

CASINO

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Hippodrome: Reaching for the Sky

Can Online Casinos Offer Non-Negotiable (NN) Chip Rolling Programs

As land based revenues plummet and with no end game in sight due to Covid, can casino operators look to bolster flat gaming income? Can non-negotiable rolling programs, which are essential to the profitability of SE Asia casinos, be replicated and implemented through an online casino platform?

Before that question can be answered, it is absolutely critical for operators looking to translate the complex world of Asian based incentive programs to an online platform. Firstly they need to make every effort to understand the cultural differences and economics of how rolling programs work and function throughout Asia. Not doing so will result in huge losses for the casino.

Non-Negotiable (NN) rolling programs are unique to SE Asia and have been around since the early days of Macau back in the late 1970's when SJM was the only game in town. How and why the non-negotiable chip concept was needed and developed is another story, but as an introduction to non-negotiable chip rolling and how commissions are earned these are the fundamentals.

Basically rolling commission is received (earned) whenever a player wagers non-negotiable chips and winning bets are paid with cash chips. On average, a player's chip rolling or number of turns is approximately 7 - 8 times that of his/her principle buy-in amount. For example, a player that purchases \$500,000 in non-negotiable chips will often roll a total of \$3.5 million. If the commission rate is 1.25%, the rolling commission on this is \$43,750. The more non-negotiable chips a player purchases, the more commission collected.

The definition of a "negotiable" chip (cash chip) means that it can be redeemed at the casino cage for cash. NO rolling commission is paid or accrued for players that wager with cash chips, regardless of whether the players win or lose.



Shaun McCamley

Rolling programs using non-negotiable chips are designed specifically for VIP groups and approved junket agents.

The definition of a “non-negotiable” chip (dead chip) means that it cannot be exchanged at the cage for cash. The chips have an expressed monetary value but they must be played across the baccarat table. Rolling commission is when the group or player purchases non-negotiable chips with cash chips from the cage, the process is called chip rolling. This is where rolling commission is produced. The chip rolling amount is equal to the total non-negotiable chips that the player or group purchases with cash chips. For example, if the player or group purchases \$20k in non-negotiable chips, this equates to chip rolling of \$20k.

Once the player or group have finished playing and are ready to go home, the rolling commission total will be calculated AFTER the player or group returns all of the remaining non-negotiable chips in hand to the cage. Example: Total chip rolling is \$100k and the player holds \$20k in non-negotiable chips. $\$100k - \$20k = \$80k$ net chip rolling.

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So can a rolling program be offered through an online casino, well the short answer is yes. A key point to note is that the primary role of a NN chip is to track and record player turnover. This is needed to deliver an undisputed calculation of the commissions VIP groups earn as a whole (not necessarily individuals) during a visit. As the chips do all the work this negates the need to have a person recording every single bet of every player which would be costly and also result in inaccurate reporting leading to disputes.

As we know data harvesting and drill down points in today’s online casino platforms are all-encompassing and as such accurately record player turnover levels. Because of this there is no need to use NN chips as applying a commission rate would therefore not be difficult. So if it’s that easy why not just jump in and get the junkets and their players signed up and rolling; as always, the devil is in the details.

First step, make sure your commission rates are correct and in line with game’s theoretical data and turnover expectations, as they relate to an online casino environment. Next, it’s imperative to work out

the many loop holes, ways and means that junket agents and players work toward increasing turnover levels to their advantage. 90% of players in SE Asia prefer to play and earn commissions on baccarat where margins are particularly thin, so adding in cash incentives through rolling can bankrupt the casino if not done correctly.

As an example and to my surprise and amazement, I recently heard a senior casino executive express the view that NN chips could be cashed in. Let’s be very clear, to allow players to cash in their NN chips would be a total disaster for the casino. There is a very good reason why these chips are called Non-Negotiable.

The key takeaway here is that yes online casinos can offer rolling commission programs, but before doing so operators must seek advice from industry experts experienced in both land based and online casino operations as well as having development and oversight experience in non-negotiable chip rolling programs, to ignore this advice just sets up your casino to fail.

Biography

Shaun McCamley the Managing Partner of Euro Pacific Asia Consulting Ltd has over 39 years’ experience in the land based and digital gaming industries. Recognized by Global Gaming Business Weekly as one of the top 25 industry people to watch. Holder of Key Management Gaming Licenses issued by the USA and Australia.

In 1999, as a pioneer and early operator in online gaming, he founded BingoWorkz which developed and operated the internet’s first networked gaming solution using Flash technology. Since 2001 building Euro-Pacific-Asia Management Consulting into a leading firm that provides advice, casino management services and turn-key solutions to the land based and digital gaming industries.

A former President, CEO, and SVP of international gaming resort destinations. Commissioned to establish international casino resort developments in Australia (Perth) the Philippines (Subic Bay) Vietnam (Ho Tram) Timian and the former Republic of Yugoslavia.

Shaun is regularly invited to serve as chairman, keynote speaker and panelist at major gaming conferences around the world. As the Managing Partner for Euro Pacific Asia Consulting, Shaun continues to consult to the industries’ major land based and digital gaming operators.