Korea, however, has 16 casinos which serve foreign clientele with one domestic/international casino, and continuously has issues regarding their problem gamblers. Reviewing Singapore's gaming regulation system is an example for best practice for the South Korean government to start implementing an effective gaming regulation system for their future international integrated resorts.

### **Constraints**

Unlike Singapore, which uses English as one of their official languages, the official language of South Korea is, of course, Korean. Because the gaming regulation system in Korea is written in Korean, appropriate translation is required to understand what the language of the gaming regulations truly mean.

## **Literature Review**

### **Introduction**

Singapore has had two successful multi-billion-dollar integrated casino resorts since 2010, and one of the main reasons for the success of these properties is their sound gaming regulation system. South Korea, on the other hand, wants to increase tourism by building multi-billion dollar integrated resorts, making a careful study of a Singapore's jurisdiction particularly important.

The first part of this paper will review the history of Singapore's gaming and its regulation system, which features a heavy emphasis on social safeguards and business. The second part will review the history of South Korea's gaming and its regulation system.

### **Singapore's Gaming Regulation System**

#### **History of Singapore's gaming and its regulation system**

Casinos had been prohibited in Singapore since 1965, and several proposals of developing casinos had been rejected up through April 2004. The implementation of the casino business took place in 2004 in Parliament, and the considerations focused on the economic benefits and socio-cultural costs (Ministry of Trade and Industry Singapore, 2010). The Singaporean government gathered information through visiting casinos around the world and carefully reviewing their functioning and regulatory mechanisms. They were not just looking for a casino, rather they were looking for an integrated resort which includes accommodation and leisure options as well as many other amenities available to guests.

The Singaporean Cabinet approved two integrated resorts in April 2005 (Henderson, 2006). Both casinos has been operating since 2010. Marina Bay Sands (MBS) uses less than 3% of space for the casino, with the rest of the space devoted to a 55-story luxury hotel with 2,561

rooms, a museum and theaters, shopping places, restaurants run by celebrity chefs, and other amenities like convention facilities. The resort cost was \$5.5 billion (USD) and is operated by international operator Sands Corporation based out of Las Vegas (MBS, 2010). The other integrated resort founded in 2010 is Resort World Sentosa (RWS), which includes a Universal Studios theme park, a marine park, hotel rooms, and a shopping mall. This integrated resort also uses only 5% of the space for the casino floor, and cost \$5.2 billion (USD). It is operated by the leisure and gaming company Genting PLC, which is based in Malaysia (RWS, 2010).

The Singaporean government established a National Framework on Gambling in 2005 due to concerns about problem gambling (Ministry of Community Development Youth and Sports, 2005). The government passed the Casino Control Act (CCA) in 2006 and founded the Casino Regulatory Authority (CRA), to regulate and license the casino business responsibly (CRA, 2006). Two major objectives of the CRA are making sure that casinos are not involved with any criminal activity, and also maintaining the integrity of gambling to ensure the successful sustainability of the casino business in Singapore (CRA, 2010).

The CRA is comprised of a chairman and four to sixteen members who get approval from the Minister for Home Affairs, and it submits annual reports and audited financial statements to Parliament. For integrity purposes, board members are not allowed to be involved in any particular project or transaction related to the CRA or the casino operator (CRA, 2006).

The CRA conducts integrity checks on casino operators through the Casino Crime Investigation Branch (CCIB) of the Singapore police force and also the police's Commercial Affairs Department (CAD) (CRA, 2010). The CRA has also enforced actions to MBS RWS since those casinos began to operate. In the first year of launching the casino, RWS implemented a casino surveillance system which were different from approved surveillance systems prior to

obtaining approval from the authority, which violated regulation 7 (1) of the Casino Control Regulations 2009 and resulted in a letter of censure.

During the second year of operation, both casinos were subjected to fines due to CRA actions pertaining to the CCA. MBS violations were related to violations of regulations designed to prevent Singaporean citizens and permanent residents from entering; fines totaled \$255,000 for violations of CCA. Meanwhile, RWS was fined for 6 different violations, which cost them \$660,000. The CRA has enforced several actions each year and the number of violations that are committed by casinos are gradually decreasing (CRA, 2016).

### **Role of Social Safeguards in Singapore**

One of the main duties of CCA is keeping minors out of the casino industry. The minimum age to enter a casino in Singapore is 21 (Resort World Sentosa, 2017). To discourage locals' gambling behavior, the Singaporean government imposes an entry levy to its citizens and permanent residents \$80 (USD) for a daily entry or \$1,600 (USD) for an annual membership; foreign citizens are exempt from the entry levy (Singapore Casino Entry Levy, 2015). The entry levy has stayed the same since its first year of implementation; however, the purchasing of the entry levy has been decreasing every year. Annual levy purchases decreased by 19.5%, from \$216 million in 2010 to \$174 million in 2012. On average, the levy purchase dropped close to 8% yearly. According to the CRA, the total visits to RWS and MBS made by Singaporean citizens and permanent residents were averaged 20,000 daily. Three years after both casinos reported, the total visits to both casinos has declined close to 17,000. The CRA also reported that only 7.7% of locals had visited more than once during the three-year period from its opening in 2010 (CRA, 2013).

MBS and RWS aim to offer a great gaming experience as well as a responsible gaming environment. Both properties have responsible gaming programs that train their staff members to recognize and aid problem gamblers and set up a limit for the players' gambling budget (MBS, 2010; RWS, 2010). MBS uses UNLV trainers for its programs, which are grounded in scientific study of problematic gambling behaviors.

Casinos and junket operators are not allowed to offer credit to Singaporean citizens or its permanent residents, unless the client has an account of at least \$80,000 (USD). Frequent investigation is conducted to junket operators who regularly lend money to their casino patrons to determine whether they are committing money laundering. The CRA scrutinizes the junket operators and its representatives on a similar level as the casino licensee. The junket operators must track the records of their patrons, commissions, rebates, and financial statements as well as notify any agreements that are made between the casinos (Leong, 2010).

In the first seven months of operation, there were over one million visits made by Singaporean citizens or permanent residents, which was higher than the government's anticipation (Henderson, 2012). The Ministry of Community Development, Youth and Sports (MCYS) decided to make bus services unavailable, which used to be operated by two casino resorts for their clients' convenience. Transportation was offered free or paid with tickets that are redeemable at food and beverage outlets by the site of each resort. The Ministry also prohibited the use of a rewards program at shopping malls, since the program can be looked as promoting casinos, which in turn violated casino regulations. These decisions made by the Ministry clearly represent that promoting gaming to citizens will be firmly regulated (Ministry of Community Development Youth and Sports, 2005).



To set high standards for responsible gambling, the National Council on Problem Gambling (NGCP) cooperates with other partners (National Council on Problem Gambling, 2009). The council's main duty is to advise the Ministry, raise awareness of gambling addiction and make decisions to fund programs for problem gambling prevention and rehabilitative efforts. In order to raise the awareness of problem gambling, the council spent \$2 million (USD) on public education between year 2008 and 2009, most of which were employed to mass media campaign. To address problem gamblers, the council operates a telephone hotline and website, which offers a consultation and advisory panel (NCPG, 2013). The council authorizes issuance and revocation of exclusion orders which can be requested by problem gamblers and their family (NCPG, 2009).

According to CCA chapter 33A, people who are getting ComCare Assistance, whether it is short term or long term, which are funded by the Ministry of Social and Family Development, are not allowed to enter or participate with any casino premises. People who are getting funded on their public rental scheme by the Housing and Development board are also prohibited to any casino gambling. This action also applied to people who are funded by the Ministry Law and administered by the Legal Aid Bureau (Singapore Government, 2013).

Over 200,000 exclusions have been made as of March 2014, however the majority of the people who asked for self-exclusion orders were foreign clientele (NCPG, 2014).

Advertising the casino amenities in a way that targets Singaporean citizens is strictly forbidden. However, if the advertisement is mainly targeting the foreign tourist market, it may be permitted by the regulators (Singapore Government, 2010).

## **Impacts of Singapore's Regulatory System on the Singaporean Casino Industry**

The Singaporean government wanted to implement an integrated resort with other leisure and business amenities in addition to the casino. Following the government's wishes, casino companies were selected through bids, and MBS and RWS were approved by the cabinet (Henderson, 2006). The government sought to increase inbound visitation, and the two integrated resorts have indeed been major attraction for tourists: visitor arrivals to Singapore rose from 9.7 million in 2009 to 15.6 million in 2013. The CRA states that Singapore was ranked third in terms of generating revenue among regulatory jurisdictions in the world (CRA, 2013).

Singaporeans' attitude towards gambling seems to have changed over the years. The Singaporean government is putting forth efforts to provide the maximum level of gambling protection to their local people from excess gambling. As part of this effort, the government is seeking to protect families and problem gamblers through education and early intervention programs. According to government funded studies, the prevalence of pathological gambling has been slowly decreasing, and the population has a strong awareness of the risks of gambling. Singapore's two integrated resorts are making it the third most profitable location among all the global casino jurisdictions, behind only Las Vegas and Macau (Winslow, Cheok, & Subramaniam, 2015), and the strong social safeguards, which have resulted in the public's increasing acceptance of the integrated resorts, stands as one of the reasons why this industry has been both profitable and well received.

Per the CRA annual report of 2015/2016, Lee Tzu Yang, the chairman of CRA discussed about the vision of CRA, which includes protecting casinos from criminal influence, the honesty of games that are played in the casinos, and to prevent and monitor problem gambling for its

citizens (CRA, 2016). Casino regulatory bodies in Singapore are ensuring that the casino industry is maintaining integrity among their clientele by monitoring the casino environment.

Most importantly, the Casino Control Bill was originally set up to have an effective regulation system that simultaneously encourages an economic boost from the integrated casino resorts, while also protecting citizens from gambling problems, especially those who are financially vulnerable. The Singaporean regulators are refining their policy to compete with the other strong jurisdictions in the world while strengthening their social safeguards (The International Association of Gaming Regulators, 2012).

### **South Korea's Current Gaming Regulation System**

#### **History of South Korea and Its Gaming Regulation System**

South Korea legalized its first casino in 1967. Incheon Olympos Hotel Casino was the first casino that opened in Korea in 1967, which only permitted foreigners to play in the casino. The first casino that allowed Koreans to gamble was established in 2000 (UNLV Center for Gaming Research: South Korea Gaming Summary, 2016). There are two main gaming regulatory bodies in South Korea, The National Gambling Control Commission (NGCC) and the Jeju Special Self-Governing Province (Gaming Regulators, 2016). In 2007, The NGCC was established under the National Gambling Commission Act to separately regulate Korea's gaming industry. The NGCC belongs to the Prime Minister, and the Minister nominates both the Chairman and Commissioners for the NGCC. The NGCC was established to improve the gambling environment and have a more responsible gambling culture. The NGCC is comprised of approximately sixty employees, eleven commissioners, four official members, and other staff (The National Gambling Control Commission. (n.d.) a).

The NGCC's organizational structure is made up of five divisions under its Chief Executive. The five divisions are separated as: Planning and General Affairs Division, Prevention and Treatment Division, Supervisory Division, Research and Public Relations Division, and the Illegal Gambling Vigilance Center (The National Gambling Control Commission. (n.d.) b).

The Planning and General Affairs Division mainly plans for the whole commission body. The division contains a committee, a subcommittee, and an advisory group, whose functions include: controlling the administration and office expenses, adjustment and management of the total amount of industry, estimation of preventive recovery for gambling addiction, budget work, as well as some other duties (The National Gambling Control Commission. (n.d.) b).

The Prevention and Treatment Division operates a subcommittee focused on gambling addiction prevention, recovery, and education. The division also conducts research, analysis and evaluation of the actual condition of gambling addiction, as well as provides support for the burden of recovery from addiction. One of its duties is to guide and supervise Korea's gambling problem management center (The National Gambling Control Commission. (n.d.) b).

The Supervisory Division plans major business and creates regulations. The division fields supervision as well as online gambling supervision to improve the related system. Any forms of gambling including casino, horse racing, bicycle racing, lottery, and bull fighting are supervised by this division. It also improves laws and regulations to prevent excessive the use of gambling. Lastly, the division cooperates with the National Assembly and related organizations about gambling issues (The National Gambling Control Commission. (n.d.) b).

The Research and Public Relations Division conducts surveys and research related to the gambling industry, publishing white papers for the gambling industry, as well as establishing an

information infrastructure for the gambling industry. Another thing that this division does is support the operation of the self-review committee for advertising that is related to the gambling industry (The National Gambling Control Commission. (n.d.) b).

The Illegal Gambling Vigilance Center establishes and operates policies on the illegal gambling industry in general. The division monitors and investigates illegal gambling activities, such as illegal internet gambling sites and crime data. This division investigates reports of illegal gambling and determines proper action once they are reported. It also pays rewards out to any person who reports any cases of illegal gambling activities (The National Gambling Control Commission. (n.d.) b).

### **Jeju Special Self-Governing Province**

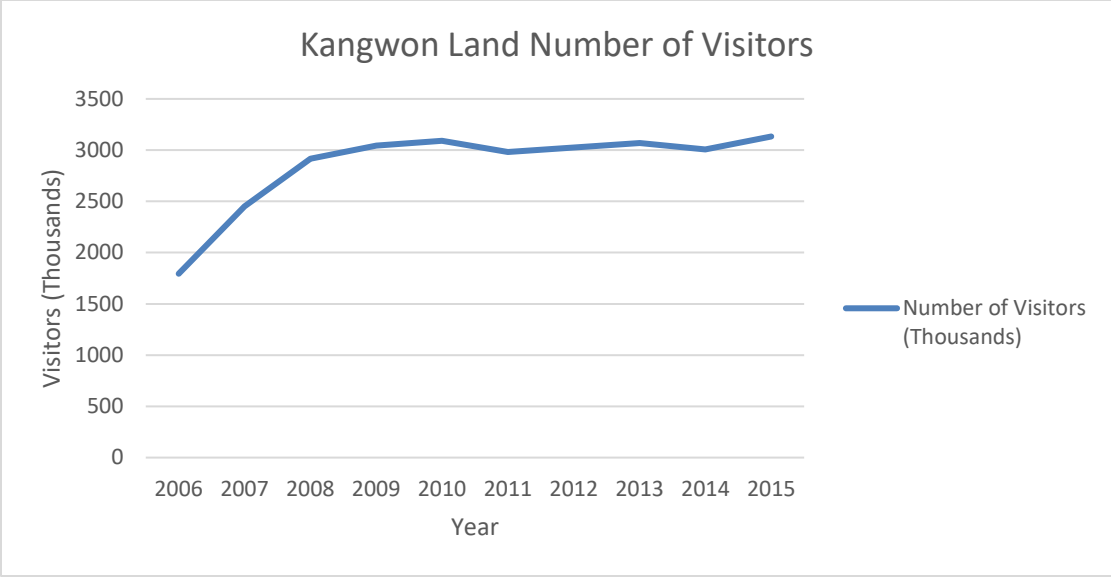
There are total of seventeen casinos in South Korea, sixteen of these are made for foreign visitors only, and just one of these casinos was established for Koreans to gamble. Nine of South Korea's casinos are located on the mainland, and the remaining eight are located on the island of Jeju Special Self-Governing Province (Jeju). The casino history of Jeju began in 1975 when the Kal Jeju Hotel and Casino opened (UNLV Center for Gaming Research, 2016). The latest casino that was opened in Jeju was late 1995. Jeju used to be just an island of Korea, however it changed to a Special Self-Governing Province in July 2006 (Jeju Special Self-Governing Province, 2013).

On December, 30, 2016 Jeju enacted an ordinance that allowed the management and supervision of the casino business to be separate from the Korean government. The Governor of Jeju nominated the province casino supervision committee to effectively manage the supervision and management of the casino business on the island. The committee shall consist of no more than nine members including a chairperson. The committee's duty is listed as follows: First, it

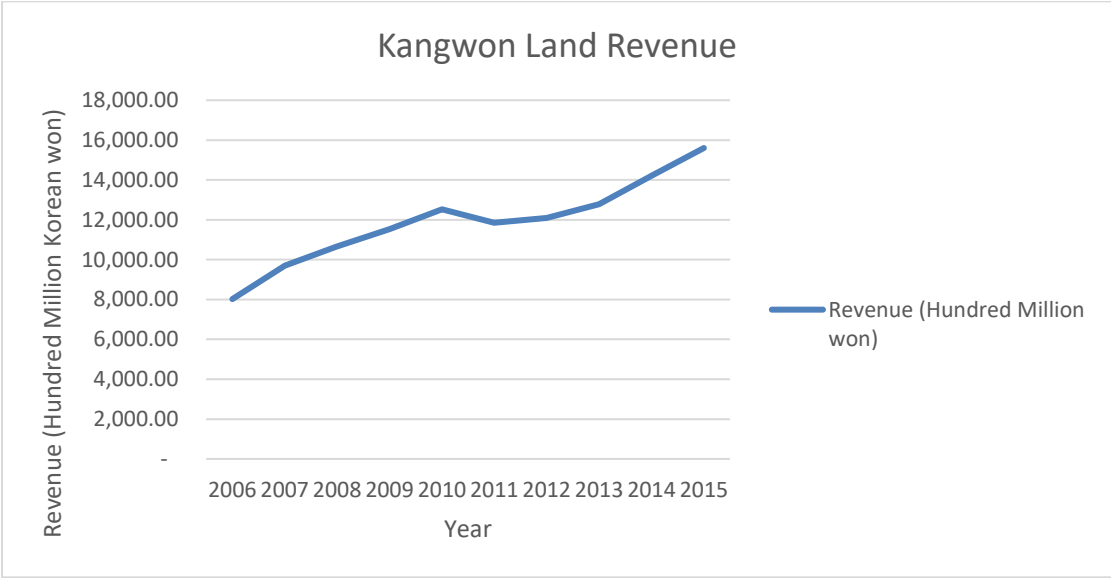
manages the matters concerning the establishment of a comprehensive plan for management and supervision of casino business activities. Second, it checks the facts and monitors guidance and supervision of casino business sites. Third, it establishes and measures the prevention of social adverse effects of casino business. Fourth, it develops the casino business as a healthy leisure industry and investigates and researches to eradicate illegal gambling activity. Fifth, it develops and promotes an integrated education program for the casino industry. Sixth, it studies issues concerning the contribution of casino business to sustainable development to the local community. Lastly, it executes matters deemed necessary by the Governor or Chairperson (Ordinance on casino business management and supervision of Jeju Special Self-Governing Province, 2016).

### **Role of Social Safeguards in South Korea**

Just like Singapore, Kangwon Land has been charging an entry levy of 5,000 Korean won which is only about \$4.40 (USD), since its opening, which is significantly lower than that of Singapore, which is close to \$80 (USD). The South Korean government is putting a relatively lower entrance levy for their citizens, thus it is not appropriately controlling Korean locals' gambling behavior, since the boundary of entering the casino is not much of a cost burden. Therefore, unlike Singapore, Kangwon Land's annual visitors and revenue have been steadily increasing throughout the years. Figure 1 and 2 shows the number of visitors and revenue through the years (The National Gambling Control Commission, (n.d.) c).



**Figure 1.** Annual number of visitors of Kangwon Land between 2006 and 2015.



**Figure 2.** Annual revenue of Kangwon Land between 2006 and 2015.

Kangwon Land is currently charging 9,000 Korean won (\$7.9 USD) and has been charging this since 2015, which is an increase from the 2014 rate at 7,500 Korean won (\$6.6

USD) (Choi, H. K., 2017). The casino also does not allow the entrance of minors, local community residents, people on the banned list, safety management compliance violators, and intoxicated persons (the local community residents include residents of the city of Taebaek, Samcheok City County, Jeongseon-gun, and Yeongwol-gun). Unlike other foreigner-only casinos in Korea, Kangwon Land is closed from 6 a.m. to 10 a.m. every day (Caino Entry Guide, 2014). Kangwon Land is executing the above regulations to mitigate the negative social impact of the casino industry on its local people. However, despite all these efforts, the efficiency of the regulation system is questionable, since the South Korean visitation numbers have been increasing each year. The number of South Korean visitors and annual sales are still showing positive growth since 2006 to 2015 (The National Gambling Control Commission, (n.d.) c).

To minimize the impact of the casino industry to its neighboring communities, the NGCC watches and supervises the gambling industry, including land-based casino businesses. It controls and adjusts the total amount of gambling business lines and sales volume, in addition to investigating and giving guidance to the gaming industry on site. Most importantly, it establishes and implements countermeasures for problem gambling and its prevention as well as its treatment (The National Gambling Control Commission (n.d.) d).

The current policy, which aims to minimize the social side effects and strengthen the economic benefits from the gaming industry, is the CAP system. The CAP in this system controls the maximum number of gambling-related businesses and the rate of revenue increase over a certain period. Hence, the main purpose of this system is to prevent massive expansion of the industry. The essential purpose of setting the CAP for the gambling industry is to estimate the optimum level of gambling and set up the maximum limit for sales generated by the gaming industry.



The CAP procedures are set up as follows: the total gross gambling yield (GGY) of the entire gaming industry is established to target the proportion of GDP expected in the national master plan for responsible gambling. The CAP of each gambling business is established based on the share of GGY to the entire gambling industry sales in the previous year. Then, the system sets the prevalence rate of gambling addiction as 30 percent - the level of addiction is estimated by each business and that will result in the CAP adjustment of either addition or deduction. The last procedure is to find a business which surpasses the given CAP in the previous year and cuts its CAP by 100 percent of its surpassed portion (The National Gambling Control Commission. (n.d.) e).

The NGCC Act and the Tourism Promotion Act regulates advertising that excessively inspires the locals' gambling behavior. Media is also controlled to not release information or content that might inspire locals' gambling behavior. Specifically, images of the inside of a casino, various betting features, images of purchasing tickets, winning a big jackpot, monetary benefits such as lucky handbag are not allowed, since these scenarios directly or indirectly inspire people's gambling behavior. All printed advertisements required to attach the warning signs that says, "Excessive speculative activities can result in personal trauma and family breakup due to gambling addiction." The NGCC also decides the criteria for deciding which ads are speculative.

The NGCC has been operating the Addiction Prevention and Treatment Center since 2007. The Illegal Gambling Control Commission Act was revised in 2012 to create a levy for the prevention and treatment of problem gambling. The NGCC is currently imposing a levy from the gambling industry in Korea below the range of 5 to 1,000, depending on their annual sales. This collected levy is used for gambling prevention and treatment as well as operating the Korea

Center on Gambling Problems (KCGP). The KCGP was established to efficiently manage the collecting of levy, and to promote its related services. Furthermore, the KCGP offers different types of services to correctly address problem gamblers. The KCGP offers counseling, education, and promotion regarding gambling prevention and treatment. It researches, analyzes, and evaluates the related gambling matters. The center also puts forth an effort to raise professional staff in addressing problem gambling issues, and is available any time for problem gamblers (The National Gambling Control Commission. (n.d.) e).

### **South Korea's Regulation System and How It Helps the Casino Industry**

Koreans have a negative perception of gambling activities. Among those forms of gambling, casinos are viewed as the least favorable to Korean locals. According to the article "South Koreans View Lotteries as Less Speculative than Casinos," less than 15% of the participants agreed that lotteries were speculative, while over ninety-three percent of the participants answered that casino gambling is speculative and involves a higher risk of loss compared to other forms of gambling. The South Korean government is putting out an effort to regulate the casino industry, to mitigate this negative view of casino gambling (Stradbroke, S, 2017).

### **Conclusion**

#### **What can be learned from studying and comparing these two jurisdictions?**

Once the Singaporean government decided to establish integrated casino resorts, the government weighed the advantages and disadvantages of bringing on board the integrated resorts and began to persuade the people who had negative opinions, by sharing data which shows the economic benefits of the integrated resorts to the area. In addition, the casino

supervision is conducted cooperatively by the CRA and other agencies, and has been reviewed and enhanced regularly (The Jeju Weekly, 2015).

Singapore's gaming regulation system was established after reviewing many other regulations' functions and mechanics in other parts of the world. Singapore had established their regulatory bodies in 2005, which was over five years prior to its opening. The Singaporean government especially put a concentrated effort forth to prevent their citizens from becoming problem gamblers.

The government established many ways of social safeguards for their citizens. One way is it regulates the advertisement and media by prohibiting ad campaigns featuring gambling. Another example is the casinos in Singapore impose an entry levy which is ten times higher than that of Korea. As a result, both the amount of casino entry levies purchased and the number of local visitors have been decreasing through the years (Winslow, Cheok, & Subramaniam, 2015). In addition, Singapore's prevalence of problem gambling decreased per the survey conducted in 2014, which had a sample size of 3,000 Singaporean citizens or permanent residents. The results support that the prevalence of problem gambling reduced from 2.1% in 2005 to 0.2% in 2014 (Winslow, Cheok, & Subramaniam, 2015). Again, measurement issues are an important consideration, but this trend certainly seems positive.

The CRA also enforces actions on casino operators when they have breached the regulations. The enforcement can be enacted in many different forms from warning to suspension or even termination of the operators' licenses. The most common form of penalty is imposing fines to the property in violation (CRA, 2016).

## **What is missing in South Korea's gaming industry and government approach?**

An integrated resort contains a hotel, a casino, convention halls, theme parks and many other facilities which have multiple purposes. Having an integrated resort reduces the business risk for a casino, since it can attract clientele with amenities and facilities other than just the casino floor (Park & Park, 2014).

Singapore's two casinos are integrated resorts, and those integrated resorts are helping boost the tourism revenue. The number of visitors rose to well over 50% in between 2009 to 2013 (CRA, 2013). The two integrated resorts are strongly supporting the economy of Singapore, especially since they have collectively contributed in the creation of over 40,000 jobs in a variety of different facilities such as casinos, retail shops, and F&B transportation (The Jeju Weekly, 2015). On the other hand, casinos in South Korea are much smaller in size, since most of their casinos are only targeting foreign visitors (Jin, 2015).

Research on problem gambling in South Korea is still lacking, and the previous research is focused on people who are already considered to have a gambling addiction. The institutions in place that address, prevent and treat gambling problems are few, consequently problem gambling issue is not adequately addressed (Jin, 2015). The prevalence of the problem gambling rate in South Korea in 2012 was 6.1%, which was 2-3 times higher than that of foreign nations (The Chosunilbo, 2012). According to the Korean Center on Gaming Problems, the number of problem gamblers in South Korea is estimated at 1.97 million. It also mentioned that among these problem gamblers, more than half million people are recognized to require immediate treatment (Korea Center on Gambling Problems, (n.d.)).

One of the biggest differences between Singapore and South Korea's gaming regulation systems is the entry levy fees. The entry levy imposed by Kangwon Land is only ten percent of

the amount of what Singapore charges for their citizens and permanent residents. In 2015, Singapore and South Korea recorded \$52,889 and \$27,222, respectively, in GDP per capita (Country Fact, 2015). Singapore's GDP per capita is as close to two times higher than that of South Korea's. Despite the difference between GDP per capita of both countries, the difference between the entry levy fees is a big gap.

### **How does Singapore's gaming regulation system fit into South Korea's gaming regulation system?**

Kangwon Land had an average of 10,000 visitors per day in 2011, which exceeded the actual seating capacity by five times. This overcapacity reveals a need for more domestic casinos for Koreans, however the government has a negative opinion about new domestic casinos. Kim Jin-Gon, director of tourism in South Korea's Culture Ministry, referred that there is a widely-held belief that Koreans are particularly vulnerable to a gambling addiction. He also commented that Korea is yet to have a mature gambling culture to accept gambling as another form of leisurely activities (ABS-CBN News, 2013).

When the CRA in Singapore was established, it adapted some of the experienced jurisdictions such as the United States and the United Kingdom, as well as Australia to develop their own regulatory body (CRA, 2016). Singapore's main concern was to set up an effective social safeguard to protect its citizens from problem gambling. Singapore's regulations system has been successfully role modeled for its social safeguards, since the casino entry levies and the number of Singaporean visitors have been decreasing through the years. Singapore's gaming regulation model will be a good example for South Korea since it has successfully addressed the problem gambling issues in which South Korea is mainly concerned.

## **PART THREE**

### **Introduction**

Singapore's casino revenue is ranked third in the world after Macau and Las Vegas. It is noteworthy that while there are many casinos in Macau and Las Vegas, Singapore is in third place even though there are only two integrated resort casinos. There are 16 foreign-only casinos and one domestic/foreign casino in South Korea, but the revenue that is generated from the 17 casinos is less than that of Singapore's. Another difference is the level and scope of casino regulation in Singapore, which is more substantial and wide-reaching than that of South Korea. In addition, it seems that Singapore's regulation system is preventing and treating their citizens' gambling behavior in a more effective way than that of South Korea's.

This understanding might help the South Korean government contemplate its future, as it currently lacks an effective problem gambling regulation system, yet has a goal of implementing multi-billion dollar integrated resorts in the future.

### **Results**

After reviewing the gaming regulations of both Singapore and South Korea, there are few differences between the systems, however, two main differences are most important for this paper.

The first difference was the casino facilities. There are two casinos in Singapore and both are integrated resorts which have many other facilities and amenities such as convention hall space, theme parks, retail shops, etc. Through the literature review, the result was supporting that the integrated resorts are one of the main reasons that Singapore's tourism generates more visitors resulting in more revenue. However, most of South Korea's casinos have limited

facilities. Therefore, most of casinos in South Korea are lacking ways of attracting tourists that want something different than casino gaming.

The other main difference is the effectiveness of Singapore's social safeguards. Based on the information from the literature review, problem gambling has been a major focus of their regulation system. For instance, there are many ways that the regulations prevent locals' gambling behavior, such as prohibiting those who are receiving government aid from gambling, offering a hotline and websites to address gambling problems, and issuing and revoking exclusion orders - which can be requested by problem gamblers and their family members. Through these combined efforts, the problem gambling in Singapore has been steadily decreasing. Through this effort, the problem gambling rate in Singapore has reduced from 2.1% in 2005 to 0.2% in 2014.

On the other hand, South Korea's problem gambling is not adequately addressed, according to the literature review. The rate of problem gamblers in South Korea was 6.1% in 2012, which was more than two times higher than the average rate of other foreign countries such as the U.K. (2.5%), Australia (2.4%), and France (1.3%) (The Chosunilbo, 2012). The number of problems gamblers is close to two million people, and the number of people who need immediate treatment are over half million (Korea Center on Gambling Problems, (n.d.)). A member of the media mentioned that most Koreans think casinos are the most harmful forms of gambling (Stradbroke, S, 2017).

Based on the results of this study, two main differences in the casino regulation systems were found. The first one is the lack of integrated resorts, and the second difference is the level of social safeguards.

When Singapore was considering launching casinos in their country, the government not only considered bringing casinos, but also integrated casino resorts since they have more attractive options and amenities for tourists. In addition to table games and slot machines, hotels, restaurants, convention space, theme parks, and theaters are bundled along with casinos. Another benefit of having an integrated resort is it offset the business risks, since it has more tourist attractions than having just a casino to attract patrons.

The Singaporean government invited interested contractors to bid to develop integrated resorts, and 19 proposals were made to the government. After studying the bids, Marina Bay and Sentosa were picked by the Singaporean Cabinet among all the 19 bids. Soon after the opening of both integrated resorts, it seemed like the Singaporean government picked the right companies from the bids, since Singapore's gaming revenue ranked third in the world right after Macau and Las Vegas. This ranking came shortly after the launching the Marina Bay Sands and Resort World Sentosa integrated resorts.

Although South Korea has 17 casinos, none of them are considered integrated resorts. Selecting the interested contractors through a bidding process can be a great option, since Singapore's integrated resorts have been enjoying their success through this same method.

Unlike Singapore, which allows both locals and foreign visitors to gamble at their integrated resorts, currently South Korea has only one casino that allows locals to gamble. The other casinos are limited to foreign customers only. Allowing foreign visitors only in casinos is one of the main reasons that casinos in South Korea are hesitating to invest in integrated resorts, because casinos are unsure of getting enough clientele. To have integrated resorts, the best way for the casinos will be to convince the South Korean government to allow locals to gamble at the casinos, since it opens the market to 50 million more possible patrons.



Singapore has been charging close to \$80 (USD) to both its citizens and permanent residents for an entry fee, which allows 24-hour entrance access. On the other hand, the entry levy of South Korea is less than 10 % of that of Singapore. As the numbers showed in the literature review, Singapore citizens' and permanent residents' purchasing of the entry levy has been decreasing through the years, however South Korea's number of visitors has been increasing steadily despite the prices increasing two different times. The number of visitors in South Korea's casino, which allows domestic people to play, has increased, and more than 98.5% of visitors are Korean citizens.

Currently policy makers in South Korea are considering increasing the price of the entry levy from 9,000 KRW to 40,000 KRW, which is a huge increase compared to the previous two times - which only increased 1,500 KRW each time (Shin, 2016). Even if the entry levy increased to 40,000 KRW (\$35 USD) it is still less than half the price of that of Singapore; it is not guaranteed to bring the same level of effectiveness as the social safeguards compared to that of Singapore. However, the increase of the entry levy is going to affect the decision of low budget gamblers to patronize the casino, since the entry levy price rapidly increased to over 4.4 times what they are used to paying.

The Singaporeans' negative view on gambling has been slowly changing, due to the strong regulation system and social safeguards that they have in place. On the other hand, Korean people are still viewing gambling very negatively, and among all the forms of gambling, casinos are considered the worst among Korean people. This is the main reason that South Korea do not open another casino to their citizens, since most Koreans have a negative point of view that casinos are ruining family and society.

In order to have successful integrated resorts, support from the local community and its citizens are required. Singapore has put a significant amount of effort to make its citizens have a more positive opinion about casinos and at the same time set a strong regulation system in place to protect their citizens' gambling behavior. Educating locals to fully understand the economic benefits of having an integrated resort in the community, and also benchmarking effective regulation systems like Singapore should be the top priorities prior to building integrated resorts in South Korea.

### **Conclusion**

The purpose of this study is to observe the casino regulations of Singapore and South Korea, and provide an example to the South Korean government to implement multi-billion-dollar integrated casino resorts like Singapore has done.

Based on the literature review of this study, the main difference between Singapore's and South Korea's gaming regulation system was the level of social-safeguards for their domestic people. Furthermore, according to the director of tourism in South Korea's Culture Ministry, Koreans are vulnerable to a gambling addiction (News, A., Set up a strong social-safeguards & France-Press, A, 2013). Singapore has been successfully running their casinos, while they also have a strong social-safeguard system. If the South Korean government implements the casino regulation system, which has strong social-safeguards like Singapore, this can be the first step to building multi-billion-dollar mega resorts on their land.

### **Recommendations for Future Research**

Jeju's gaming regulation's efficiency needs time for evaluation. The Jeju's ordinance that allowed the management and supervision of the casino business was enacted on December 30, 2016. The operation time of the system is too short to measure at this point.

South Korea will have integrated casino resorts by 2020, once South Korea has integrated resorts, the direct comparison between Singapore's integrated resorts and that of Korea will be possible.

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