An Overview of Mexico’s (Online) Gambling Market

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Mexico’s iGaming market is dynamically evolving, positioning itself higher up in global industry rankings. Driven by a fervent passion for sports, especially football, and an expanding digital infrastructure, the country is witnessing a surge in online gaming and gambling. Still, challenges like outdated regulations and the unchecked dominance of offshore operators persist.

This study examines the vast potential of Mexico’s gambling market, underscored by a rich gaming history and a young, tech-savvy population. We will explain why and how the Central American nation is turning into a focal point for iGaming industry stakeholders around the World.

Mexican iGaming Already on the Big Stage

The current **size** and unmistakable **potential** of the Mexican gaming market has made it pivotal to the strategies of many industry stakeholders. The sector’s **transition** to **maturity** in one of the world’s most exciting emerging markets has brought visibility to Mexican gaming customs, regulations and technological preparedness.

Already considered a real-money gaming hub for Latin America, Mexico’s offers **formal licensing** of consumer-oriented gaming services, even to foreign companies. This has led to a **wide array** of gambling options, especially in the **sports betting** segment.

Still, current regulations cater mostly towards traditional and land-based forms, urging some **legislative modernization**. The latter is also true for **market oversight** mechanisms and possibly a more flexible **taxation structure**.

Despite these limitations, the growth of **online** gaming platforms on a global level (and especially in the neighboring **United States** since sportsbook regulation in 2018) has significantly enriched the options and **channels** for Mexican gamers. The leading online operators have dedicated an **ES-MX version** of their sites and have started exploring the nation's **gambling culture**, consumption models and habits.

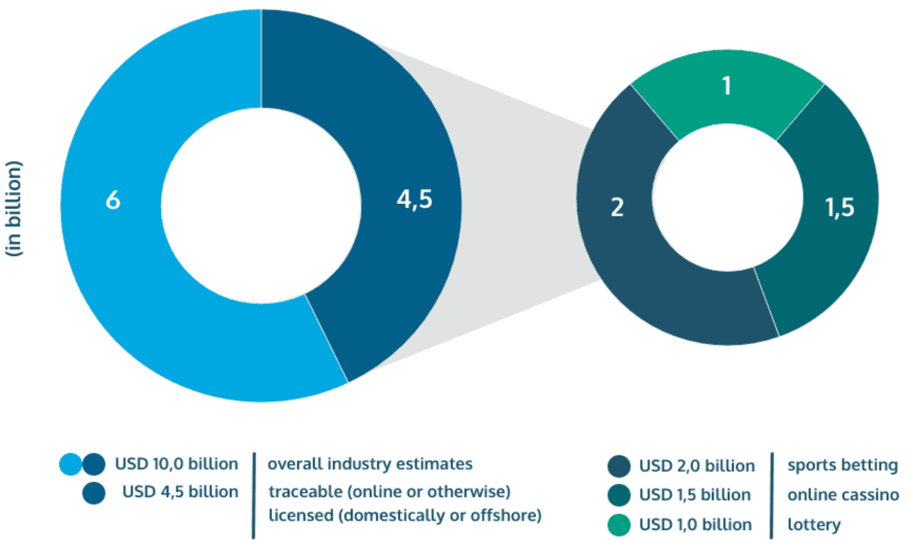
Industry associations summarize thus the Mexican gaming market's **strengths:**

- License availability, practically unlimited.
- Broad range of real-money gaming product offering.
- Ability to advertise gambling services.

And **challenges**:

- Outdated laws primarily focused on physically-present gambling.
- Relatively high tax burden.
- Lack of market integrity measures.

Size, Growth and Potential



Mexico's real-money gaming market value, in USD billion.

The gaming landscape's significant evolution has often been hard to **estimate** precisely. Even back in **2016,** however, some specialized financial outlets settled on a sizable figure for the **online gambling** market – **USD 2 billion**. However, according to the Association of Permit Holders and Game Providers (APJSAC), most of that amount (**90%**) was channeled towards offshore and **unlicensed operators**.

A year later (**2017**), the **casino market** as a whole was assessed to be worth as much as **USD 10 billion**. The **online** segment was still accounting for only **USD 500 million** of that, industry experts claim.

Mexican market consultancies estimate that in **2019** adult gamers in Mexico spent approximately **USD 1.84 billion** on paid games (over MXN 32 billion), notably **surpassing** the revenues of the national **film industry**.

Around that time, **Mexican Government** data valued the gambling industry at roughly USD 2.18 billion (MXN 36.5 bn). However, these estimates consider only domestic (based or registered) operators and supporting businesses. This makes it an apparent underestimation of the total spending of Mexican gamers. Real-money gaming has almost inevitably grown since 2019, especially in the post-Covid digital reality.

And this is exactly what we have seen in the past few years. In **2022**, the Mexican real-money gaming market (USD 1.2 billion) was hot on the heels of Brazil (USD 1.3 bn) and well ahead of Chile and Colombia among its Latin American counterparts. What is more, Statista sources expect gaming revenues to continue growing by 13.1% throughout 2023, while some market research agencies expect those figures to be even higher – 19.69% on average until 2028.

While some of these reports agree on approximate figures, others **diverge** on the **market scope** for such revenue volumes. Total "gaming revenues" in Mexico are estimated at just under USD 1.9 bn for 2023 by prominent database platforms (reaching **USD 2.66 bn** in **2027**) – just about the same amount we had seen for real-money games alone. On the other hand, the cited statistics cover a much **wider range** of gaming products and services – including console and PC games and well **beyond real-money** mobile and online games.

With that in mind, we do understand and define the subject matter of our study more **narrowly**. In terms of market segmentation, **sports betting** has emerged as the **dominant** segment in Mexican gambling, and that is even more the case in **online** platforms. It is driven by the nation's **passion** for sports, especially **football**, in addition to the presence of numerous regulated betting channels.

Other real-money gaming segments – namely **online poker**, **bingo**, **lottery** and **online casino** – have also seen consistent growth. The **online casino** segment, in particular, has benefited from an abundant supply (and quality) of games and marked improvements in **digital payments**.

This allows us to distinguish more **recent** and, above all, more **accurate** industry figures. Based on 2023 data, the Mexican **National Lottery** alone has ticket sales for more than **USD 1 billion** (MXN 18 bn), paying out about **half** of that in **prize money**.

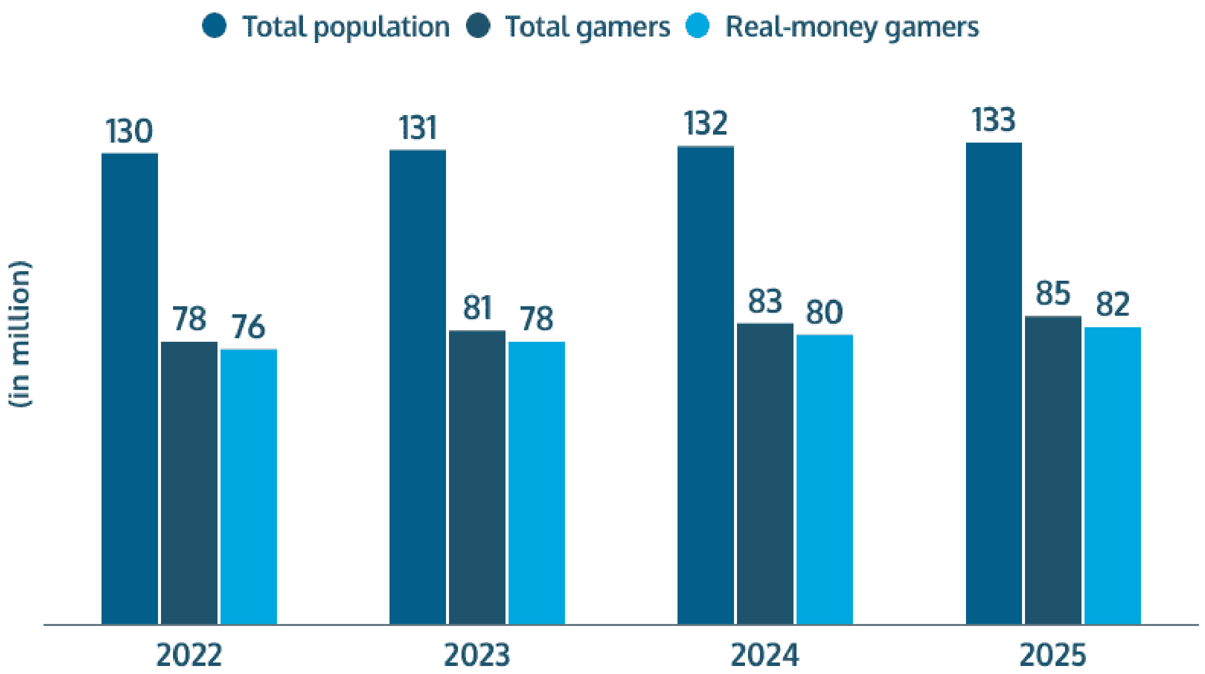
The **sports betting** segment has roughly twice the financial impact of lotto games – in 2022 it reached **USD 2 billion**. A significant **boost** to the industry was provided by the **FIFA World Cup** in Qatar and the limitless betting options that such a global football event offers to fans. Mexican media reports remind us of significantly lower figures before the pandemic – USD 600 mln – much closer to what we saw in 2017 reports.

Thus, based on the data sources cited above, we are able to **establish** the market's **magnitude** and **potential**. The **entire real-money gaming** scene in Mexico is worth around **USD 10 billion**, as per industry estimates and in line with its being a **close behind** the Brazilian gambling market which is reported at similar volumes.

Taking into account **online platforms** and **licensed operators** only – including lotto games and high-profile real-money gaming sites operating on the Mexican market – we see them reach just under half of that turnover. An estimated **USD 4.5 billion** is partitioned between **sportsbook** platforms**, online casinos**, **lottery**, **bingo** and other **games of chance** (see Game Types below).

Player Pool

Another key element of the ENV Media survey was built around the **types of gambling** activities people **usually** participated in. Multiple answers were possible, with both in-person and online games included.



Mexican gamer pool estimates and projected growth.

the youngest average demographics profiles globally (**median age** of under 30), this puts it firmly among the **top 10** markets for digital entertainment.

These traits of the user pool are crucial in understanding Mexico's importance for the online gaming and gambling industry. This is also evident from its ranking as the **4th most active** country globally in terms of **visits** to **casino websites**. 2022 data by payment provider Nuvei reveals that Mexico recorded an impressive **3.6 million**

monthly visits to online casinos. However, these figures represent only website visits and **do not reveal** the total number of **active players** or actual gaming spending.

Some behavioral studies get us closer to estimating user volumes. [Surveys from 2022]() indicate that **65%** of respondents have **engaged in gambling** activities within the **past year**. Out of the country's roughly 90 million adults, that makes about **58.5 million** Mexican **real-money gamers**.

Some experts, however, believe that the actual numbers are much **higher**. The Competitive Intelligence Unit ([CIU]()), a research institute based in Mexico, reported back in **2019** that the country had **72.5 million gamers**. By the end of **2021**, this figure had risen to **76.7 million**, corresponding to a 5.8% **increase** over two years (or **2.86% annually**). The **majority** of players ([59.7%]()) prefers **mobile** games.

Other sources agree on similar numbers – indeed, [local reports]() go a step further, asserting that by 2022 Mexico already had **more** than **76 million** players of **games of chance**. Not games of any kind or casual mobile players but actual **real-money gamers**. Contextual projections even anticipated a **further 15%** user growth in **2023**. While such an increase is rather unrealistic, even if we observe growth rates similar to those of the **general** gamer population, Mexico could boast about **90 million** real-money gamers by **2028**. An impressive market by all iGaming and gambling industry accounts.

Most Popular Game Types

In **general gaming** terms, the Federal Telecommunications Institute affirms that Mexicans would choose battle scenes first of all, followed by **racing** and **sports** (based on [2019 data]()). However, this survey included respondents as young as 7 years old (**20%** were **under 18 years** of age), with multiple responses possible. Naturally, this takes real-money games of any kind down the rankings.

In more narrowly focused studies, market experts [estimated]() in 2022 that **gambling activity** is roughly split **60%–40%** between sports **betting** on one hand and **casino** and **other games of chance** on the other. The latter macro segment includes the likes of "**slots**, blackjack, poker and various **lotteries**".

Sports Betting Dominates

Most of the existing market studies agree that sports betting rates well above other gambling forms. [Reportedly](), **40%** of Mexicans have placed bets on sporting events in the **past year** (e.g., football, horse racing). Many – **21.6%** in overall player shares – engage among **friends**. As a rule, however, sportsbook activity is channeled **mostly (73.13%)** over the **internet**, be that via mobile apps or websites.

Lottery and Instant Games

Lottery draws and **instant games** of chance also hold a considerable share of the market. The latter study places the fans of such draws (e.g., Powerball, bingo) at **25.2%**

of Mexicans. [Alternative sources] show (overlapping) shares of **24%** for **lottery** draws and **22%** for **instant games** of luck.

Casino Games

Casino games are not far behind. The 2021 report (ibid) leaves **17%** for **casino** games and other **traditional gambling** forms. Admittedly sports betting is still almost twice as popular as casino genres, yet the likes of **online slots** (**17%**) and **card games** (**12%**) also have a substantial fan base.

Industry bodies (the APJSAC) cited by financial media also distinguish **two** main **macro segments** among **online operators** – 60 percent going to sports and 40 percent to "traditional" games, among which blackjack, poker and the "maquinitas", i.e., slots.

The **combination** of the above product offers and the global **competition** for the Mexican gamer market ensures a well-rounded and **dynamic gaming environment.**

Historical Perspective

Mexico's gaming roots date back to ancient indigenous civilizations. The Olmec, Maya, and Aztec cultures all indulged in games with stakes and prizes. Novel forms of **gambling** were brought to the Americas by the Spanish conquistadors in the **16th-century**.

The **Royal General Lottery** was established in **1771** as Mexico's first formal gambling outlet. Complying with dominant Catholic beliefs and values, **proceeds** were most often directed towards **socially beneficial** or **charitable** causes.

The **early 20th** century (late Porfiriato era) saw Mexican gambling flourish with **French-style** casinos. After the Revolution, when the U.S. was banning gambling in the **1920s**, Mexico legalized most forms, attracting plenty of related **tourism**.

This boom was short-lived, however, as President Lazaro Cardenas banned many gambling forms in **1935**. Restrictions culminated in a **Gaming Law** which nearly **outlawed** all real-money games.

The landscape shifted in **1947** when President Miguel Alemán Valdé introduced the **Federal Games and Draws Law** (Reglamento de la Ley Federal de Juegos y Sorteos, RLFJS). It created a General Directorate of Games and Draws, opened up to the possibility of **regulated gambling** and **standardized** requirements across **lotteries**, **sports betting**, and **casinos**. And although some regulations **vary** across Mexican **states**, most remain **pretty consistent** when compared to those in the United States.

Modern Gambling Culture and Societal Trends

Sports betting has firmly established its presence in present-day Mexico and has **more media visibility** than other local favorites like the **lottery** or **slot** games. In 2022, Fox

Sports México launched "Money Line Show," a program **dedicated** entirely to sports betting. The show's hosts discuss **betting options** across various sports, while emphasizing **responsible gaming**.

Football can almost be considered a national obsession and it dominates the betting scene. Further back, we see American sports like **baseball** and the **NFL**. **Horse** and **greyhound** racing have their stronghold in Juarez, while Mexico City hosts the famous Hipódromo de las Américas.

Online **casinos** available in Mexico do follow global trends and gaming offers but they also put much emphasis on content **localization**. Cultural references to the Incas, piñatas or el Día de los Muertos are often seen in game **themes** and **visual** setup.

As noted above, **slot** games likely have the **largest** player base in the **online casino** segment. Card games (with **blackjack** and **poker** on top) and live casino games (e.g., **roulette**) are most frequently cited by gaming fans.

Such gambling "classics" continue to draw **American tourist**s to Mexico to this day, especially from States where gambling is not allowed or well regulated. This also demonstrates differences in **cultural perceptions** and, for the most part, the **progressive mindset** of Mexican society on the topic. Interestingly enough, a 2022 report highlighted that **31%** of the nation's adults do not **consider** the **lottery** to be **gambling**.

The allure of gaming is also easily noticed among the **younger generation**. Children and teenagers allocate as much as **60%** of their leisure time to **games** and **visual** content platforms like YouTube. Recognizing the profound influence of gaming, the government has been proactive in content regulation – **game ratings** have been enforced since 2021. The Secretariat of the Interior (SEGOB), which oversees game distribution, **classifies** games into age-specific categories, with the higher ratings (C and D) necessitating **age verification**.

Legal Status of Real-Money Gaming in Mexico

Mexico is often viewed as a **pioneer** in **online casino** and **gambling legislation**, especially when compared to most other American jurisdictions. Since the middle of the 20th century, Mexico has had **established legal structures** and dedicated **governmental bodies** responsible for licensing and overseeing the industry.

In a short yet structured manner, we can list the following **regulatory milestones**:

- **1947:** The foundation of Mexico's gambling regulation was laid with the Federal Gaming and Raffles Law (**RLFJS**). Oversight of this framework was entrusted to **SEGOB**.
- **2004:** The original gambling Law, which had remained **static for decades**, underwent significant **revisions**. These changes expanded the law's scope to

include online gambling, mandating all online operators to secure a **license** from the Mexican government.

- **2007:** The Federal Gaming and Raffles Law was **further broadened** to include **online sports betting**, permitting Mexicans to wager on sports events online through **licensed operators.**

- **2012:** The government introduced two IT-related **standards** for gambling: NMX-I-287-1-NYCE-2012 for providers and NMX-I-287-2-NYCE-2012 for operators. These standards aimed to **ensure fairness**, **security**, and **proper operation** of interactive gambling systems accessed online.

- **2014**: A significant **overhaul** of the RLFJS was approved by Mexico's lower legislative chamber. However, the Senate sought a more comprehensive analysis, leading to **delays** in finalizing the regulation. This **indecision** has been estimated to cost the government substantial gambling **tax** revenues. Later that same year, **reforms** to the **telecommunications** law were passed, compelling internet service providers to **block unauthorized** online gambling sites.

Available License Types

As things stand, there are no limitations on the **number** of **land-based** or **online** licenses that can be issued. These can be valid for up to **25 years**, with the possibility of **extending** them for additional 15-year periods.

Licenses are exclusively granted to **Mexican commercial entities** (based or registered) compliant with national laws. Just like land-based operators, online agents must also obtain a license from SEGOB. However, **B2B providers** are **exempt** from this requirement.

There are **four kinds** of real-money operator licenses in Mexico:

- Horse and greyhound **Racetracks**, with contextual betting;

- **Fronton** arenas for jai alai (a.k.a. pelota);

- **Remote betting** centers (i.e., sportsbooks) – Licenses for any kind of establishment facilitating remote sports betting;

- Betting **centers** or "**rooms** for drawing numbers" – This category encompasses land-based casinos, covering live gaming, slot machines, and online gam

Consumer Protection

The RLFJS and its numerous updates institute a framework for safeguarding customers of the gambling industry. Key provisions include:

- **Age Restrictions**: Naturally, real-money gaming is strictly off-limits for minors.

- **Grievance Redressal**: Users can file complaints directly with the SEGOB – e.g., for prizes unpaid and other unfair practices;
- **Advertising**: All gambling-related advertisement requires SEGOB's **prior approval**; Licensed establishments are **barred** from **explicitly** promoting bet types; All promotional content must be **accurate** to avoid consumer confusion;
- **Responsible gaming**: all industry messages should emphasize the **protection** of **minors** and the importance of **responsible gambling**.

Current State and Effect of Regulations

While the initial Gaming Act has been greatly and meaningfully **expanded** – especially in its **restrictive** sense – current regulations still exhibit **gaps**, particularly related to the **online gaming** segment. The laws lack comprehensive **descriptions** and **requirements** for online activities, leaving much to the SEGOB's **discretion**.

Consequently, Mexicans often turn to **foreign online gambling** sites. These operators tend to adhere to local laws and have a dedicated market offer but, being foreign-based entities, they cannot directly obtain Mexican licenses. This **regulatory void** has led to approximately **60%** of online casinos operating **outside** national control. Another important industry body, the AIEJA, has highlighted this concern, urging the government to modernize the RLFJS, especially given the unchecked operations of **over 100 unlicensed companies** in the country.

Technological Overview – Infrastructure, Communications, Banking

It has been barely two decades, since 2004, that **foreign companies** have been able to distribute, and sell games within Mexican borders. As it might be expected, this move led to a **surge** in the gaming sector, with **global** gaming companies raising the levels of **quality** and **competition** on the market. Mexican players have often shown a preference for foreign titles, drawn by their engaging gameplay, superior graphics, and compelling narratives.

However, the online gaming landscape also faces significant **challenges**. Despite **widespread** internet access, **banking penetration** remains **low**. Fernanda Sainz of Caliente Interactive (one of the gaming giants present in Mexico) highlighted that **less than half of** the internet users possess a **bank card**, which is crucial for online gaming transactions.

Transaction rejections are not uncommon also because of the **limited** telecommunications infrastructure, especially in rural **areas**, which leads to transaction latency. Experts claim that the relatively **high fraud** rates are also attributable to these issues.

A broader look at the Mexican digital landscape reveals that only **22%** of internet users make **online purchases**, while a mere **17.6%** engage in **online banking** operations. The problem is further compounded by the fact that nearly **56%** of Mexicans are involved in **informal economic activities**, as reported by the National Institute of Statistics and Geography in March 2022.

To gain **trustworthiness**, the online gaming sector needs to achieve higher degrees of **transparency**. That entails both banking traceability – to **verify player profiles** and the **legitimacy** of funds as well as a coordinated action against illegal betting platforms. The industry needs a marketing strategy and the authorities' support against unlicensed real-money gaming operators.

Yet, Mexico is still the region's second largest smartphone market. In terms of **digital maturity**, McKinsey ranked it **55th** out of **151** countries in 2018. The Mexican Internet Association reported in late **2021** that the nation boasted **89.5 million internet users**, accounting for **75.7%** of its population aged **6 and above**.

Unfortunately, a disparity still exists between urban and rural areas, with **77%** of **urban** dwellers having internet access compared to a mere **48%** in **rural** regions. In the past few years, however, recognizing the need for enhanced digital connectivity, the government initiated the "Internet para Todos" program, focusing on **expanding internet access** to rural and underserved communities.

Analyzing the **competition** in the t**elecommunications'** landscape, we see the Herfindahl-Hirschman Index (IHH) – a market competition index – rate Mexico in mid-to upper-4000 points (4,270 in year-end 2022). Such a score indicates a **high market concentration** and **limited competition** in the mobile market.

The dominant presence of **América Móvil** underscores the need for **regulatory interventions** to bolster competition and ensure a **level playing field** for all market participants. This would be crucial for the **digital entertainment** macro segment – which heavily relies on mobile access – and the **online gaming** industry in particular.

Local Gaming Industry

Mexico's own gaming industry has witnessed **significant growth** in the past two decades due to the **revival** of the **public** and **regulatory debate**. The ascent of domestic giants like **Caliente**, **CIE** and **Televisa**, along with the competition of international agents such as the Spanish **CODERE** brought the real-money **license holders** to **over 300** in 2013.

The same sources give a slightly **inflated** overall **valuation** to the industry, citing USD 16 billion as early as 2010, possibly including related and supporting sectors and services. Market analysts emphasize that real-money gaming in Mexico employs directly more than **40,000 people** and **indirectly** up **to 120,000**, contributing **3.7%** to the nation's **GDP**. The Mexican Government reports industry estimates that are quite different – just **under 10,000** workers **directly** employed by the gambling industry, predominantly **female**

(**60.1%**), mostly **middle-aged**. These figures also result in different market valuations and, as we have seen above, the more realistic estimates lie in the middle.

Out of the **5,524** economic **units** in **2022**, authorities point out that the largest share of gross production and **gaming businesses** is based in **Ciudad de México**, standing well above other territories and states. **Nuevo León** follows with a third of the Capital output, followed by the likes of **Yucatán** and **Jalisco**. Perhaps surprisingly, Federal sources cite **only USD 2.32 million** of **foreign direct investment** on an annual basis.

Most of the **challenges** are related to high **procedural** and **licensing costs**. Industry stakeholders have repeatedly raised concerns about the **high taxation rates** imposed on gross gaming revenue (**GGR**). A **30%** GGR is in force, without accounting for **levies** on **player winnings**, both state and federal. In addition, a **16% digital services tax** was introduced in 2020.

The **demanding** regulatory and business environment is seen in the **dynamic** industry changes over the years. In 2013, Mexico had 27 gaming permit holders under two main associations: APJSAC and AIEJA. These entities held a total of 561 casino permits, but only 306 were active.

Sectoral associations saw the market's **liberalization** as an **opportunity** to increase the number of venues yet they slowly declined (**291** in **2015**). Still, by **2017** most active **land-based** operators were nevertheless **optimistic**. Miguel Ángel Ochoa of the AIEJA noted that Mexico's casino **market position** had **dropped** in the preceding few years due to stricter regulations but that was **not** necessarily **a bad thing**. Compared to more mature markets like Argentina, these measures were "needed" and the time to expand again had come.

Today, the country has around **200 physical** gambling **venues**. Upscale ones are part of **resorts** catering to tourists, while there are a number of smaller **gambling halls** offering slot machines and more limited amenities. A typical Mexican bingo hall or slots venue would have about 200 to 300 machines. At this point, **locally registered** operators – particularly **sportsbook** and those with **physical** outlets – tend to see the market as having high channelization rates.

However, from the point of view of the Mexican regulator that is not quite true. **Offshore** sites, operating **without local licenses**, **dominate** the online gambling scene. They rake in as much as 90% of the market **profits**.

Global gaming companies are also the ones that **react faster** to market changes and fresh gaming trends. **Esports**, for example, a segment on the rise around the World, has seen international companies host **events** and **tournaments** around Mexico, while some universities offer **eSports-based scholarships** in partnership with global gaming giants.

Online Real-Money Gaming in Mexico – Prospects and Expectations

With a **sizable** and **youthful** market pool, it is easy to appreciate why Mexico is rated highly for its **potential** by **iGaming** stakeholders, even more so than its current performance. Thriving on the nation's sports enthusiasm and growing digital maturity, Mexico is **gaining global traction** among its emerging market peers.

The industry also faces inevitable **hurdles**, namely **outdated laws** and unregulated **offshore competition**. Emphasizing that a **well-regulated** environment is vital for maintaining ethical standards and ensuring a competitive edge through technological upgrades. Operators willing to perform well in Mexico need to deliver **top quality** gaming experiences and adopt **smart marketing** strategies. They also need to take into account the demand for content rooted in the **local culture**.

Ultimately, the industry's success hinges on a mix of clear **regulations**, tech **innovation**, and market **transparency**. Sooner rather than later, however, Mexico will climb rankings and position itself as a market to be reckoned with in the global iGaming scene.