

History And Stages Of Development Of Bookmaking Activities

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Abstract

This article explores the historical evolution of bookmaking and sports betting, tracing its trajectory from ancient informal wagering to the sophisticated, multi-billion-dollar digital industry of the 21st century. By examining key developmental stages—including the emergence of professional bookmakers in the 18th century, the era of legislative regulation, and the transformative impact of the internet and mobile technology—this study provides a comprehensive overview of the sector's economic and structural changes.

Keywords: Regulation of sports betting markets, Legal liability of bookmakers, Civil law mechanisms in gambling, Consumer protection in betting activities, Integrity safeguarding in professional sports, Digital and online betting platforms, Financial guarantee systems in wagering.

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1. Introduction

Bookmaking, the profession of accepting and paying off bets on sporting and other events at agreed-upon odds, serves as a critical component of the global gambling economy. While the impulse to wager on uncertain outcomes is as old as civilization itself, the organized structure of bookmaking has undergone profound changes over millennia. The industry has evolved from local, unregulated exchanges into a complex global market driven by statistical analysis, legislative frameworks, and technological innovation. Understanding this history is essential for comprehending current economic dynamics, such as the tension between state regulation and market demand, as well as the shift from physical betting shops to digital platforms.

2. Methodology

Historical and Evolutionary Analysis: The study traces the development of betting from informal wagering in ancient Greece and Rome through the professionalization era in 18th-century Britain.

Comparative Legal Analysis: The research evaluates the divergent regulatory trajectories in the United Kingdom and the United States, focusing on key legislative acts such as the Gaming Act 1845 and PASPA 1992.

Case Study Method: The article analyzes the impact of technological shifts, specifically the transition from physical "turf accountants" to digital and mobile platforms following the 2007 mobile revolution.

Documentary and Policy Review: Current regulatory

reforms in Uzbekistan are analyzed by examining the Decree of the President No. UP-68 (April 19, 2024) and integrating international best practices, such as "integrity fees".

Literature Review: A comprehensive review of academic scholarship, economic reports (e.g., Nevada Gaming Control Board, UK Gambling Commission), and historical texts was conducted to synthesize the global economic dynamics of the industry.

3. Results

The practice of gambling predates recorded history, with archaeological evidence suggesting that games of chance were prevalent across early civilizations. In ancient times, the boundaries between religious rituals, sport, and gambling were often blurred. The casting of lots, mentioned in biblical texts, indicates an early reliance on chance mechanisms (Matheson, 2019). However, the specific precursor to sports betting is most clearly identified in Ancient Greece and Rome.

Organized sports, such as the Olympic Games (established 776 BCE), attracted significant wagering activity. Spectators would place bets on athletic contests, a practice that, while popular, often drew the ire of moralists and philosophers. In Rome, the scale of gambling expanded with the institutionalization of gladiator fights and chariot races at venues like the Circus Maximus and the Colosseum (Matheson et al., 2018). These events were not merely entertainment but economic engines where vast sums changed hands. Despite its popularity, gambling was frequently subject to legal restrictions; for instance, Emperor Augustus limited legal gambling to the festival of Saturnalia (Matheson, 2019).

The transition from informal peer-to-peer wagering to professional bookmaking occurred primarily in the United Kingdom during the 18th century. Horse racing, known as the "Sport of Kings" due to the patronage of monarchs like Charles II, became the fertile ground for this evolution. Prior to this period, bets were largely private agreements between individuals.

The pivotal moment in professionalization is attributed to Harry Ogden in the 1790s. Operating at the Newmarket Racecourse, Ogden is widely recognized as the first professional bookmaker. Unlike previous bettors, he introduced the concept of setting fixed odds for each horse in a race, rather than simply matching bets.

By calculating the probability of various outcomes and offering odds that included a profit margin, Ogden laid the foundation for the modern bookmaking business model. This margin, often referred to as the "vigorish" or "overround," ensures that a bookmaker can theoretically profit regardless of the event's outcome if the book is balanced.

In the late 19th century, a significant innovation challenged the traditional bookmaker model. In 1867, Joseph Oller introduced the pari-mutuel system in France. In this system, all bets are placed into a pool, taxes and the house take are deducted, and the remainder is divided among the winners. This method removed the risk of the bookmaker losing money to a knowledgeable bettor and became the standard for horse racing in many jurisdictions, including the United States.

As bookmaking expanded, so did the need for state control. The 19th and 20th centuries were defined by a struggle between prohibition and regulation. In the United Kingdom, the Gaming Act 1845 attempted to discourage betting by making wagers unenforceable as legal contracts, while the Betting Act 1853 suppressed betting houses, driving the activity to racetracks or underground (UK Parliament, 1853). It was not until the Betting and Gaming Act 1960 that off-course betting shops were legalized, leading to the establishment of regulated high-street bookmakers.

In the United States, the trajectory was more volatile. By the early 20th century, anti-gambling sentiment led to widespread prohibitions. However, the Great Depression spurred a wave of re-legalization as states sought tax revenue. Nevada legalized most forms of gambling, including sports betting, in 1931 (Grote & Matheson, 2017). Conversely, federal efforts to control organized crime led to the Wire Act of 1961, which prohibited the interstate transmission of bets. Later, the Professional and Amateur Sports Protection Act (PASPA) of 1992 effectively outlawed sports betting nationwide, with exceptions for states like Nevada (Howell, 2020).

The advent of the internet in the 1990s precipitated the most significant structural shift in the history of bookmaking. The public diffusion of the internet in the 1990s created conditions for remote wagering, including early online sportsbooks operating from permissive jurisdictions. Academic and legal scholarship emphasizes that this period preceded the stabilization of coherent regulatory regimes for remote betting, thereby

creating uneven consumer protections and enforcement across borders (Howell, 2020; Schwartz, 2006). This era saw the rise of offshore bookmakers who operated in jurisdictions with favorable tax and regulatory environments, serving customers in countries with stricter laws.

Technology also enabled new betting formats. A notable development was the emergence of betting exchanges, which facilitate peer-to-peer wagering rather than direct wagering against a bookmaker. From an institutional perspective, exchanges blur the classic distinction between bookmaker and customer by allowing participants to act as liquidity providers; this reconfigures price discovery and redistributes risk, while still raising familiar regulatory questions regarding market integrity, consumer protection, and the monitoring of suspicious betting activity.

The widespread adoption of smartphones following the release of the iPhone in 2007 catalyzed the mobile revolution in gambling. Mobile applications provided users with instant access to betting markets, enabling "in-play" or "live" betting, where wagers are placed while a sporting event is in progress. This development significantly increased the volume of bets and the speed of market turnover.

In the United States, the legal landscape shifted dramatically in 2018 when the Supreme Court overturned PASPA in the case of *Murphy v. National Collegiate Athletic Association*. This ruling allowed individual states to legalize and regulate sports betting (Rodenberg, 2020). Consequently, major digital platforms like DraftKings and FanDuel, which began as fantasy sports providers, rapidly pivoted to become dominant mobile sportsbooks.

Today, the bookmaking industry is a multi-billion-dollar global enterprise characterized by consolidation and data integration. In the UK alone, the remote (online) betting sector generated approximately £2.8 billion in gross gambling yield in 2019. In the US, the post-PASPA era has seen rapid state-by-state legalization, with Nevada's sportsbooks handling \$5.3 billion in 2019.

Contemporary debates focus on market integrity and economic impact. Professional sports leagues, once staunch opponents of betting due to corruption fears (e.g., the 1919 Black Sox scandal), have begun partnering with gambling operators. Discussions regarding "integrity fees"—payments from operators to

leagues to fund monitoring against match-fixing—have emerged as a contentious policy issue (Depken & Gandar, 2021). Furthermore, economic research by Humphreys (2021) suggests that while sports betting generates tax revenue, it may cannibalize revenue from other forms of gambling, such as state lotteries.

4. Discussion

Also the global digitalization stage highlighted in this study is also being reflected in the legal landscape of Uzbekistan. Specifically, the Decree of the President of the Republic of Uzbekistan No. UP-68, dated April 19, 2024, marked the beginning of a new era in regulating risk-based games, including bookmaking activities. This represents a significant national step toward ensuring the balance between 'legal reforms and commercial demands' as described in the article, in addition, we should pay attention to regulate bookmaking activities highly because of it may cause different types of drawbacks among people and bookmakers such as problem gambling and addiction, financial losses leading to personal or family hardship, disputes over unpaid winnings, risks of fraud and manipulation, reputational damage to legitimate operators, and the potential for illegal or unlicensed betting markets to emerge. Effective regulation can mitigate these risks by ensuring consumer protection, enforcing transparency, and promoting fair play within the industry.

5. Recommendations

Furthermore, I recommend the implementation of preventive obligations in Uzbekistan to ensure the integrity of sports while further developing the bookmaking industry. These obligations include the identification of suspicious bets, manipulation, or match-fixing activities, and the reporting of such incidents to competent authorities. In addition, the introduction of an "integrity fee" mechanism would facilitate effective cooperation with sports federations and monitoring bodies. "Integrity fee" mechanism: This mechanism, utilized in international practice (e.g., the USA and the UK), involves directing a portion of the revenue generated by bookmaking operators to sports federations to fund efforts against match-fixing and to further the development of sports. This study contributes to the development of a national regulatory framework for responsible bookmaking in Uzbekistan, combining legal reforms, technological innovations, and collaboration with sports federations to maintain the integrity of

sporting events.

6. Conclusion

The history of bookmaking is a narrative of constant adaptation. From the informal wagers of ancient Rome to the algorithm-driven marketplaces of the 21st century, the activity has demonstrated remarkable resilience. The shift from the physical "turf accountant" to the digital sportsbook has democratized access but also introduced new challenges regarding problem gambling and market regulation. As the industry continues to integrate with media and professional sports, its economic influence is likely to grow, necessitating ongoing academic and legislative scrutiny.

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