The Remote Gambling Association
31 Southampton Row | London WC1B 5HJ | UK
Tel : +44 (0) 203 585 1242

Brussels Office
Rue du Trône 60 | 1st floor | Brussels 1050 | Belgium
T +32 2 626 95 00 | F +32 2 626 95 01 |

Call for Evidence on Gaming Machines
Gambling, Licensing and Lotteries Team
DCMS
4th Floor 100 Parliament Street
London SW1A 2BQ

Via email to: callforevidence@culture.gov.uk

2 December 2016

Dear Sir,

REVIEW OF GAMING MACHINES AND SOCIAL RESPONSIBILITY MEASURES

I am responding to the above call for evidence on behalf of the Remote Gambling Association which is the trade association for the online gambling sector. Further information and a full list of our membership can be found at www.rga.eu.com.

Against this background we have commented solely on those aspects of the call for evidence which involve online gambling (notably advertising and responsible gambling measures) and have not expressed any views on issues which solely affect gaming machines.

We would be glad to expand further if necessary on any of the points made in this submission.

Q1. What, if any, changes in maximum stakes and/or prizes across the different categories of gaming machines support the Government's objective set out in this document? Please provide evidence to support this position.

No comment.

Q2. To what extent have industry measures on gaming machines mitigated harm or improved player protections and mitigated harm to consumers and communities? Please provide evidence to support this position.

No comment.

Q3. What other factors should Government be considering to ensure the correct balance in gaming machine regulation? Please provide evidence to support this position.

No comment.

Q4. What, if any, changes in the number and location of current gaming machine allocations support the Government's objective set out in this document? Please provide evidence to support this position.

No comment.

Q5. What has been the impact of social responsibility measures since 2013, especially on vulnerable consumers and communities with high levels of deprivation? Please provide evidence to support this position.

Given the range of measures that have been in place since 2013, it is not easy to assess their individual impacts. However, as a wider industry we are committed to developing better tools in the future to measure the effectiveness of individual initiatives.

Overall though, Britain continues to have a low rate of problem gambling by international standards '*and at 0.5% rates of problem gambling are static – 2014 (0.5%) and 2013 (0.5%)'*

(see http://www.gamblingcommission.gov.uk/Press/2016/Commission-research-features-online-gambling-trends-for-the-first-time.aspx)

This cannot be a cause for complacency and improvements are continually sought (see below for examples), but it does indicate that the situation is relatively well controlled at present and that despite the evolution of the industry and, in particular, the growth of the online sector and increased levels of advertising, this appears to have had little or no effect on the levels of problem gambling in the UK.

Q6. Is there anything further that should be considered to improve social responsibility measures across the industry? Please provide evidence to support this position.

There is a broad range of such measures in all parts of the gambling industry. At a cross sector level these have largely been co-ordinated through the Industry Group for Responsible Gambling (IGRG) with the support of Gambleaware. Important projects relating to staff training and messaging (both general and in relation to products) are underway. We understand that the IGRG consultation response will give fuller details of both.

From an online gambling perspective we would like to focus on four key areas:

(i) Underage gambling

The industry is proud of the success it has had in identifying underage players and preventing them from gambling. This is largely made possible by the account-based nature of online gambling which requires operators to identify and confirm the identities of its customers. In Parliamentary debates it is frequently the case that positive references are made to these controls when discussions are taking place about access to other online adult-only products. Despite this efforts are still being made to identify and employ more sources of data which can improve further the industry's ability to recognise that someone is under 18 at the earliest possible stage in the account opening process. We return to the issue of underage gambling in the section below about advertising.

(ii) Existing measures

Every operator will have on its site information about responsible gambling and links to sources of advice and support. In addition all operators will offer tools to help customers to manage their gambling. All of them will offer self-exclusion facilities to online customers. Changes in the last year have made self-exclusion much more accessible and easy to use. This resulted in an increase in the number of self-excluded accounts to over 600,000 (NB this is the number of accounts affected and not the number of individuals. On average online players will have between 3-5 accounts).

In addition, all operators now offer a time-out facility which enables players to restrict themselves from gambling for shorter specified periods. This is a relatively new initiative, but all the indications are that a significant number of customers are using it as practical tool to keep their gambling under control.

Other common measures include facilities to limit deposits and timers to enable customers to see how long they have been on the site or game for.

Underpinning all of this is the extensive statutory regulation and the stringent provisions of the Licence Conditions and Codes of Practice (LCCP) (see http://www.gamblingcommission.gov.uk/pdf/Latest-LCCP-and-Extracts/Licence-conditions-and-codes-of-practice.pdf). We have attached as an annex a summary of the specific player protection and social responsibility reforms that have been introduced since 2013.

These should be viewed alongside the National Responsible Gambling Strategy that was published by the Responsible Gambling Strategy Board in April 2016. We acknowledge the priorities that form part of that strategy and are committed to working with other stakeholders to bringing forward a range of further harm minimisation measures during the 2016-2019 period that the current strategy covers.

(iii) Improved use of player analytics

Online gambling companies are able to record and monitor all transactions with their customers. This has raised the questions of whether and how that extensive data can be used to flag up potentially problematic play; and how best to interact with customers who display that behaviour in order to address those problems.

Many companies have these systems in place, either after buying in a suitable business solution or developing a system in-house. Substantial resources have been invested in this work, but as an industry we recognise that it is important to learn from those experiences with a view to developing and sharing best practice.

Within the RGA we established early in 2016 a Player Analytics Working Group which has provided a forum to share how operators approach this challenge. It has considered what operators have recognised as the most reliable markers of harm (ie what behaviours are most likely to indicate problematic play); and when and how they intervene with those players. That work continues with the objective of producing an industry good practice document in 2017.

A key milestone in this project will be the publication on 7 December of Phase 2 of a major research project which has been commissioned and funded by Gambleaware. A number of RGA members agreed to provide the data from their customer databases to PwC, working in partnership with the Canadian Responsible Gaming Council, in order for the researchers to assess (i) what the most accurate markers of harm were; and (ii) the effectiveness of different types of interactions by the companies involved.

As part of their agreement to support the project it was agreed early on that, from and operator, point of view it was vital for the research to produce outcomes that could be put into practical effect. It will be on the basis of this and our ongoing internal discussions that we intend to produce guidance for the whole online gambling industry to use.

(iv) Establishment of a National Online Self-Exclusion (NOSES)

We are in the process of establishing NOSES and it will go live in 2017. Following extensive discussions with, and within, the Gambling Commission which began in 2014 the Commission decided that rather than running such a system itself the industry should do it. It wrote to all licensees early in 2016 advising them that responsibility for this project would be passed to the RGA.

RGA members have invested heavily in the project since then both in terms of financial and personal support. The Gambling Commission had estimated that set up costs for a high specification project of this kind could be in the region of £2m and from our work today that is looking like a realistic assessment. It should go without saying, but for the avoidance of doubt, this funding which has been raised by the RGA is in addition to the pre-existing donations that contributing members make to Gambleaware.

In essence this system will enable individuals to register once centrally via NOSES and they will be excluded from all online gambling provided by companies who are licensed by the Gambling Commission irrespective of where in the world those companies are based.

As online gambling is now the largest part of the British gamble market we believe that an effective system of this type will be of huge benefit to customers who wish to control their gambling, especially those who have developed serious problems. The site will also provide signposting to specialist support agencies and sources of help.

The system is being designed so that at some point in the future it would be capable of providing a hub for all forms of gambling self-exclusion. Despite that the priority must be to ensure that it works properly for online customers.

Our hope is that improved use and consistency of player analytics will help us to prevent people becoming problem gamblers, but at the other end of the spectrum improved and effective national self-exclusion will become a key tool to help those that do.

Q7. Is there any evidence on whether existing rules on gambling advertising are appropriate to protect children and vulnerable people from the possible harmful impact of gambling advertising?

As the Secretary of State commissioned reviews in 2014 of gambling advertising from the ASA, CAP/BCAP, IGRG and the Gambling Commission, there is probably little to add to the evidence that was provided as part of that exercise.

The call for evidence paper reflects this in paragraph 1.36 where it states that, '*A review in 2014 by the gambling industry and its regulators broadly found that the Codes that regulate gambling advertising <u>remained effective in protecting people from harm.'</u>* The key part of that sentence is underlined here to stress the headline finding. The improvements made to the Industry Code and elsewhere in the meantime should have strengthened that position.

We do appreciate that the quantity and content of gambling advertising has led to concerns being voiced about it in some quarters. Equally we accept that not all of it will be to everyone's tastes. However, as this is a call for evidence, we would ask any consideration of the issues is driven by that evidence, of which there is much, and not by perception.

The most thorough review of academic research pertaining to gambling advertising was published in 2014. It was conducted by Per Binde of the University of Gothenburg and was commissioned by the Responsible Gambling Trust (RGT) and entitled, '*A critical research review'.* It looked at all of the available research, suggested where additional work might be productive, and drew some conclusions based on the available academic literature.

No doubt, RGT, now operating as Gambleaware, will provide fuller details of the Binde report in its own response to the DCMS call for evidence, but it is worth citing three key extracts here:

- *It is very difficult, if not impossible, to assess how many people gamble excessively because of direct or indirect influence from advertising. Part of the difficulty of measuring the impact of advertising on problem gambling is that it is, in general, most probably relatively small (page five).*

- *However, as this review will show, there are reasons to believe that at least some gambling advertising has a negative influence (page eleven)*

- *The impact of advertising on the prevalence of problem gambling is in general likely to be neither negligible nor considerable, but rather relatively small. Advertising is one of many environmental factors that contribute to the prevalence of problem gambling. The total environmental impact may be substantial. Only in particular conditions, such as extensive advertising for especially risky forms of gambling that are offered on an immature market with few if any player protection features (such as stake limits and possibilities for self-exclusion), may one assume that advertising in itself substantially contributes to problem gambling (page fifty two).*

On the last of these points it is of course the case that the UK gambling market is not *immature* and the sort of player protection measures referred to are readily available, not least for online gamblers. That aside, what can reasonably be taken from this is that gambling advertising can have a *negative influence,* and that must be accepted by all concerned, but that it is *probably relatively small* and just one of many *environmental factors that contribute to the prevalence of problem gambling.*

Specifically with regard to children and gambling advertising, we would make the following observations:

- The industry takes very seriously its responsibility to prevent children from gambling. Although successive governments have deemed it suitable for 16 and 17 years olds to gamble on a range of online and land-based lottery products and for children to be able to play on Category D gaming machines, those are very much exceptions to the rule.

- The key research about levels of underage gambling has appeared in successive studies undertaken for the National Lottery Commission and the Gambling Commission. The most recent of these was published in November 2016 (see http://www.gamblingcommission.gov.uk/pdf/Young-people-and-gambling-2016.pdf). As an industry we can never be complacent where children are concerned, but the headline findings demonstrate that there has been no growth in gambling amongst the 11-15 year old group. In that regard it is worth quoting from the report's Executive Summary (p3) which states:

  'Overall, 16% of 11-15 year olds spent their own money on gambling activity in the week prior to taking part in the study – ***a figure that has remained in the 15-17% range since 2013, having fallen from a peak of 23% in 2011.'***

- Again, as in the previous reports in this series, these younger teenagers are predominantly gambling between themselves and on fruit machines and National Lottery scratchcards.

- We note the report's conclusion about gambling advertising and social media (p4) that 75% of 11-15 year olds have ever seen gambling advertisements on television; 63% of them have seen adverts on social media websites; and 57% on other websites. However, despite this the numbers gambling have not increased and neither have the rates of problem gambling which according to the report '*have remained low at 0.4% (compared to 0.6% in 2015).'*

- The ASA review, conducted as part of the review of gambling that DCMS called for as recently as 2014, found that *"children's exposure to sports betting was not seen as a significant problem, and their exposure to bingo ads was likewise seen as unlikely to cause harm".*

- The IGRG Code for Socially Responsible Advertising was reviewed in 2014/15 as part of the same DCMS commissioned review and a number of enhancements and additions were made prior to the revised Code's full implementation in February 2016. Those changes were welcomed by DCMS earlier this year. The Code will be reviewed on an annual basis with the first of these beginning in early 2017. As the current version has been in place for less than a year it is too early to predict what the outcome of that first review will be, but, as with all previous iterations of the Code, input from DCMS and the Gambling Commission would be welcomed.

- Following the Code's publication, DCMS expressed an interest in further consideration being given to advertising on social media. In relation this we understand that DCMS contacted some of the major social media companies. We are not aware of any generic problems in this area of marketing, but would be happy to support DCMS if it wished to convene a workshop or similar to discuss any concerns it has.

- Turning to digital adverts, you will be aware that the Gambling Commission addressed their regulation in the LCCP that was published in July 2016 (*Responsible placement of Digital adverts* - LCCP Section 6)

Q8. Any other relevant issues, supported by evidence that you would like to raise as part of the review but that has not been covered by questions 1-7?

No comment.

Yours faithfully,

ANNEX

GAMBLING COMMISSION – REMOTE PLAYER PROTECTION AND SOCIAL RESPONSIBILITY MEASURES SINCE 2013

Implementation YEAR	LCCP/RTS provision	Condoc	RG provision	Provision details
2014	LCCP	LCCP 2013 consultation, Part 1.	Identification of individual customers	Amended provision - more prescriptive provision to link accounts - required to treat SE as applying across all accounts unless specified otherwise.
2014	LCCP	LCCP 2013 consultation, Part 2.	Protection of customer funds	New provision.
2015	LCCP	Strengthening social responsibility - August 2014	Customer interaction	Amended provision - now requires licensees to take account of all relevant sources of information - with specific provision in relation to VIP or high value customers.
2015	RTS	Strengthening social responsibility - August 2014	Financial Limits	Amended provision - minor change to specify the time periods for financial limits, and - following a request to increase a financial limit the customer, following the cooling-off period, must reconfirmation the limit increase before the limits are increased.
2015	RTS	Strengthening social responsibility - August 2014	Time-outs	New provision.
2015	LCCP	Strengthening social responsibility - August 2014	Auto self-exclusion	Amended provision.
2016*	LCCP	Supplementary consultation on AAS	Annual Assurance Statement	New provision.
2016	RTS	Strengthening social responsibility - August 2014	Reality checks	New provision.
2016	RTS	Strengthening social responsibility - August 2014	Auto-play functionality	New provision.
2017	LCCP	Strengthening social responsibility - August 2014	NOSES	New provision.