

**The Rank Group Plc**

**Response to the DCMS Consultation  
on proposals for changes to  
Gaming Machines and  
Social Responsibility Measures**

**22<sup>nd</sup> January 2018**

This is a response to the above consultation by the Rank Group Plc, submitted as a UK gambling operator. Rank is the largest casino operator in the UK via its Grosvenor Casinos brand. The company also operates Mecca Bingo and the related digital websites of both brands. We are content for the response to be made public by DDCMS when publishing its response to the consultation.

Our responses to the questions given in the consultation are as follows:

**Q1. Do you agree that the maximum stake of £100 on B2 machines (FOBTs) should be reduced? If yes, what alternative maximum stake for B2 machines (FOBTs) do you support?**

We have no comment to make on the reduction of stake on FOBTs as per our previous response to the call for evidence.

**Q2. Do you agree with the Government's proposals to maintain the status quo on category B1?**

Our response to the call for evidence was not seeking an increase in the stake and prize on B1's so we have no comment on the decision to maintain the status quo. However, we were disappointed to see that the Government is also minded to maintain the status quo on the allocation of Category B machine numbers in casinos. We have detailed our response to that decision in answer to Question 9.

In our previous response we, and others in the casino sector, were seeking an increase in the progressive linked jackpot from the current £20k maximum (confined to a single casino and a sum equivalent to two single B1 machine jackpots) up to a £100k jackpot linked between multiple premises (the equivalent of ten B1 machine jackpots).

We note the Government's comments in refusing this proposal on the basis that more evidence is required on the possible impact on player behaviour. We will work with the wider casino sector to provide such evidence from other jurisdictions, where such linked jackpots have not only been commonplace for many years but also for considerably higher prizes that we have proposed, seemingly without an increase in gambling-related harm.

We also note that the Government is not minded to support the casino sector's request for the maximum amount that may be deposited at one time into a B1 machine to be increased from the current £20 limit up to £50. It has been at this level for ten years, during which time the maximum stake has increased from £2 to £5. Ever since the maximum B1 stake increased from £2 to £5 in 2013, the industry has pressed DDCMS for a proportionate increase to the deposit limit. This was on the basis that £20 represented a 10:1 ratio of deposit to the £2 stake, but only a 4:1 ratio now that it is £5. However, the Government has stated its belief that restoring the 10:1 ratio by increasing the deposit to £50 would speed up the committed-funds process. As a result, this proposal was rejected unless or until evidence can be provided as to how this perceived risk could be managed.

We believe it would not actually have the adverse impact that the Government fears or lead to extended or overly lengthy periods of continuous play. Customers who currently wish to play to a £5 stake are inclined to just make multiple deposits all at once in £20 tranches. They otherwise need to constantly interrupt play to make further individual £20 deposits after four spins rather than the previous ten. Rather than use this as a break in play as a time to reflect, feedback suggests that they simply consider this to be a constant irritant and inconvenience to their enjoyment.

As we expressed in our previous response to the call for evidence, we therefore do not believe that the mere availability of a higher deposit limit will encourage high staking customers to deposit or commit more money than they intended, or than they otherwise do now. It will simply make it easier for them to deposit the amount that they actually want to play with. We will nonetheless work alongside the wider casino industry in providing evidence to convince Government that this request

has practical merit without additional social responsibility concerns if provided within the framework of controls otherwise being applied.

**Q3.Do you agree with the Government’s proposals to maintain the status quo on category B3?**

We were not seeking an increase in stake or prize for Category B3 machines so have no view or comment on the Government’s proposal to maintain the status quo.

**Q4.Do you agree with the Government’s proposals to maintain the status quo on category B3A?**

As question 3.

**Q5.Do you agree with the Government’s proposals to maintain the status quo on category B4?**

As question 3.

**Q6.Do you agree with the Government’s proposals to maintain the status quo on category C?**

As question 3.

**Q7.Do you agree with the Government’s proposals to maintain the status quo on category D?**

As question 3.

**Q8. Do you agree with the Government’s proposals to increase the stake and prize for prize gaming, in line with industry proposals?**

We believe this is a sensible proposal.

**Q9. Do you agree with the Government’s proposals to maintain the status quo on allocations for casinos, arcades and pubs?**

We note the Government’s statement that they are not minded to change the machine allocations in casinos, particularly in the absence of increased player protection and social responsibility measures being introduced. We understand and accept this perspective but ask that the Government leave an open-mind on this particular issue and be prepared to re-visit and discuss it at some point in the near future outside the formal Triennial Review process.

Our rationale for persisting with a call to change machine allocations in casinos falls into three categories:-

- a) Firstly, we believe there are several anomalies, inconsistencies and flaws in the current machine regulatory framework, which combines the 1968 and 2005 Acts. The bulk of our original submission to the Review dealt with these anomalies and, together with the rest of the industry, we believe compelling and detailed arguments were made. We do not repeat these here, but they can be found in full in our original December 2016 submission.
- b) Secondly, we believe there is a primary issue of supply and demand surrounding B1 machine numbers. There are long periods of time, particularly evenings and weekends, when the current allocation of machines is fully utilised by customers with people waiting to use them. This not only reflects a lack of immediate local supply – which from an operator perspective gives a bad customer experience – but is symptomatic of the relative under-supply of slot

machines in casinos versus other gaming venues in the UK. UK casinos contain a total of 3170 slot machines versus 33,496 in betting shops and 182,916 across all gambling sectors nationwide (using Gambling Commission industry statistics to March 2017).

But beyond this, we believe that under-supply of machines leads to longer machine session times, with customers unwilling to take a break by leaving a machine for fear of not being able to find another one vacant on their return. As evidence, we have attached data from Novomatic, the principal slot machine supplier to the UK casino industry. This points to customers engaging in much longer session times on slot machines during busy periods (high casino occupancy) in converted casino premises (with only the permitted 20 machines), compared to Large 2005 Act casinos with a machine to table ratio allowance of 5:1. This data also shows a corresponding drop in session times in lower occupancy periods, when there is no “competition” to occupy a machine position.

We believe that the Government’s main reason for not allowing an increase in machines in casinos was to ensure that there was no increase in gambling related harm. However, on the assumption that a failure to take breaks and engaging in longer session times are both consistent with concerns over problematic play, there seems to be evidence here to suggest that a failure to match supply with demand could actually intensify problematic play and therefore contribute to an increase in gambling related harm.

This can neither be right nor reflect the Government and casino industry’s objective of reducing harm. Therefore, it clearly supports the case than a proportionate increase in machines numbers within a controlled and closely monitored casino environment is necessary.

Unlike High Street gaming venues, where machines are visible through the doorway or from the threshold, people cannot see how many machines there are in a casino, or whether they are vacant, unless they go past the reception and onto the casino floor. Consequently, an increase in casino machines is unlikely to act as an incentive in itself for people to walk in off the street or to gamble more.

We believe that a good case had already been put forward in our original submission for an increase to casino machine numbers. However, the attached evidence from Novomatic enhances that argument still further. This research is drawn from their own data and, via the casino trade association NCF, we hope to provide more detailed independent research later this year to support the assertions made.

- c) Finally, both Rank and the wider UK casino industry are close to implementing a number of social responsibility measures that will provide much greater player protection.

We fully take on board the Government’s comments that the industry could, and should, provide still more social responsibility measures, including customer tracking. We detailed a range of measures in our response to the call for evidence in December 2016, which was submitted over year ago. Since then, Rank has put further measures in place, both individually and in association with the wider casino sector.

We do not believe these were sufficiently highlighted in initial submissions to this review and are now detailed in our answer to Question 11. Notably, Rank has been working on the provision of pre-commitment tools on out casino machines to enable customers to set limits on time and spend. These will come into use in the Spring or early summer of 2018.

Some 12 years after the current machine arrangements for converted casinos were essentially determined without detailed consideration or any structure or duration being given to the trial of 2005 Act casino machine ratios. Both these issues have been acknowledged by the 2012 CMS select committee report. We believe that increasing machine numbers in converted casinos is a matter that urgently needs to be addressed and seek dialogue between the casino sector and the government at the earliest possible opportunity.

**Q10. Do you agree with the Government's proposals to bar contactless payments as a direct form of payment to gaming machines?**

We do not agree, for the reasons detailed in our original response to the call for evidence. The Gambling Act 2005 was designed to be future proof and yet in far too many areas it is failing to keep up with fast moving changes in digital technology. The first smart phone was invented three months before the Act came into force in September 2007, with tablets following three years later. Both have transformed the way that remote gambling was envisaged when the Act was written.

Similarly, the smartphone is now an increasingly common form of contactless payment in itself within the wider retail environment, a concept that was neither envisaged nor covered by the Act as written. Whilst contactless cards might still be classed as debit or credit cards, it is highly debatable whether direct smartphone payments (such as Apple Pay) can reasonably be shoehorned into the same legal definition.

Contactless payments now account for around a third of all card purchases in the UK, up from just 10% as recently as 2015. There are more than 108m contactless cards in the UK ([http://www.theukcardsassociation.org.uk/contactless\\_contactless\\_statistics/](http://www.theukcardsassociation.org.uk/contactless_contactless_statistics/)). At the same time, general use of cards has overtaken cash for the first time, being used for more than 50% of all payment in 2016.

Clearly, public confidence in these methods of payment over cash (which itself carries a greater risk of crime and money laundering) can only increase. As a result, by not recognising the growing use of contactless payments in their various forms, we believe the Government is failing to keep the Act up to date. Particularly so if, (as seems likely) the growth area for contactless (and other) payments will increasingly be via smartphones as time goes on. The Gambling Commission is already using the "spirit" of the Act as the only means to defend decisions not to permit contactless payments on casino tables. We believe such restrictions are not supported by law in the absence of any provision for such payment methods within the Act.

Rather than ignore new technologies that are the future of banking payments, we believe the Government should instead consult quickly with the industry on ways to fully embrace them. This should be achieved in a way that is socially responsible but allows the new generation of consumers to employ the same methods of payment that they commonly use in their daily lives. Casino customers are otherwise being forced into the continued use of cash on the one hand, whilst money laundering concerns make this an undesirable method of payment on the other. In an increasingly cashless world, denying access to modern payments will inevitably create more and more practical difficulties for customers and negative commercial impact for operators.

**Q.11. Do you support this package of measures to improve player protection measures on gaming machines?**

Yes, we agree that the use of technology, in terms of analytical modelling and pre-commitment tools, is an area that should be, and is being, actively explored. Rank has been developing tools in this area

for some time, as we explained in our response to the call for evidence in December 2016. Since then, further progress has been made and we do not believe that the level of commitment from the industry was sufficiently highlighted in the original submissions.

Some 50% of our casino customers use their loyalty card (which doubles as a membership card) which we believe makes it easier to develop pre-commitment tools than is perhaps possible in other sectors, (where it might understandably be more difficult to encourage customers to use them and achieve the results Government had anticipated).

Along with other members of the National Casino Forum (NCF), for three years we have been working with respected Canadian research company Focal Research in providing data to help them research and develop a viable model to identify at risk retail slot customers. Since our last response, Focal are now at the stage of having a viable model ready to trial which is due to commence in Spring 2018. We will be participating in that trial and working with both Focal and other colleagues in the casino sector to evaluate the impact of the model. We will be trialling the model at five casinos for up to 12 months with a proposed roll out to the rest of the estate in 2019, subject to the evaluation findings.

Independently, the tools that Rank has developed, which will allow loyalty card customer to set loss and time limits, are now due to be implemented across our casino estate in Spring to Summer 2018. Again, the impact will be carefully evaluated using the RGSB criteria. We will also be looking at ways to increase usage of our loyalty cards to grow the number of customers who have access to the pre-commitment tools and will investigate whether these limits may also be made available also to non-carded machine players.

The exact costs are hard to estimate in terms of the quantifiable cost of management time during the development and evaluation stages.

**Q.12. Do you support this package of measures to improve player protection measures for the online sector?**

We support the intentions behind the package of proposals. We will be implementing the GAMSTOP national self-exclusion scheme when it comes into use at the end of March 2018 and have been involved in its development as well as providing additional financing.

More broadly, we are examining a package of additional measures ourselves, which we have detailed to the Gambling Commission in our Annual Assurance Statement. We are also progressing with the internal utilisation of player data to detect indicators of possible harm. We are trialling a range of interaction methods to combat harmful play, increase use of responsible gambling tools and to signpost self-exclusion and sources of external help and support.

**Q.13. Do you support this package of measures to address concerns about gambling advertising?**

We believe these measures are sensible.

**Q.14. Do you agree the Government should consider alternative options including a mandatory levy if industry does not provide adequate funding for RET?**

Rank supports the introduction of a mandatory levy to provide funding for RET.

**Q.15. Do you agree with our assessment of the current powers available to local authorities**

We believe the assessment is sensible. We would exercise caution in that there is often a risk that controls and restrictions intended to address the availability of one form of gambling can unnecessarily impact on others if there is little flexibility in the tools being used. Similar issues are

often seen with alcohol controls, whereby local measures intended to restrict the sale of alcohol in bars and prevent local disturbance caused by binge drinking groups of youths, will often also catch large leisure based casino premises with an entirely different customer base. Therefore, with due consideration of their scope, we support Local Authorities being given all the powers they need to address local issues or public concerns.

**Q16. Are there any other relevant issues, supported by evidence, that you would like to raise as part of this consultation but that has not been covered by questions 1-15?**

No.



**22<sup>nd</sup> January 2018**