



Trading on the Future

Are Prediction Markets REALLY Turning the World into a Casino?

By Scientific Games

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Yes, according to Bloomberg and millions of others. Including Jim Schultz, Executive Vice President, Global Legal & Public Policy at Scientific Games. Prediction markets are no longer on the fringe. Consumers are wagering on EVERYTHING—from gas prices and the weather to movie review scores, politics and election outcomes. And sports.

What was once a niche concept at the edge of mainstream finance has accelerated into an unhinged, high-growth wagering category. Watch the [controversial viral Kalshi ad](#) that's garnered 10 million+ impressions after airing during the 2025 NBA Finals. Kalshi, one of the leading prediction market trading platforms, tells viewers, "It pays to know what's coming."

Don't believe it? Nearly \$12 billion traded in a single month on platforms like Kalshi and Polymarket in December 2025. Up more than 400% year-over-year, the astounding, sudden growth signals more than consumers' curiosity.

Schultz says the concept of prediction markets—the use of financial incentives to aggregate



information—has been brewing for years.

"Technology and a shadow of regulatory certainty from the Commodity Futures Trading Commission have enabled prediction market companies to bring their businesses to scale," he explains. "However, this has been met with justifiable resistance from state governments. It's particularly gained the attention of State Attorneys General, many of whom believe prediction markets to be gaming disguised as swaps

and therefore within the jurisdiction of state regulators, not the CFTC."

Suffice to say prediction markets are booming. Google is now integrating their data. The category is quickly becoming a serious competitor in the broader gaming and entertainment ecosystem.

But is it gambling? In the U.S., gambling is a state-by-state decision—as is gambling taxation, which also falls to individual states. Here's where the conversation gets more serious.

"Sports betting disguised as swaps jeopardizes both the rights of citizens to decide whether they want gambling in their state and jeopardizes the tax benefits where gambling is legal.

While some state and federal courts have agreed that betting on sports through prediction markets is gambling, the Third Circuit Court of Appeals didn't see it that way," Schultz advises. "This sets up a showdown before the U.S. Supreme Court, unless Congress acts to protect the interests of the states."

His guidance is clear: Whether it is in the courthouses, the statehouses or Congress, state officials should keep up the fight to protect the interests of their citizens.

That said, consumer appeal is not hard to understand.

"While the appeal to bet on outcomes of real-world events is spreading like wildfire because it seems exciting and fun, make no mistake, the effort here is all about unfettered expansion of sports betting across state lines and into jurisdictions where sports betting is unlawful," Schultz explains.



Prediction markets translate uncertainty into a price, allowing users to trade on outcomes. A contract priced at \$0.65 implies a 65% probability—simple, intuitive and constantly updating as new information emerges. In a world where consumers are increasingly skeptical of static narratives, that real-time trust in numbers carries weight. It feels dynamic, participatory and—crucially—aligned with how they already engage with financial and digital platforms.

That last point is where the real disruption lies.

Today's consumers are digitally fluent. They move seamlessly between trading apps, crypto wallets and mobile betting platforms. Prediction markets fit neatly into that ecosystem, offering continuous engagement rather than fixed schedules. Unlike traditional lottery products, which rely on periodic draws, these platforms are “always on,” tied to live events as they unfold. The result is a fundamentally different user experience—one that prioritizes immediacy, interaction and constant feedback.

For lotteries, this is not an existential threat. It's a competitive wake-up call. So how can they compete?

“One way: modernization. Lottery, more than any other entertainment of its kind, drives tremendous revenues towards good causes such as K-12 education, college scholarships and support for our senior population, to name a few,” says Schultz. “The lottery industry must continue to use technology to modernize the delivery of its products to keep up with customer demand in a responsible way.”

Prediction markets may not directly replace traditional games, but they are competing for the same discretionary dollars and, perhaps more importantly, the same attention. If a generation of consumers grows up engaging with real-time, event-driven platforms, static products risk feeling increasingly disconnected from their expectations.



The regulatory landscape only adds to the complexity. Prediction markets sit in an uncomfortable gray area—part financial instrument, part gaming product. The FTC has asserted jurisdiction in some cases, while states have raised concerns about whether certain contracts resemble unregulated sports betting. This lack of clarity creates both risk and opportunity: risk in terms of market integrity and oversight, but opportunity for platforms to scale faster than traditional, tightly regulated gaming products.

Ignoring that momentum would be a mistake.

Lottery's strengths remain intact—trusted oversight, prize integrity, responsible play frameworks and importantly, a clear public benefit model. These are not easily replicated advantages. The real challenge is not to mimic prediction markets, but to evolve alongside them.

That evolution is already underway. Across jurisdictions, lotteries are expanding digital capabilities—account-based play, wallet integration and more seamless omnichannel experiences. But incremental upgrades may not be enough. The bar is being reset by platforms that offer continuous engagement and real-time interaction as a baseline, not a feature.

The broader question, then, is not whether prediction markets will continue to grow—they almost certainly will, especially if projections of trillion-dollar annual trading volumes prove even partially accurate. The real question is how the behaviors they normalize will reshape consumer expectations across all gaming categories.

“As someone who is charged with overseeing responsible gaming for Scientific Games, I have real concerns about the lack of controls around prediction market gambling. I believe it further exposes minors and those with a history of problem gambling,” Schultz warns. “The purveyors of prediction market gambling seem to be extremely bullish on not being subject to state laws and regulations. These protections, put into effect by those we elected to state office, are likely to be ignored until there is certainty.”

Prediction markets are not just another product—they are a signal. A signal that consumers want immediacy, transparency and participation in real time. A signal that digital experience matters as much as the outcome itself. And a signal that the definition of “play” is expanding.

Lottery shouldn’t abandon what makes it strong. But the industry must recognize what’s changing. Because the competition is no longer just about better games—it’s about experience. You can bet on that.



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