



by Jim Nulph

Class II Wagering with Real Money Mobile Games

The Wire Act of 1961... the 2001 Department of Justice opinion regarding The Wire Act... the 2011 Department of Justice clarification of that opinion... and ever-changing legal opinions and potential new change initiatives such as “The Restoration of America’s Wire Act.” What exactly is covered? Sports-betting? Online poker? And what about online casino games? Is it just the transfer of money associated with online gambling, or is it the gambling games themselves? And how long before pending legislation changes it?

Despite the Wire Act confusion, one thing is for sure – specific to tribal casinos, under the Indian Gaming Regulatory Act (IGRA) passed in 1988, tribes retain their authority to conduct, license, and regulate Class II gaming so long as the state in which the tribe is located permits such gaming for any purpose, and the tribal government adopts a gaming ordinance approved by the National Indian Gaming Commission (NIGC). While the interstate online gambling debate rages on, the Indian Gaming Regulatory Act clearly supports the use of new technologies for Class II gaming at tribal casinos; and the “new technology” that makes the most sense is already in players’ hands – smartphones.

Class II Mobile Technology

Competition for players is fierce and gaming operators everywhere are beginning to leverage the astonishing U.S. market penetration of smartphones. In 2015, over 51 percent of U.S. mobile phone users were gaming on their devices. Starting in 2018, mobile gaming penetration in the U.S. surpassed 60 percent, and continues to rise each year at a rapid pace.

Having an often-used, well-branded smartphone app has arguably become one of today’s most mission-critical competitive differentiators. Consumers literally do everything on their smartphones now. Mobile game play is not the wave of the future, it’s crashing on the beach now, and savvy tribal casino operators are beginning to leverage this phenomenon. The good news for tribal casino operators? We’re not talking social casinos here, but truly new Class II technology; real money, mobile, wagering and marketing software platforms that fulfill all tribal regulatory, accounting, security and auditing requirements, and can be implemented now.

Class II mobile gaming platforms have now received Class II technical certification and have been certified Class II by tribal gaming authorities in multiple states. So, how is a mobile gaming platform legal under the existing federal Wire Act?

The key innovation is on-property sale and cashing of live draw bingo games using casino guests’ smartphones and a mobile application. That is, all games are purchased and all prizes paid on tribal lands. The fun part for players is that after purchase, the games can be played anytime, anywhere, even at home.

Like Class II electronic gaming machine (EGM) options, mobile Class II platforms offer players different electronic aids to playing Bingo. Unlike EGM options, these electronic aids are not limited by cost and floor space because they are offered through the player’s phone. Class II mobile gaming is a new revenue stream that requires no new games on the floor – that’s right, no footprint or banking issues to impact a casino’s current game layout.

This combination of smartphone and retail technology is called “click-to-brick.” It allows consumers to use their phones to enhance their shopping experience while at brick-and-mortar retailers. McDonald’s uses click-to-brick to sell burgers. Best Buy uses click-to-brick to sell electronics, and Walmart uses click-to-brick to sell almost anything.

By using these same click-to-brick technologies, tribal casino operators may now sell real money digital games while avoiding the poor user experience caused by complex internet gaming account setup and while also avoiding the uncertain legal risk of differing interpretations of the federal Wire Act.

Connect to Players Like Never Before

Real money mobile play is not the only plus for tribal operators. Extend the brand? Sure. Class II mobile apps are completely flexible to adapt to any specific branding strategy. They can integrate into a casino’s existing mobile app, or, even be a casino’s mobile app. Class II smartphone apps allow tribal casinos to deliver casino-branded games, conduct surveys, launch remarketing campaigns, and send targeted “in-app” push notifications. They can also easily send broad push notifications about casino-branded games that build on common marketing opportunities, like seasonal games themed around a holiday, for example, and casino focused area games.

The fast refresh mobile game platform potential and casino marketers’ imaginations can combine in powerful new tactics to support and promote any casino marketing program with real money smartphone games. Class II mobile gaming apps coupled with targeted marketing plans drive additional property visits by casino customers to cash-in winning game tickets. Smartphone platforms also allow for collection of players’ contact information, demographic and geographic data points, and game purchase characteristics.

Players Get What They Want

There is literally no limit to Class II mobile game themes, play styles, pay tables, or denominations. Players enjoy shopping to find the games that fit their personality and play style. Exciting, animated mobile games can be an opportunity to convert players from “pure social casino play for virtual money” on their phones to “a chance to win real money” on their phones; offline, anywhere, anytime, and under a specific tribal casino’s brand.

National studies show that tribal casino customers are 200% more likely to buy games at retail stores than any other product sold at retail. With implementation of Class II mobile gaming, popular retail-sold instant-win games become part of the casino’s game portfolio and offer new reasons for players to spend their gaming dollars at a particular casino.

The flexibility of Class II mobile gaming platforms means players can receive their favorite casino’s loyalty program points for game purchases. They can even buy games using that casino’s loyalty program points.

The Bottom Line

It’s easy to take smartphones for granted – after all, they’re everywhere. But there is an opportunity here and now to leverage the historic smartphone market penetration into strategies to gain a competitive edge. Think of Class II mobile gaming as a new level of defense against ever-increasing market competition with exciting, branded, instant-win games for players, and better targeted communication with players that leverage promotional partnerships. Mobile gaming offers the opportunity to turn detailed instant-win game-play data into data-driven insight driving more value for tribal casino operators and ultimately for players.

With a Class II mobile gaming strategy, tribal casino operators can leverage their substantial loyalty program investment and leverage their substantial existing casino marketing campaign investment to a greater ROI. And, build a new revenue stream at the same time. ♣

Jim Nulph is Chief Revenue Officer at Playport Gaming Systems. He can be reached by calling 678-733-4714 or email jnulph@playport.com.



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