



# MITIGATING ILLEGAL SPORTS BETTING RISKS FOR PAYMENT PROVIDERS IN BRAZIL





# BRAZIL'S PAYMENT PROVIDER FORUM

IBIA's Payment Provider Forum brings together leading payment platforms and industry stakeholders to address shared threats, disrupt illegal betting flows and reinforce the integrity of the regulated market in Brazil. By closing gaps and strengthening safeguards, the Forum helps build trust and combat financial crime.



## JOIN THE FORUM

Join the growing network of payment providers working with IBIA to ensure safer, more transparent transactions across the regulated betting sector.



“This Guide provides a practical blueprint for collaboration, aligning payment providers, operators and integrity stakeholders behind clear controls, timely information-sharing and consistent action to protect the regulated betting ecosystem.”

**KHALID ALI** | CEO, IBIA



“Payment providers sit on the front line of market channelisation and compliance. By combining robust controls with trusted intelligence-sharing, we can block unlicensed activity quickly and consistently, before it scales.”

**ARI CELIA** | Pay4Fun, Forum Co-Chair



“This Guide sets out clear, practical controls – from continuous licence validation and risk-based monitoring, to structured blocking and reporting protocols – to protect the regulated market and reduce legal, financial and reputational exposure.”

**MARCELO BUENO** | Z.ro Bank, Forum Co-Chair



# INTRODUCTION

This guide aims to support payment providers in identifying, mitigating and responding to the risks associated with unlicensed betting operations seeking to illegally engage with consumers in Brazil. Within the sports betting ecosystem, payment services play a critical role in preventing illicit activity, as they represent the primary gateway through which betting-related funds and financial flows are processed.

In Brazil, fixed-odds betting and related financial activities are governed by Law No. 14,790, of 29 December 2023 (the “Bets Law”), which extended the legal framework for fixed-odds betting and empowered the Secretariat of Prizes and Betting (SPA) under the Ministry of Finance with regulatory oversight. Under Article 21 of Law No. 14,790/2023, financial institutions, payment institutions and payment arrangement providers are prohibited from opening or maintaining transactional accounts for operators that are not duly authorised to offer fixed-odds betting in Brazil and may not process deposits or prize payouts for unlicensed operators.

To give effect to this mandate, the SPA has issued implementing rules, including Ordinance SPA/MF No. 566/2025, which specifies obligations for reporting and closing accounts linked to suspected illegal betting operators and requires institutions to communicate such cases to the SPA within defined timeframes.

The integrity of the betting environment therefore depends on coordinated action between the regulatory authority, payment providers, licensed betting operators and their integrity partners. The use of financial infrastructure by unlicensed operators not only undermines the regulatory framework and the protection of consumers and sporting events, but also exposes payment providers to significant legal, financial and reputational risks. INTERPOL and the UNODC have repeatedly warned that unlicensed betting markets provide the primary infrastructure used by organised crime groups to monetise match-fixing and sports corruption, due to their lack of integrity and reporting controls.

This guide presents not only the regulatory expectations applicable to the prevention of unlicensed betting, but also best practices already implemented by the payment providers that are members of the IBIA Payment Provider Forum. These measures are intended to strengthen existing controls, enhance due diligence protocols and contribute to a safer, more transparent and more sustainable sports betting ecosystem. While this guide is primarily focused on sports betting, it is applicable to all gambling.

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# REGULATORY GUIDELINES AND BEST PRACTICES

Payment providers play a crucial role in preventing the offering of illegal betting. Legislation and best practices establish that only appropriately licensed operators can receive and move betting funds. Payment providers must therefore structure preventive controls to deny onboarding to unauthorised operators, implement specific transactional monitoring for sports betting and block operations when irregular activity is identified.

Maintaining whitelists of licensed operators, coupled with cooperation with authorities and entities such as IBIA, is fundamental to preserving the integrity of the betting ecosystem and preventing the financial infrastructure from being used to support unlicensed operations.

Operating with unauthorised betting sites constitutes a legal, financial and reputational risk for the payment provider, especially in regulated markets. Therefore, applicable regulations in different jurisdictions converge on a number of core structuring principles: (i) legality and local licensing; (ii) payment service providers' duty of due diligence; (iii) shared responsibility in the prevention of illicit activities; (iv) a risk-based approach; (v) continuous monitoring with timely disruption of irregular financial flows; and (vi) transparency, traceability and institutional cooperation.

These requirements cover the prevention of money laundering and countering the funding of terrorism and are convergent globally through the following processes:

- Know Your Merchant (KYM): rigorous operator verification.
- Know Your Customer (KYC): validation of the end player (when applicable).
- Continuous Monitoring: Identification of irregular patterns and transactions incompatible with financial capacity.



In Brazil, the SPA has established guidelines for licensed betting operators, including customer risk assessment and fraud prevention. In mature international markets, there is direct collaboration between responsible regulated betting operators and entities such as IBIA to monitor for suspicious betting activity and related customer transactional profiles.

## MAIN ASSOCIATED RISKS

RISK	DESCRIPTION	IMPACT
UNLICENSED OPERATORS	Websites operating without local authorisation	Legal and regulatory risk to the payment provider
SHELL ACCOUNTS / INTERPOSED ACCOUNTS	Use of third parties to move funds	Masking the origin of the funds
FRAUDULENT CASH-OUT	Withdrawals to sham wallets/recipients	Facilitates money laundering and concealment
MATCH-FIXING & MANIPULATION	Fixed bets for guaranteed winnings	Distorts sporting integrity and market reputation



# RECOMMENDED BEST PRACTICES

The following recommended best practices translate the core regulatory expectation - namely that only appropriately licensed operators may receive and move betting-related funds - into practical, day-to-day controls for payment providers. They cover preventative onboarding measures, continuous licence validation, the use of whitelists/blacklists, risk-based transactional monitoring and clear escalation, blocking and reporting/cooperation procedures to reduce legal, financial and reputational exposure while supporting overall market integrity.

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## RECOMMENDED BEST PRACTICES

# 01

## LOCAL LICENSING IS A CONDITION FOR LEGALITY

The operator must have an appropriate licence to conduct sports betting.

- Only operators formally licensed by the competent authority are permitted to offer bets in Brazil
- Providers must maintain continuous verification of the validity of the operator's licence

# 02

## DUE DILIGENCE IN OPERATOR ONBOARDING

Before onboarding any operator as a merchant, payment providers should complete baseline due diligence checks to confirm legality, ownership, and AML controls.

- Verify a valid licence from the appropriate authority
- Review internal AML and Responsible Gambling policies
- Request a corporate organisational chart, including the Ultimate Beneficial Owner (UBO)
- Review the company's history for any matches against restricted lists (e.g. sanctions, watchlists, internal exclusions)

# 03

## POSITIVE (WHITELIST) AND RESTRICTED (BLACKLIST) LISTS

The existence of whitelists and blacklists, combined with automated checking between "merchant → URL → licence," brings effectiveness to the onboarding and monitoring process of operators.

Therefore, it is important to:

- Maintain a whitelist of appropriately licensed operators.
- Monitor blacklists/alert lists issued by:
  - SPA (when applicable)
  - IBIA and other associations of licensed operators
  - International enforcement agencies
- Cross-check with the database of approved operators/whitelists
- Preventive blocking by temporarily prohibiting transactions (and, where necessary, the account) while due diligence checks are completed



## RECOMMENDED BEST PRACTICES

# 04

## RISK-BASED TRANSACTIONAL MONITORING

Payment providers should apply ongoing, risk-based monitoring to detect unusual transaction patterns and identify potential money laundering or fraud indicators.

- Define consumer transaction limits according to profile, geolocation and history
- Monitor customer transactions for specific risk alerts, such as:
  - High volume of small deposits → cash structuring
  - Repetitive withdrawals from newly created accounts
  - Transaction amounts inconsistent with declared income

# 05

## SPECIFIC MONITORING AND ALERTS

In the context of sports betting and wider gambling, payment provider monitoring should consider patterns such as:

 **WARNING SIGNAL**

 **INDICATION OF RISK**

Operator receiving transactions from multiple countries without a corresponding licence

Regulatory arbitrage

High cash-out volume for newly created wallets

Money laundering and concealment

Amounts incompatible with the customer's income

Irregular financing or use of shell accounts



## RECOMMENDED BEST PRACTICES

# 06

## BLOCKING OR REFUSING UNLICENSED OPERATORS

National and international regulatory guidelines explicitly address the shared responsibility of payment providers in preventing financial support for unlicensed activities. This includes:

- **Onboarding Denial:** Unlicensed operators cannot be registered as merchants
- **Transactional Blocking:** Provider must prevent deposits, withdrawals and cash-outs related to unlicensed websites
- **Relationship Termination:** Once irregular activity is confirmed, the payment provider must suspend flows and terminate the relationship with the operator

# 07

## SUSPENSION AND REPORTING PROCEDURES

Payment providers should have clear procedures to suspend payment flows where specific risk triggers arise, and to report relevant cases to the competent authorities as required by law.

- Suspend payments when:
  - There is an inactive or suspended operator licence
  - There is well-founded suspicion of match-fixing, manipulation or splitting of amounts for concealment
  - Beneficiary operates in a prohibited jurisdiction
- Report any such cases to the competent authorities, as required by law, including by filing an STR/SAR where applicable

# 08

## REPORTING & COOPERATION

Transparency reduces risks and facilitates due diligence in any investigation.

- Suspicious activity should be reported via suspicious transaction reports to the relevant authorities (SPA/COAF - Council for Financial Activities Control)
- It is recommended to maintain direct channels of cooperation with:
  - Local authorities (e.g. COAF and SPA, if applicable)
  - International betting integrity monitoring partners (e.g. IBIA); where no potential commercial conflict exists
  - Licensed partner operators



# OPERATIONAL CHECKLIST

CONTROL	REQUIREMENT	FREQUENCY
OPERATOR KYM	MANDATORY	Onboarding and annual
LICENCE VERIFICATION	MANDATORY	Continuous (via validity monitoring)
TRANSACTIONAL MONITORING	MANDATORY	Daily
ASSESSMENT OF WARNING SIGNS	MANDATORY	Automation and human review
REPORT TO AUTHORITIES	MANDATORY	According to applicable regulations
PARTICIPATION IN BETTING INTEGRITY NETWORKS	HIGHLY RECOMMENDED	Continuous



# THE VALUE OF COOPERATION BETWEEN PAYMENT PROVIDERS AND BETTING INTEGRITY BODIES

The regulatory and best-practice framework set out in this Guide is based on the recognition that no single actor has a complete view of illegal betting activity. Payment providers control financial access points, while betting integrity monitoring bodies and licensed operators possess real-time intelligence on suspicious betting patterns, match-fixing risks and the misuse of betting accounts. When these perspectives are combined, they create a significantly more powerful defense against unlicensed betting, fraud and sports corruption.

Payment providers are uniquely positioned to observe the flow of funds, but they typically cannot see whether those transactions relate to legitimate betting activity or to suspicious or manipulated events. Conversely, integrity bodies such as IBIA receive alerts from licensed betting operators when unusual betting patterns or potential match-fixing is detected, but they do not have direct visibility over how those bets are funded, withdrawn or laundered. Cooperation bridges this gap.

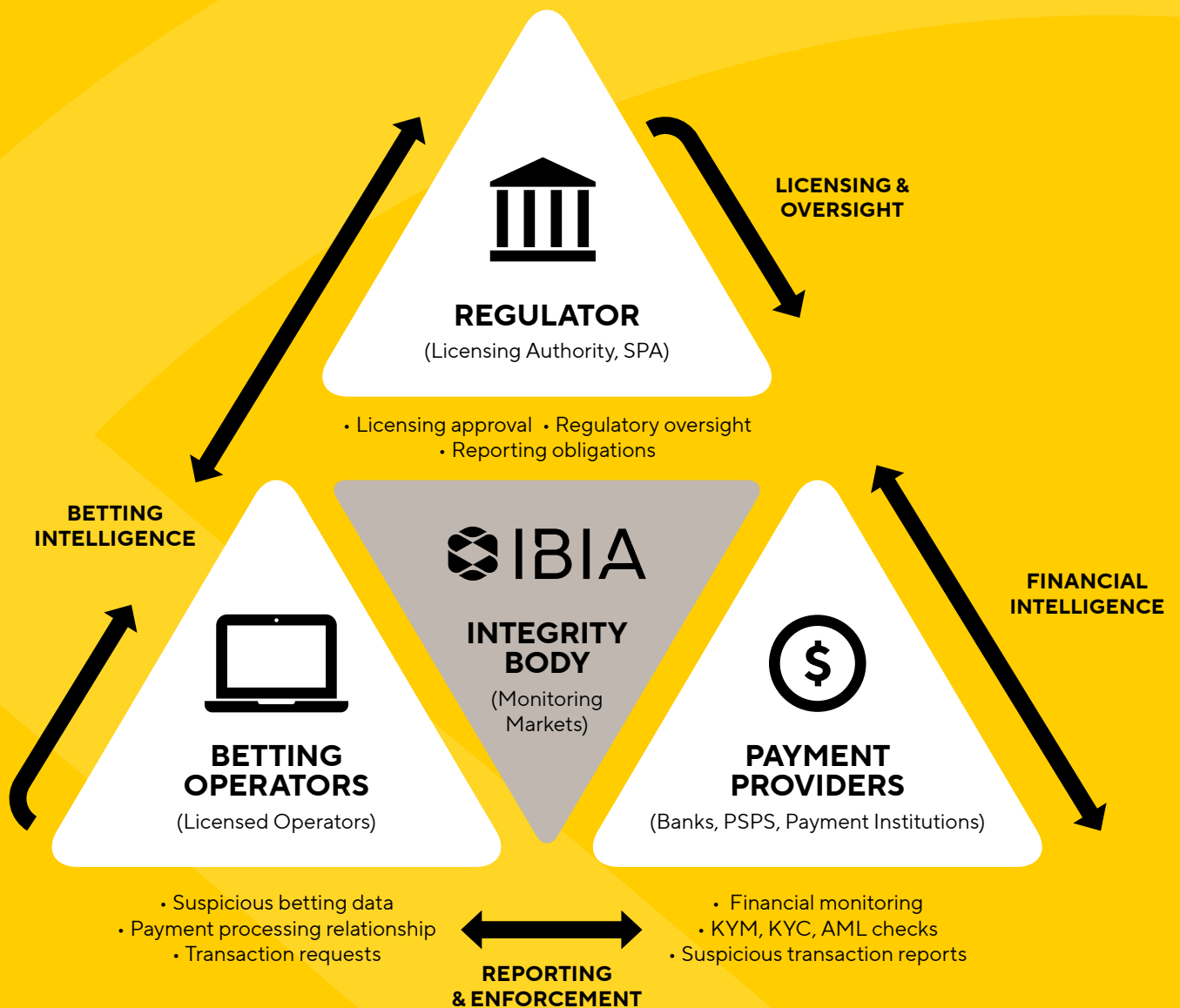
In markets such as Brazil, where the legal framework explicitly prohibits payment services from supporting unlicensed betting, cooperation with betting integrity monitoring bodies transforms this obligation into a practical, operational reality. This approach is operationalised through initiatives such as the IBIA Payment Provider Forum in Brazil, which provides a structured platform for licensed operators and payment providers to share intelligence. Align controls and coordinate action against illegal betting and associated financial crime.

## STRUCTURED COLLABORATION ALLOWS:

- Faster identification of illegal operators and networks
- Early disruption of match-fixing and betting manipulation
- Stronger AML and counter-fraud controls
- Clearer proof of regulatory compliance
- Improved channelisation into the regulated market



# COLLABORATION FRAMEWORK TO PROTECT SPORTS BETTING INTEGRITY





# CONCLUSION

The integrity of the betting environment relies on coordinated action between the regulatory authority, payment providers, licensed betting operators and their betting integrity monitoring partner. The use of financial infrastructure by unlicensed betting operators not only undermines the regulatory framework and the protection of consumers and sporting events, but also exposes payment providers to significant legal, financial and reputational risks.

Taking action against unauthorised operators is not only a regulatory obligation but also a necessary measure to safeguard consumer trust, financial stability and the integrity of the betting ecosystem. Through the implementation of robust licensing, monitoring and reporting frameworks, payment providers fulfil their role as systemic guarantors, thereby contributing to a safer, more transparent and sustainable operating environment.

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# GLOSSARY OF ABBREVIATIONS

<b>AML</b>	Anti-Money Laundering
<b>CFT</b>	Countering the Financing of Terrorism
<b>COAF</b>	Council for Financial Activities Control
<b>IBIA</b>	International Betting Integrity Association
<b>INTERPOL</b>	International Criminal Police Organization
<b>KYC</b>	Know Your Customer
<b>KYM</b>	Know Your Merchant
<b>SAR</b>	Suspicious Activity Report
<b>SPA</b>	Secretariat of Prizes and Betting
<b>STR</b>	Suspicious Transaction Report
<b>UBO</b>	Ultimate Beneficial Owner
<b>UNODC</b>	United Nations Office on Drugs and Crime

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