

Evidence for the Department for Culture, Media and Sport *Review of Gaming Machines and Social Responsibility Measures*, submitted by Professor Jim Orford, November 2016.

I am a clinical psychologist by training and now Emeritus Professor of Clinical and Community Psychology at the University of Birmingham. I have been engaged in research and writing on the subject of problem gambling for many years. I was an academic adviser to the 1999, 2007 and 2010 British Gambling Prevalence Surveys. I was author of, *An Unsafe Bet? The Dangerous Rise of Gambling and the Debate We Should Be Having* (Wiley-Blackwell, 2011) and I have administered the Gambling Watch UK website since 2012.

My comments are confined to two issues: Fixed Odds Betting Terminals (FOBTs) and the effects of gambling advertising on young people.

*Summary of my evidence*

**Fixed Odds Betting Terminals (FOBTs).** There are three kinds of evidence which collectively make a strong case that FOBTs in betting shops represent a particularly dangerous form of gambling: theoretical, epidemiological, and personal evidence. The theoretical evidence is that FOBTs in betting shops combine features which would lead us to expect them to be particularly dangerous: they allow rapid, continuous play, are of high volatility, offer a variety of content encouraging the illusion of choice and skill, and are easily accessible. Had they been the subject of a proper impact assessment when they were first introduced, it seems more than likely that they would not have been permitted. The most convincing epidemiological evidence comes from a secondary analysis of data from the 2010 British Gambling Prevalence Survey. That showed that FOBTs were a form of gambling in which a particularly high proportion of consumer spend is attributable to problem gamblers. FOBTs may be costing people with gambling problems in the region of a quarter of a billion pounds a year. No other forms of gambling have estimates of losses contributed by problem gamblers which are anywhere near that amount. The personal evidence includes the testimonies of individual gamblers, affected family members, and some betting shop staff, who have posted comments on the Gambling Watch UK website.

**The Effects of Gambling Advertising on Young People.** There has been a large number of comments posted on the Gambling Watch UK website criticising gambling advertising, particularly on account of its possible effects on young people. Research on alcohol advertising has shown that young people are aware of such advertisements and are affected by them. Although there has yet been relatively few studies of young people and gambling advertising, research has also concluded that young people are highly influenced by gambling advertising (according, for example, to a recent Australian review of the international literature) and are attracted to the excitement and glamour depicted, and the potential for financial gain. The showing of gambling (both outcome and in-play) advertisements on television, prior to 9 pm, when young people are likely to be watching a sporting event in the company of family members, is arguably putting children and young people at risk. Parents and other family members are known to play a key role in influencing early attitudes towards gambling and there is agreement in the health behaviour literature that delaying the start of engagement in potentially dangerous activities is preventive of later problems. Since the protection of children and young people is one of the three main principles underlying the regulatory work of the Gambling Commission, gambling advertising before the 9 pm watershed is contrary to the spirit of current gambling regulation.

## **The Dangerousness of the Fixed Odds Betting Terminals (FOBTs)**

### *Introduction*

I believe there is sufficient evidence for the conclusion that FOBTs in betting shops represent a particularly dangerous form of gambling. That evidence comes in three forms: theoretical, epidemiological and personal. It is the collective weight of those three sources of evidence which should convince politicians and policymakers that they do need to be removed from betting shops in their present form.

### *The theoretical evidence*

The first line of evidence, the more theoretical, is based on widely accepted ideas of what it is that makes some forms of gambling more dangerous than others. Evidence from a number of countries supports the conclusion that gambling on electronic gambling machines (EGMs) constitutes one of the most dangerous forms of gambling (see, for example, an Ontario report based on an analysis of nearly 200 gambling prevalence surveys from around the world). FOBTs combine a number of features which would lead us to expect them to be particularly dangerous. In common with other machine gambling they allow rapid, continuous play. But in addition, the wide variation in possible stake size (up to £100) makes them highly volatile, with the potential for wins of different sizes, including possible large wins, and the potential for substantial losses over short periods of time (Canadian research has shown how such machines make it very difficult for players to appreciate the real return to play percentage: they are lost in a ‘forest of wins’, and are experiencing LDWs or ‘losses disguised as wins’, i.e. they have the impression they are winning or about to win, but are in fact losing). FOBT machines also offer a variety of content, including virtual casino-type games, and therefore provide full scope for the illusion of choice and skill, long recognised as one of the factors contributing to strengthening the habit of gambling despite accumulating losses. They are therefore a particularly ‘high-powered’ form of machine gambling (the so-called ‘pokie machines’ to be found in Australia and New Zealand are another example). What it is thought makes FOBTs particularly dangerous is their availability in high street betting shops. It has been acknowledged that they were introduced in Britain as part of a ‘deal’ (see former Gambling Commission chair Philip Graf’s talk earlier this year at the Royal Society of Arts), without a proper impact assessment, and that their placement in betting shops is contrary to the ‘regulatory pyramid’ principle whereby more dangerous forms of gambling should be more restricted in their location (Department for Culture, Media and Sport Committee, 2012).

An analogy would be the marketing of a new psychoactive drug which had many of the characteristics of other drugs known to have addiction potential but which had additional features which made it very likely that it would cause even more serious harm. That is the situation that policymakers were faced with ten or more years ago when FOBTs were first proposed.

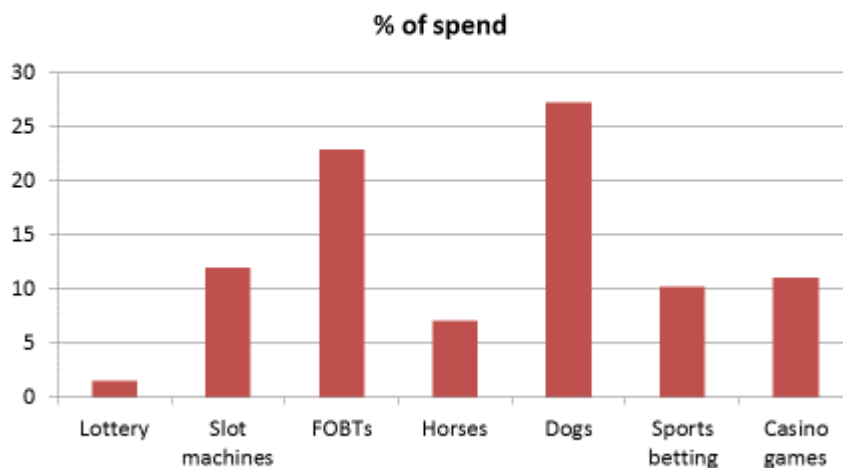
The question is whether a particular form of gambling, such as FOBTs in betting shops, is particularly associated with problem gambling. This raises the important question of whether some forms of gambling are more dangerous than others. It is odd that, although everyone

recognises that some forms of gambling such as the National Lottery are less dangerous, and other forms such as gambling machines more so, we have nothing for gambling similar to the Class A, B, C system which is central to British regulation of drug supply and consumption. In fact, three such systems have been proposed for suggesting how dangerous a form of gambling might be – the Veikkaus Ray model from Finland, and two others known as the GAM-GARD and ASTERIG models. They have a lot in common. For example, each includes stake and prize sizes, and the speed of play, as signs of danger. FOBTs, which are high on both those counts, would clearly have been identified as dangerous if, when they were first introduced around the turn of the millennium, such a warning system had been in place.

### *The epidemiological evidence*

The second line of evidence is epidemiological. The 2010 British Gambling Prevalence Survey (BGPS10, a household survey of a representative sample of nearly 8000 members of the population aged 16 years and over) provides the best opportunity to date to attempt an answer for Britain on the question about the relative dangerousness of different forms of gambling. Of 14 different types of gambling, having played FOBTs in the previous 12 months had the strongest association with the prevalence of problem or risky gambling (9% of FOBT players scored on the Problem Gambling Screening Inventory (PGSI) as problem gamblers, and a further 14% as ‘at risk’ gamblers). Although that in itself is highly indicative, it is possible that it is not specifically their playing of FOBTs which was causing the problems: quite high percentages were also found for playing poker and playing online slot machine-type games. However, secondary analysis of data from the BGPS10, which I and colleagues carried out and which was subsequently published in the academic journal *International Gambling Studies*, showed, as expected, that FOBTs is a form of gambling in which a particularly high proportion of consumer spend (or consumer ‘losses’ to put it another way) was attributable to problem gamblers. Estimates of the percentage of all spend attributable to people with gambling problems were calculated. This is the first time such estimates have been calculated for Britain (incidentally, since 2010 Britain lacks the data to repeat these analyses since regular national surveys devoted to gambling have been replaced by a more limited set of questions about gambling included in smaller surveys carried out by the Gambling Commission or added to national health surveys).

## Estimated percent of spend attributable to those with gambling problems (BGPS 2010)



As expected, estimates of the proportion of gambling spend attributable to problem gamblers varied greatly by type of gambling, from a low of 1-2% for the National Lottery and other lotteries to 20-30% for FOBTs and dog races (when those engaged in risky gambling are added, those figures rise to 5-6% for lotteries to around 40% for dog races and FOBTs). We were cautious in our estimates which for a number of reasons are likely to be underestimates.

FOBTs now constitute the most profitable form of gambling in Britain (dog race betting, for example, is much less so). When the above estimates are combined with total net takings (Gross Gambling Yield figures available from the Gambling Commission) in order to arrive at estimates of the total amounts of money being lost by people with gambling problems, the figures are startling. FOBTs may be costing people with gambling problems in the region of a quarter of a billion pounds a year (23% of gross FOBT gambling yield which was £1.3bn in 2010, and nearer £1.7bn now). No other forms of gambling have estimates of losses contributed by problem gamblers which are anywhere near that amount. The nearest are table games in casinos, betting on dog races, betting on horse races, and slot machines in arcades, each of which was estimated to be taking in the region of £50m to £75m annually from people with gambling problems.

### *The personal evidence*

The third line of evidence consists of personal testimonies. Such evidence may be dismissed as anecdotal by those arguing for the safety of FOBTs. I think that would be a great mistake. It is the alarm sounded by ordinary consumers, and those such as family members who are affected by their consumption habits, that should alert us to the possibility that a policy decision has been made that may be harming people and which should be a candidate for reversal. I have recently looked in detail at the first 300 comments posted on the Gambling Watch UK website since it was set up in 2012. The message that FOBTs are particularly dangerous because they are so addictive is repeated over and over again in these comments (comments refer to it as compulsive, ‘an ugly disease’, like drugs, ‘a habit that brings no joy’, something that ‘hooks’ you, ‘sucks you in’), by players, by affected family members, and in some cases by betting shop staff who have seen the effects.

The feature that recurs most often in these comments is the large losses, amounting to tens and even hundreds of thousands of pounds, and the consequences of such losses such as the existence of debts, and being unable to afford things such as buying a home or a car. Although losses, and chasing losses, figure large in many comments, the experience of substantial wins and the hope of repeating the experience is mentioned by several commentators as being an important contributor to the addictiveness of FOBTs. This is a result of the high volatility of FOBTs and the consequent confusion which many players experience about the true nature of their losses, highlighted by Canadian research mentioned earlier.

Three other consequences of having a problem with FOBTs were very frequently mentioned. One was the guilt and shame that the commentator felt. The second was the impact on his or her own mental health. Suicidal thoughts were often specifically mentioned. The third was the recognition that the commentator’s gambling had harmed family relationships, even though the full extent of the gambling might not be known to family members.

It is family members (3.8% of the UK British adult population, equivalent to over one and a half million people, according to the 2010 British Gambling Prevalence Survey) affected by partners’ or close relatives’ excessive gambling who are the largest single constituency of people who bear the financial, emotional and health harms associated with gambling, and for

many this family distress is profound. Family effects include conflict which can range from minor or occasional to major or constant, including family violence. High rates of domestic abuse, both verbal and physical, have been reported in families where one member has a gambling problem. Children can be particularly affected. Although there have to my knowledge been no studies of the family effects of FOBTs specifically, if it is the case that FOBTs are especially dangerous, then it is the hidden harms to close family members, both adults and children, that are likely to be the harms that affect the largest number of people.

The following are illustrative of the many comments posted on the Gambling Watch UK website:

I have lost £9000 in less than two hours on the FOBT machines, and around £25,000 in five months. I had the money on my debt card and I just emptied it. I've spent from 9 am to 9 pm standing in the same spot without water or going to the toilet. I was always trying to win back what I had lost... The government has to stand up and be counted, they put us in this conundrum when they allowed the FOBTs... They now need to control this.

The people who are coming to GA [Gamblers Anonymous] are getting much younger – we have members as young as 15 or 16. And it's the casino-style Fixed Odds Betting Terminals that are causing all the problems. Around 80 to 90% of our members had become addicted to these machines... Government needs to listen to this, and limit both the number of machines and the stakes.

And from a mother:

My son is well on his way to running up a huge debt – £5000 at the last count. I understand that he has a responsibility as it is his addiction to these dreadful FOBTs that is taking him down this destructive road but surely the gambling industry have to take some responsibility too for making it so easy to gamble on these machines.

And from a betting shop manager:

I used to have a gambling problem with horses and dogs but thank god I didn't have the same problem with FOBTs. I cannot see any reason for why people would want to play these evil things. Nobody ever has won on them, they just suck in and ruin people's lives. For several years I have watched people ruin their lives on these things and it's a painful thing to do. I have had grown men cry and break down in front of

me telling me they have just spent their rent and food money for where they live or for their family.

Some specifically referred to the presence of FOBTs having negatively impacted the atmosphere of the betting shop:

The good old days when there were no FOBTs made going into the bookies an enjoyable experience. Now it is intense with anger and sadness.

I have been gambling for twenty years. I used to place about two pounds a day on the horses. I enjoyed it and it was a bit of fun. Then in 2001 the bookies introduced the roulette machines. These machines have changed the atmosphere in the betting shop, not a happy place with players cursing and hitting the machines.

### **The Effects of Gambling Advertising on Young People**

There were also a large number of comments posted on the Gambling Watch UK website criticising gambling advertising and calling for it to be restricted. They referred to being ‘bombarded’ with advertisements. They were critical of sports sponsorship, the involvement of actors and sports stars, the ubiquitous offers of free bets, ‘constant emails’ from online gambling companies, and in general what was seen as the ‘promotion of risk taking as a lifestyle choice’. The effects of so much gambling advertising on young people was the concern most frequently expressed. The following is specifically directed at that issue of young people and gambling.

Are children and young people influenced by the advertising for gambling with which adults now feel they are being bombarded? Compared to studies of alcohol advertising, which concludes that exposure of underage young people to such advertising does increase their likelihood of drinking, there have yet been relatively few studies of young people and gambling advertising. However, an Australian review of the international literature concluded that young people are highly influenced by gambling advertising. Amongst other safeguards the review suggested that, ‘Gambling advertisements should not feature celebrities popular among youth’.



One of the best individual studies is a Canadian study of teenagers which explored the question of how young people respond to gambling advertisements. The majority thought that gambling advertisements tried to convince them that winning was easy, that gambling was fun, could make you rich, and was a form of entertainment. The majority were of the opinion that gambling should be for adults only. The study's authors concluded:

The findings revealed that youth are observant of advertisements for multiple forms of gambling... adolescents are attracted to the characteristics depicted in these ads; bright, flashy colours, excitement, glamour, and the potential for financial gain. Gambling is portrayed as a lifestyle; an entertaining social activity that results in a more rewarding, enriching and happier life... Gambling providers and regulators should heed the warnings about the impact of gambling advertisements on youth...

The protection of children and young people is one of the three main principles underlying the regulatory work of the Gambling Commission. The showing of gambling advertisements on television, prior to 9 pm, linking opportunities to gamble, both on the outcome of the sporting event being shown and on in-play bets, at a time when children and young people are very likely to be excited about watching a sporting event in the company of family members, is arguably putting children and young people at risk in a way that should concern the Gambling Commission. The precautionary principle should prevail here. Prevention of harm should take precedence over other considerations.

The influence of witnessing older family members gambling and/or participating as a child or young person in gambling alongside parents and other family members was illustrated in the findings of a qualitative study which followed the 1999 British Gambling Prevalence Survey. Respondents, including those with gambling problems, emphasised the important role played by other people in influencing their early experiences, with key roles attributed to family members, particularly parents. Some felt that growing up in an environment with parents or other family members who gambled regularly had influenced them to try gambling, particularly where a positive image of gambling had been conveyed. It had made gambling sound particularly attractive and created the impression that gambling was both glamorous and financially lucrative and an acceptable, natural activity.

There is general agreement in the health behaviour research literature that delaying the start of engagement in potentially dangerous activities is preventive of later problems. There is substantial evidence that the earlier in childhood or adolescence a person begins to engage in a potentially dangerous activity such as gambling – and the same applies to tobacco smoking, alcohol consumption and drug use – the more likely that person is to engage in that activity as an adult and the greater the risk of consequent problems.