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It is time to tame unbridled sports betting

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The online sports betting frenzy appears to be coming at the expense of other forms of recreation and entertainment spending rather than cutting into spending on food, healthcare or education. But that doesn't mean the free-for-all should be allowed to continue.

At a red light, a taxi driver named Mpumelelo taps his phone twice and places a R10 wager. At the same moment, John tells everyone at the bar that drinks are on him as he clicks a bet minutes before the game kicks off.

That click has become the national norm thanks to the ease of betting online. This has fuelled record gambling turnover - R1.5 trillion was wagered in 2024/2025 (up from R1.1 trillion the previous year) – 0.8% of SA's GDP.

The concern is that South Africans are betting money meant for food and education, and getting deeper into debt, in an online frenzy that has swept this and many other parts of the world.

The reality is a little less scary than the big numbers suggest. Yes, gambling turnover of R1.5 trillion constituted an eye-watering 31% of total consumer spending last year, but 95% of this money was consumers' recycled winnings that had been bet again. Gambling operators took home only 5% of this as Gross Gambling Revenue (GGR).

Certainly, GGR has also leapt up rapidly – from R52.3bn to R75bn over the past year, a growth rate of 26.2% on top of the 25.7% jump the previous year. This is almost entirely due to the explosion of (mostly online) betting which, since 2020, has taken over from casinos as the dominant form of gambling in SA.

As a result, GGR has almost doubled its share of total consumer spending from 0.9% in 2022 to 1.5% in the year ending March 2025. But the average South African household still spends proportionately more on beer than it does on gambling and betting, according to Stats SA.

Where it gets more interesting is that while GGR as a share of consumer spending on recreation and culture has jumped from 12.3% pre-Covid to 26.7% now, the recreation and culture category declined from 7.2% to 5.8% of total consumer spending over the same period.

This suggests that increased spending on betting is coming at the expense of other forms of recreation and entertainment spending (such as on books, magazines, and cinemas) rather than cutting into spending on food & beverages, clothing & footwear, healthcare or education.

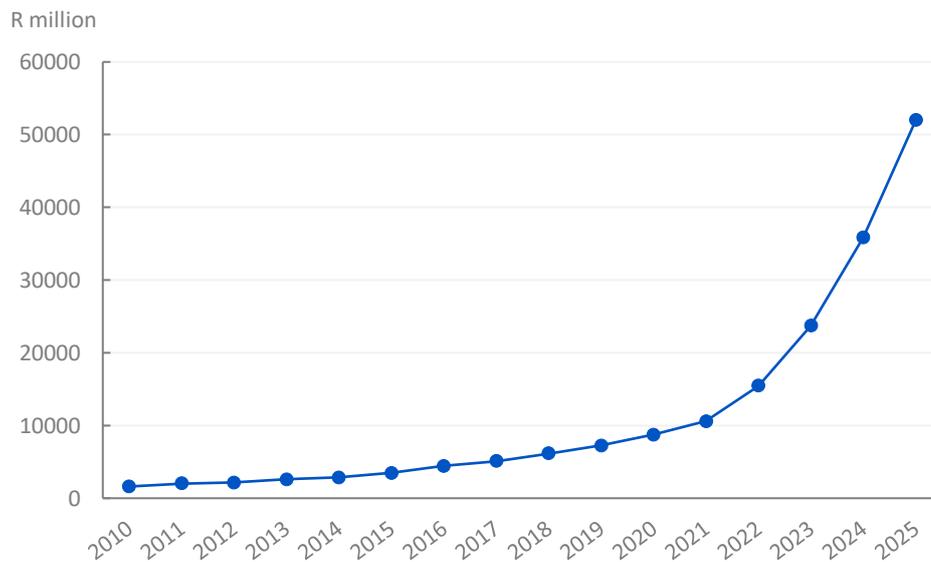
We can infer this since the share of these latter categories of consumer spending have increased (or remained unchanged) in recent years relative to 2019. In short, the data shows that households are spending a smaller share of their overall budgets on recreation and entertainment, despite the explosion in sports betting within the entertainment category.

Of course, there will be some households that gamble away money needed for essentials. According to the 2025 Old Mutual Savings and Investment Monitor, 40% of working South Africans gamble frequently hoping to cover some of their expenses or debt (up from 36% last year) and one in five gamblers have had to borrow, use credit or sell something to fund their gambling activity. Gambling is also more prevalent among lower income earners.

This chimes with the findings of a paper, "Gambling away stability", by the National Bureau of Economic Research in the US. Published in November 2024, it found no evidence that sports betting raises or lowers aggregate household spending in the US; rather it significantly shifts the composition of spending away from non-betting categories. (The exceptions were things like "cable TV" and "dining" on which spending rose, ostensibly because they complement the experience of watching and betting on live sport.)

The researchers said that while such changes might seem benign, the rise of sports betting reduced investment rates and increased debt burdens in financially constrained households.

Fig 1: Betting - Gross Gambling Revenue (GGR) growth



Source: National Gambling Board (NGB), BER

South Africa's National Gambling Board (NGB) is also growing concerned. In its latest annual report, it calls for greater regulation, arguing that insufficient guidelines over gambling advertising have "normalised gambling in society, fostering harmful gambling habits". The advertising sector is one of the main beneficiaries of sports betting. In 2024/2025, betting brands spent about R2.6bn on advertising in SA, more than what was spent in total on fast food or telecoms advertising.

Harvard economics professor Xavier Gabaix's thesis on *shrouding* explains how bookmakers mask the true costs of gambling (and the low probability of the punter winning) behind attention-grabbing offers, instant cash-outs, odds boosts, and loyalty spins - all of which keep the house's winning edge invisible. Snazzy marketing further magnifies the information gap.

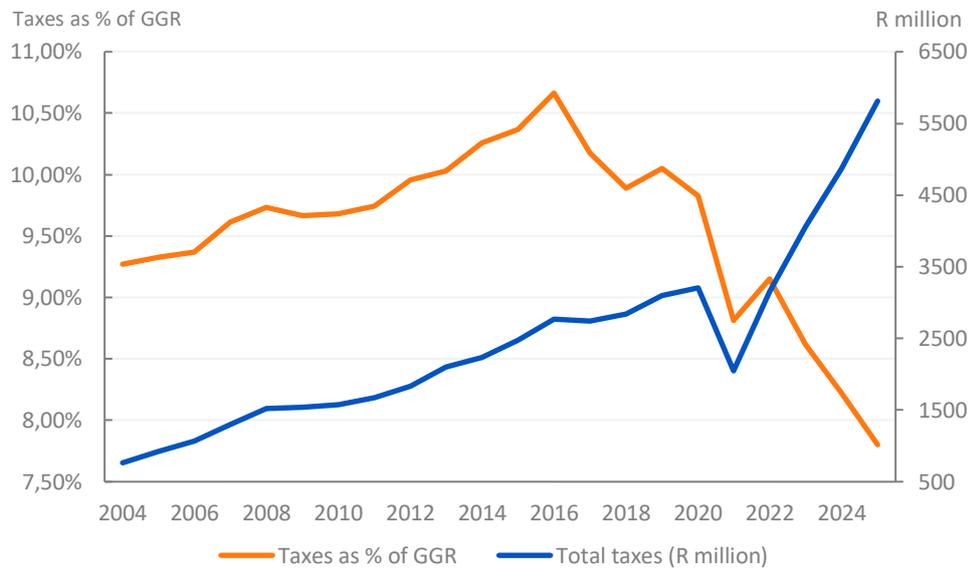
The NGB recommends that government prohibit gambling adverts during live sports broadcasts and family viewing times; prohibit ads featuring (or targeted at) young people; cap the number of video spots per commercial break; ban pop-up and auto-play gambling ads; and restrict major sport sponsorships.

Another option is to hike gambling taxes, which currently net R5.8bn for state coffers annually. But taxing online *bets* is difficult since IT servers can migrate overnight. Kenya tried a 40% winnings tax in 2019; operators fled, and it was forced to slash the rate to 5% a year later.

SA would likely see the same kind of flight. The *payments* of online sports betting punters are, however, rooted domestically. A levy of, say, 2% on deposits at online sports betting sites would be enforceable and could limit the sharp rise in deposits while boosting tax revenue.

The point is not to confiscate Mpumelelo and John’s thrill, but to keep today’s excitement from becoming tomorrow’s eviction notice. What we should not do is let addictive gambling behaviour, and the associated costs, continue to go unchecked.

Fig 2: Gambling taxes in SA – total amounts and as a share of Gross Gambling Revenue



Source: National Gambling Board (NGB), BER

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