



Gambling Related Harm APPG

Review of the Gambling Act 2005

Call for Evidence

All-Party Parliamentary Group for Gambling

Related Harm

Submission

This is not an official publication of the House of Commons or the House of Lords. It has not been approved by either the House or its committees. All Party Parliamentary Groups are informal groups of Members of both Houses with a common interest in particular issues. The views expressed in this report are those of the Group. The research for the report was undertaken by the members of the Group. The report was drafted by Interel, the Group Secretariat - the Secretariat is funded by Derek Webb.

Executive Summary

Our key recommendations are:

Approach to reform

- The Government must take a public health approach to gambling reform as gambling has the potential to harm the whole population not just vulnerable groups.

Products

- There should be stake limits for online gambling to give parity with land-based venues - including a £2 stake on harmful slot content.
- Loot boxes in video games should be classed as a form of gambling.
- Gambling products and activities should be classified and licensed based on levels of harm.

Conditions of access

- Gambling should not be permitted for under 18s and there should be clear enforcement of age verification. This is particularly needed for online play.
- Affordability checks (including a soft cap of £100) are urgently needed and should be overseen by a Gambling Ombudsman - **which would provide a formal, independent point of contact between remote gambling operators, credit agencies and banks.**
- VIP schemes are harmful and should be banned.
- There should be a clear duty of care on operators to protect consumers from harm.

Promotion

- There should be a ban on all forms of advertising in sport and a ban on direct marketing and inducements.
- To protect children their exposure to potential gambling advertising should be limited by banning gambling adverts in sport and introducing restrictions, which may include limits to broadcast, online, streaming and social media advertising.
- The Gambling Commission should urgently investigate the use and appropriateness of white labels. In some cases, some affiliate businesses of UK licensees have never been subject to Gambling Commission oversight.

Research, Education, Prevention and Treatment

- A mandatory levy should be applied to fund safer gambling initiatives, to support those harmed by gambling and to support research. This should be

a 'smart' or graduated levy - where those responsible for the most harm pay more.

- A large-scale gambling prevalence study is needed to provide a foundation for an assessment of the appropriate legislation, regulation and treatment of harm caused by the online gambling industry.
- We recommend urgent legislation to equip the Gambling Commission with adequate enforcement powers, and a "duty of care" on operators to not exploit those with addictions
- Either the NHS or an independent body is made responsible for commissioning research to support policy development, understanding of gambling harms and regulatory reform.
- In addition to ensuring that a public health approach is taken, we also urge the government to ensure that women gamblers are prioritised in gambling reform.
- DCMS should work with HM Treasury, to bring about the changes needed to ensure that those who want to access gambling self-exclusion tools should have access to the most effective possible methods, working alongside banks.

Regulation

- The Gambling Commission is not fit for purpose. We have called for an urgent review of the Commission and its capacity to effectively regulate the online gambling industry. The Government must commit further and more flexible funding for the Commission to enable it to cope with the growth in its responsibilities and there must be rigorous oversight as to how this money is spent.
- A Gambling Ombudsman is needed to ensure an effective system of consumer redress is in place.
- Companies must give greater access to their data to enable the facilitation of research to protect the vulnerable or the Gambling Commission should consider making this a condition of licensing.

Context

1. The All-Party Parliamentary Group for Gambling Related Harm (GRH APPG) welcomes the opportunity to contribute to this vitally important consultation on the future of gambling regulation.
2. The GRH APPG is made up of over 60 parliamentarians from across all political parties and both houses. Collectively, we are calling for wholesale change to the system of gambling regulation in this country, particularly to online gambling.
3. Since the Gambling Act 2005 passed into law there has been immeasurable change to the sector, most notably the exponential growth of online gambling. The potential for harm is far greater and regulations have not changed to address this.

4. The Gambling Commission's *Gambling Participation in 2019: behaviour, awareness and attitudes* report gives a broad overview of gambling participation in Great Britain.¹ Overall, 21% of respondents have gambled online in the previous four weeks, which is a three percentage point increase since 2018, and a six percentage point increase since 2015. This trend in the growth of online gambling has, of course, been accelerated by the Covid Pandemic. The latest Gambling Commission figures show that during the lockdowns between March and November 2020, activity in the online market grew with a month on month increase of 3% in active accounts and 4% in bets.²
5. The narrative around gambling has tended to focus on 'problem gamblers'. In terms of the level of 'problem gambling', estimates vary being between a third and half a million people. The Gambling Commission has reported that problem gambling rates have remained stable. The most recent problem gambling rate is 0.3%, compared to 0.6% the previous year, although this decrease is not a statistically significant decrease on the previous year's figures.³
6. A recent study by researchers from the University of Liverpool and the National Centre for Social Research, funded by GambleAware, found the prevalence of problem gambling in online gambling or betting is 3.5%, in comparison to the prevalence of 0.7% of problem gamblers across the population.⁴ The prevalence rate for online gambling on slots, casino or bingo games is considerably higher at 9.2%.⁵ The researchers also found that 86% of bookmaker revenues come from the 5% of highest losing customers and that these big losers are more likely to come from the most deprived areas.⁶
7. The House of Lords has also found that 60% of gambling industry profits are coming from those who are already addicted or who are at risk of becoming addicted.⁷
8. It is important to underline however the need to move away from a focus purely on 'problem gamblers' which suggests gambling harm can be dealt with through targeted interventions for certain groups. Gambling activities, generate widespread harms across many parts of society; up to 20% of the population experience harm directly or as an affected other.⁸ Gambling can negatively impact mental health, physical health, relationships, finances, employment and education, and can lead to suicide and premature mortality.⁹ Recent research from the University of Oxford showed that as many as one in four gamblers are harmed.¹⁰
9. Gambling has become highly normalised in our society and, as it stands, the public's health is not adequately protected from its potentially damaging consequences. It is estimated that 55,000 children aged between 11 and 16-years old experience gambling

¹ <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf>

² <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/data-shows-the-impact-of-covid-19-on-gambling-behaviour-in-november-2020>

³ <https://beta.gamblingcommission.gov.uk/statistics-and-research/publication/year-to-december-2020>

⁴ <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-behaviour-in-Great-Britain-2016.pdf>

⁵ <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-behaviour-in-Great-Britain-2016.pdf>

⁶ https://www.begambleaware.org/sites/default/files/2021-03/PoP_Interim%20Report_Short_Final.pdf

⁷ Gambling Harm: Time for Action, p9

⁸ <https://www.begambleaware.org/sites/default/files/2020-12/gambling-treatment-and-support.pdf>

⁹ <https://www.bmj.com/content/365/bmj.l1807>

¹⁰ For the top quartiles of gamblers, harms start to increase – see <https://www.nature.com/articles/s41562-020-01045-w>

problems,¹¹ and data suggests there are between 250 and 650 gambling related suicides every year in the UK.¹² One study found the odds ratio of suicidality in problem gamblers was 5.3 times higher than that of the rest of the population.¹³

10. Anyone can experience harms from gambling. The characteristics of some products, like continuous, fast paced play are well known to be highly associated with harms because their addictive nature removes the possibility of rational choice and decision making.¹⁴ Indeed games with faster speeds of play have been shown to encourage more wagers, longer game play, and cause players - particularly problem gamblers - to experience difficulty in ceasing gambling.^{15,16} The gambling business model thrives when customers lose and the operator wins, which is exacerbated by addiction.
11. At the same time as the growth in online gambling and with this new research which sets out the potential for harm across the whole population, questions have been asked about the efficacy and effectiveness of the gambling regulator.
12. A report in 2020 from the National Audit Office set out concerns about the operation of the regulator¹⁷ - these are concerns that we share. They noted that the Gambling Commission is effectively being outrun by betting companies and warned that the Commission is struggling to protect people from gambling-related harm.
13. The NAO report said that the Gambling Commission has not adjusted to technological change - such as the rise of online and mobile gaming - and that while the regulator has increased enforcement against gambling operators, it needs to do much more to ensure they raise standards and be more systematic and detailed in recording and analysing information and developing its knowledge.
14. The report also noted that there is insufficient funding for the Gambling Commission, which has an annual budget of £19m but is expected to regulate an industry that took £11.3bn from gamblers in 2019.
15. Since then, there have been further clear failings by the regulator. These have been recently underlined by the collapse of the Football Index. The company offered virtual 'shares' in real life footballers, branding itself 'the football stock market'. It's collapse underlines the need for wholesale reform of the gambling industry and raises significant questions of the Gambling Commission, given they saw fit to licence this platform and failed to enact adequate oversight. In a regulated sector, when people gamble, they should have the confidence they are doing so on the basis of the outcome of a wager. It should not be a gamble on the solvency or sustainability of the licensed operator. We have written to the Government calling for an urgent public inquiry into the events which allowed this to happen as well as the conduct and competence of the Gambling

¹¹ <https://www.gamblingcommission.gov.uk/PDF/Young-People-Gambling-Report-2019.pdf>

¹² According to collation of academic research by Gambling with Lives.

¹³ <https://www.sciencedirect.com/science/article/pii/S0033350620300883>

¹⁴ https://www.researchgate.net/publication/284262776_The_role_of_structural_characteristics_in_gambling

¹⁵ <https://link.springer.com/article/10.1007/s10899-017-9701-7>

¹⁶ [https://www.thelancet.com/journals/lanpsy/article/PIIS2215-0366\(17\)30467-4/fulltext](https://www.thelancet.com/journals/lanpsy/article/PIIS2215-0366(17)30467-4/fulltext)

¹⁷ <https://www.nao.org.uk/report/gambling-regulation-problem-gambling-and-protecting-the-vulnerable/>

Commission. The debacle also underlines the urgent need for a Gambling Ombudsman to ensure consumers have a clear avenue for redress in circumstances such as these.

16. In addition to Football Index, there also continue to be wider instances of continued poor practice by the industry which underline the need for further regulation of the sector. On 25th March 2021, for example, the company Casumo was fined £6m for social responsibility and money laundering failings.¹⁸

GRH APPG Work Programme

17. Following our campaign to see the stake reduced on Fixed Odds Betting Terminals to £2, the GRH APPG conducted a year-long inquiry into online gambling, releasing our final report in June 2020.¹⁹ In the course of our inquiry, we met with a wide range of people who had been harmed by gambling, the regulator, experts in the field and representatives from the Gambling Industry.
18. Our report was followed by a welcome report from our colleagues in the House of Lords – entitled *Gambling Harm Time for Action* - which made over 60 recommendations for reform of the gambling sector, which we endorse.²⁰
19. Our response to this review draws on this evidence and the meetings we have held and evidence we have gathered since then. Our recent work has spanned looking at the online gambling industry, land-based gambling (including regulation around Category D machines as mentioned in this review), loot boxes and gambling advertising and at issues such as the black market, affordability, public health and women and gambling.
20. In the course of this review, **we are also underlining that the Government must take a public health approach to gambling reform.** Given the clear public health implications of gambling addiction and gambling harm, we were very disappointed that the Gambling Review does not directly address this and that there is no formal role for the Department for Health and Social Care in the Review. **We strongly recommend that the Department for Digital, Culture, Media and Sport, who are leading this review, work hand-in-glove with the Department of Health and Social Care on the reform of gambling.**
21. The GRH APPG has undertaken detailed work on a public health approach to gambling reform, looking at what a public health approach is and how it can inform gambling policy development. We met recently with a range of experts in the field including the Royal Society of Public Health, Dr Heather Wardle, Professor Henrietta Bowden Jones, Dr Matt Gaskell, Gambling with Lives and wider professionals from the public health field. The session was also attended by officials from both the Department of Health and Social Care and the Department for Digital, Culture, Media and Sport. The outcome of our collective discussion is set out below.

¹⁸ [Regulatory action against Casumo - Gambling Commission](#)

¹⁹ <http://grh-appg.com/wp-content/uploads/2020/12/Online-report-Final-June162020.pdf>

²⁰ <https://publications.parliament.uk/pa/ld5801/ldselect/ldgamb/79/7902.htm>

What is a public health approach?

22. A public health approach focuses on risks to health across the whole population. Public health concerns helping everyone to maintain and improve their health and protecting them from threats to their health. To take a public health approach to an issue, four questions have to be answered:
- What are the problems?
 - What are they caused by?
 - What interventions work and for whom?
 - How can effective policy be scaled up?
23. The 'Responsible Gambling' narrative circumvents the public health approach by placing the onus on individuals to participate in gambling safely. This takes the focus away from the addictive nature of products, ease of access and saturation of advertising.²¹ In other fields of public health there has been a shift from focusing on individual responsibility to acknowledging the role factors beyond an individual's control play in determining health outcomes – there is more to be done on this with respect to gambling.
24. Public health policies should prioritise prevention of harm for the whole population, based on the evidence of the impact of the problem, and its drivers. Within any preventative strategy, there must also be interventions targeted towards sub-groups of the population: those at risk of harm, those experiencing harm, and those affected by others' harm.

Why do we need a public health approach to gambling?

25. Prevention needs to address the ways in which gambling products generate harms, as well as the wider social, economic and cultural factors which shape how gambling is provided and promoted in our society. In addition, prevention efforts should also seek to help those at greater risk of harms and to support those experiencing harms now.
26. Gambling products and activities, the conditions under which they are accessed, and the ways in which they are promoted need to be made safer through cross-departmental legislation, regulation and enforcement. The Department for Digital, Culture, Media and Sport, the Department of Health and Social Care, the Department for Education, the Home Office and the Ministry of Justice should all be involved.

Building on recent efforts

27. DCMS have already started introducing preventative measures, such as reducing the stake limit on Fixed Odds Betting Terminals from £100 to £2, and banning online gambling using credit cards.

²¹ <https://www.bmj.com/content/365/bmj.l1807>

28. The public health approach should also include education and awareness raising of gambling harms in schools, across the whole population, and among the wider public health workforce; longitudinal data collection on prevalence, treatment and harms to continually inform policy development; integrated and comprehensive treatment with health service commissioning to include provision for addressing gambling harms; and a smart industry levy to fund research, education and treatment. A prevention strategy needs to be supported and underpinned by high quality and independent evidence, with certainty of funding to assure its delivery.

Women and gambling

29. **In addition to ensuring that a public health approach is taken, we also urge the government to ensure that women gamblers are prioritised in gambling reform.** Specifically, funding bodies should dedicate a portion of their budgets to research on women and gambling and make the consideration of gender mandatory for every proposal / request for funding and include this as a section in their standard application forms. They should also require treatment providers to provide evidence of the involvement of women, including those with experience of gambling harm, in program development, implementation, and evaluation of treatment and prevention strategies. Finally, every new policy intended to reduce and prevent gambling-related harm should be designed and assessed in relation to gender. Policy-making groups should include equal numbers of men and women, including people with experiences of gambling harm.

Developments since our report in June 2020

30. Since the publication of our report in June there have been a number of developments in terms of gambling regulation. This built on previous reforms in 2020, such as the ban on gambling with credit cards and via payment systems such as PayPal, which were delivered after sustained lobbying from us and many others. These developments responded in part to our recommendations and, also, in part to those put forward by our colleagues in the House of Lords.²² **We welcome this progress but remain concerned that action in these areas is only forthcoming after extensive pressure from Parliamentarians. It conveys the impression of a regulator persistently out of step with the reform agenda and developments in the gambling market.**
31. Last year, we welcomed the Gambling Commission's consultation on Loot Boxes which is an area we had previously called for action on. We held an inquiry session into the impact of Loot Boxes and the potential for them to lead to gambling-related harm in November 2020.²³ Dr. David Zendel outlined to us the potential dangers of Loot Boxes and noted that many of the features of games with Loot Boxes within them were akin to gambling. **Given that this consultation has now been closed for some months and we continue to hear of the potential harm that can be caused to children from Loot Boxes in video games²⁴, we urge the Government and the Regulator to come forward with immediate action and proposals for regulation of Loot Boxes. We**

²² <https://publications.parliament.uk/pa/ld5801/ldselect/ldgamb/79/7902.htm>

²³ <http://grh-appg.com/wp-content/uploads/2020/12/GRH-APPG-Minutes-03.11.20-Children-and-Gambling-Lootboxes.pdf>

²⁴ <https://www.thetimes.co.uk/article/youtube-stars-lure-fifa-gamers-into-gambling-dwk8tcx3g>

also urge the Government to clarify whether primary or secondary legislation is required in this area. We have seen correspondence with the House of Lords on this matter and urge the Government to provide clarity as a priority.

32. The Gambling Commission has put forward new guidance for operators in relation to High Value Customers. The need for action in this area was underlined in our report last year. We therefore welcome the Gambling Commission acting on our recommendation, but this area should be kept under close review. Whilst it is helpful to restrict these accounts to over 25 year olds for example, there are many above this age category who can be harmed. Tragically, Chris Bruney took his own life at the age of just 25 having been made a VIP by gambling companies. The guidance put forward by the Gambling Commission would therefore not have protected Chris. **It is our view, based on the evidence of our extensive research around gambling harm that VIP or High Value Customer schemes should be banned altogether. The Gambling Commission must not sit back and await a further tragedy before acting.**
33. We welcomed the new rules announced in February by the Gambling Commission targeting the design of online slot games amending the remote gambling and software technical standards including the ban on slot spin speeds faster than 2.5 seconds and the permanent ban on reverse withdrawals which was something recommended by the GRH APPG. **However, we encourage the Gambling Commission to go further, notably in relation to applying stake limits to online games including a £2 limit for harmful slot content.**
34. We also welcomed the Gambling Commission's Consultation on Customer Interaction which addressed the issue of customer affordability – again, another of the recommendations for action put forward in our June report and something which we have also looked at in detail recently. **We urge the Government to move forward swiftly with affordability recommendations and in particular support the proposal by the Social Market Foundation to impose a £100 cap on affordability.**
35. The gambling industry has also taken some action to prevent harm themselves including a 'whistle to whistle' ban on advertising during sport; increased funding for research, education and treatment and implemented new ID and age-verification checks. Yet, whilst these initiatives are very welcome, they have often come after sustained calls for reform from those outside the industry or are partial measures. The whistle-to-whistle ban is a small step, for example, given the broad reach of gambling advertising in this country. **As we set out in this submission, given the potential for gambling harm and the exposure of children to gambling advertising, all gambling advertising should be banned.**
36. Equally, given the scale of the profits being made by the industry (which will act as a disincentive to reform) and the growing level of gambling in this country, notably online, self-regulation will not be sufficient. Government and regulatory intervention to prevent harm is required.

Wider considerations

37. As well as the clear health and social benefits which will be derived from driving down gambling harm, there are also important economic considerations to consider, particularly in the current climate. New research from the Social Market Foundation sets out that less money spent on gambling would deliver greater benefits for the wider UK economy. The SMF estimated that £1m spent on retail would create 34 additional jobs once all effects are considered – more than twice as many jobs as would be created from £1m spent on gambling. Gambling also has a lower “tax multiplier” than other consumer sectors such as retail and food services. £1m net spend by consumers on gambling is estimated to lead to about £500,000 of additional tax revenue. The same £1m spend on retail or food services would generate over £600,000 of additional tax revenue. Modelling the impact of changes in consumer behaviour, the SMF estimated that if net gambling spend declined by 10% (about £1bn) and individuals spent that money on retail instead, then GVA would be £311 million higher, overall UK employment would be 24,000 higher and the Exchequer would receive an additional £171m in tax.²⁵

Conclusion

38. The GRH APPG is not against gambling and is not ‘prohibitionist’- as some have said. Our view is that where there are clear instances of harm, or risk to vulnerable people, the Government, regulator and industry must act to prevent it. This action should be proportionate, and evidence based.
39. Given the potential risks here and the need for urgency, we very much welcome this Review of the 2005 Act. We also urge the Government and Gambling Commission (GC) to move forward with Reform of the industry at pace and act swiftly, alongside the review, on areas that can be taken forward outside of primary legislation. We agree with the proposition from the House of Lords that it is *Time for Action*.
40. In addition to considering short-term actions that can be made through current legislation and policy, the changes required to the system necessitate a complete overhaul of gambling regulation. This will require primary legislation - a new Gambling Act is required.

²⁵ <https://www.smf.co.uk/publications/double-or-nothing/>

Response to Questions

Online protections - players and products

Q1: What evidence is there on the effectiveness of the existing online protections in preventing gambling harm?

41. Since the Gambling Act 2005 passed into law there has been immeasurable change to the sector, most notably the exponential growth of online gambling. The potential for harm is far greater and regulations have not changed to address this.
42. The Gambling Commission's *Gambling Participation in 2019: behaviour, awareness and attitudes* report gives a broad overview of gambling participation in Great Britain.²⁶ Overall, 21% of respondents have gambled online in the previous four weeks, which is a three percentage point increase since 2018 and a six percentage point increase since 2015. This trend in the growth of online gambling has, of course, been accelerated by the Covid pandemic. The latest Gambling Commission figures show that during the lockdowns between March and November 2020, activity in the online market grew with a month on month increase of 3% in active accounts and 4% in bets.²⁷
43. In terms of the level of 'problem gambling', estimates vary being between a third and half a million people. The Gambling Commission has reported that problem gambling rates have remained stable. The most recent problem gambling rate is 0.3%, compared to 0.6% the previous year, although this decrease is not a statistically significant decrease on the previous year's figures.²⁸ We also underline in this response that policy must not focus on the targeting interventions as sections of the population but look to address the potential for harm across the whole population.
44. A team of researchers led by academics at Oxford University and Warwick University, drawing on data provided by Lloyds Banking Group, recently undertook a study over a 7 year period from 2012 to 2018, looking at the gambling transactions of a total of 6.5m customers (10.6% of UK population). The researchers found that:
- Any gambling is associated with harm.
 - Nearly 1 in 4 people who gamble (the highest proportionate spenders) actually suffer or are starting to suffer significant harms from gambling.
 - Increased gambling is associated with higher mortality – high levels of gambling are associated with a 37% increase in mortality rate.
 - Harms are associated with the proportion of spending that is devoted to gambling rather than the absolute level of spend – people on lower incomes suffer proportionately the same as people on higher incomes suffering larger actual losses.

²⁶ <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf>

²⁷ <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/data-shows-the-impact-of-covid-19-on-gambling-behaviour-in-november-2020>

²⁸ <https://beta.gamblingcommission.gov.uk/statistics-and-research/publication/year-to-december-2020>

- Increases in % spend on gambling deposits increase the amount of harm – e.g. a 10% increase in gambling deposits is associated with a 52% increase in payday loan take up, an 81% increase in missing a loan repayment and a 98% increase in missing a mortgage repayment; a 10% increase in gambling deposits equates to a 12% increase in nights awake.
- At higher levels of gambling (at around 2 – 4% of gambling deposits as a % of total spend) harms start to become severe
- Gambling harms happen very quickly but recovery takes a long time.²⁹

45. In terms of qualitative evidence, Professor Henrietta Bowden-Jones explained to our group that the availability of online gambling was a major issue – nearly everyone has an electronic device which means that gambling is “with people at all times.” She said nearly all her patients gambled online and the majority of them were men. Prof Bowden-Jones said there are a number of people who gamble safely, however, those with a certain neurobiological profile tend to be the most at-risk. This is because they are impulsive and are higher risk takers, based on research.³⁰

46. The likes of Professor Gerda Reith, Professor of Social Sciences at Glasgow University, sees the online gaming industry as sharing many of the characteristics of the social-media giants, like Facebook and Twitter - whose own aim is to design addictive products that encourage users to spend time on them. “You can see it in the way many of the games are structured,” she says. “The speed with which the spins come round are nothing like a physical casino and seem designed to get users hooked on the action. They play on people’s cognitive biases, with lights and sounds and ideas such as ‘losses disguised as wins’ and ‘near misses’.” A simple example of the former is commonly found in online slot machines. When a player stakes £10, the sum is deducted silently from their on-screen credits. But if they then lose half of that on a spin, recovering only £5, the machine will still make a celebratory dinging sound as if the loss were a victory and show the credits marching back into the player’s account.³¹

47. Dr Matthew Gaskell, a Consultant Psychologist & Clinical Lead for the NHS Northern Gambling Service, who spoke to our group, said addiction evolves over time and the brain circuits are reinforced constantly if an individual is finding an activity rewarding. As the process evolves and circuits continue to be rewarded in the brain, over time the mind narrows in its focus and an individual can become more preoccupied with this activity. All the other important responsibilities and concerns in an individual’s life can become secondary.³²

48. Recently, and particularly during the Covid -19 period, there has been more emerging evidence on potential risks of online gambling. These risks are particularly heightened by the nature of online gambling, which is accessible 24/7 and allows continuous play without breaks, therefore making certain product categories riskier.

²⁹ <https://www.nature.com/articles/s41562-020-01045-w>

³⁰ <http://www.grh-appg.com/wp-content/uploads/2020/12/Online-report-Final-June162020.pdf>

³¹ As quoted in the Financial Times, Jonathan Ford, July 2019

³² <http://www.grh-appg.com/wp-content/uploads/2020/12/Online-report-Final-June162020.pdf>

49. In off-line or land-based gambling, staff are given training on how to interact with customers and how to spot the signs of more problematic gambling. Money laundering regulations require checks if an individual gambles more than £1,500 a day in online and offline casinos. In the land-based sector, this is enabled by staff monitoring, table limits, and random checks by the Gambling Commission. In the remote sector, checks tend to be retrospective rather than preventative, and on the occasions they do take place, it can be when a gambler is attempting to withdraw money after a win.
50. Furthermore, the ease of deposit and the electronic nature of money spent, as well as the slowness of withdrawals, the ability to reverse withdrawal and targeting of gamblers with offers when they win to encourage further play, all have the potential of creating a harmful gambling environment online.
51. Prof Bowden-Jones said to us that from a medical perspective addiction often depends on the individual's vulnerability. For example, if a family has a problem with alcohol addiction and the child has a sip of alcohol, they are more likely to become addicted. This is the same for gambling where the genetical risks linked to problem gambling are "big" she said.
52. The risks of online gambling addiction increasing the risk of suicide has been powerfully set out by the courageous work of the charity Gambling with Lives, set up by Liz and Charles Ritchie after they tragically lost their son Jack to an addiction to FOBTs and online gambling in 2017. They argue, as confirmed by the Lloyds bank research, that problem gamblers are significantly more likely to attempt suicide. According to a study commissioned by GambleAware, problem gamblers were six times more likely to have suicidal thoughts or try to take their own life – and could be 15 times more likely to do so.³³
53. **The APPG has also heard from a number of respondents that in order to fully understand the scale of the problem, a prevalence study is needed, which must be independently funded.** The knowledge about the numbers affected by gambling-related harm, the types of harm that individuals experience, and how such numbers change over time, is hampered by the absence of a recent British Gambling Prevalence Survey (the last survey was conducted in 2010) and questions about gambling participation and behaviour not regularly being included in the Health Survey for England (questions were last asked in 2012, 2015 and 2016). Whilst the Gambling Commission collects and publishes statistics about gambling participation and problem gambling, we lack longitudinal data about gambling-related harm in respect of the trajectory of individuals' gambling participation and behaviour over time, the products and modes of gambling most associated with harm, and individuals' help-seeking behaviours (aside from data collected by GamCare).
- 54. We strongly support re-commissioning of a large-scale gambling prevalence study to provide a foundation for an assessment of the appropriate legislation, regulation and treatment of harm caused by the online gambling industry.**

³³ The research, commissioned by the charity GambleAware which is funded by bookmakers, was based on an analysis of data from the Adult Psychiatric Morbidity Survey in 2007.

Q2: What evidence is there for or against the imposition of greater controls on online product design? This includes (but is not limited to) stake, speed, and prize limits or pre-release testing.

55. There are no stake limits for online slot games, despite these being a cornerstone of land-based gambling regulation. They are essential to prevent harm.
56. The Government's Safer Gambling Advisory Board put the point well in February 2020. It said the Gambling Commission should be *"planning how a regime of stake, prize and speed of play limits could be implemented for online gambling."* It added that *"unless significant progress is made by operators on player protection"* the Gambling Commission should begin *"working with government to introduce online limits on stakes, prizes and speed of play"*.³⁴
57. In addition, the Responsible Gambling Strategy Board agreed. In advice to the Government published in 2017 it said that: *"The remote sector needs swiftly to demonstrate that the risks associated with remote gambling are being managed effectively and comprehensively. If they fail to do so, controls should be placed on stake and prizes on remote platforms comparable to those on similar land-based products"*³⁵
58. Lack of limits is particularly problematic where vulnerable players are playing highly addictive casino or slot games. The Commission has introduced new restrictions including on the speed of play, but these, while welcome, do not come into force until October 2021 and no stake, deposit or affordability measures have been set - making these measures on their own insufficient.
59. In contrast to online, land-based venues already have limits on factors such as speed of play and stake size. Land-based venues also have staff that can spot risky play which cannot be replicated online. Additional online regulation is required to ensure similar levels of social responsibility.
60. From the extensive research that we have undertaken in this area, including through our online gambling inquiry, face-to-face meetings with the industry and wider stakeholders we urge the Government to immediately adopt restrictions in relation to:
- a. Responsible game design and testing
 - b. Stake, spin and deposit limits
 - c. Testing for affordability and
 - d. Banning High Value Customer or VIP schemes

61. *The Gambling Commission must introduce stake limits for harmful online slot content which are comparable with land-based gambling and include a stake limit of £2 for online slot games. Until this is implemented, there will be no parity with land-based gambling venues and the worst gambling harms will still be possible.*

³⁴ <http://www.grh-appg.com/wp-content/uploads/2020/12/Online-report-Final-June162020.pdf>

³⁵ [Advice-in-relation-to-the-DCMS-review-of-gaming-machines-and-social-responsibility-measures \(rgsb.org.uk\)](https://www.rgsb.org.uk/advice-in-relation-to-the-dcms-review-of-gaming-machines-and-social-responsibility-measures)

The Government agreed to this limit for Fixed Odds Betting Machines. The rationale is clear.

62. An urgent review of stakes and prize limits should take place, and then be conducted on a regular basis through a triennial review of stakes and prizes.

63. In relation to products, there is also no categorisation of online products in the same way that land-based products are given technical distinctions yet there is an increasingly common agreement amongst independent researchers about the range of structural characteristics of gambling products which are most important in determining addictiveness. New gambling products, notably online, have also been designed to draw people into gambling to keep them there as long as possible. Structural characteristics which contribute to levels of addictiveness include:

- speed of play/event frequency/continuity of play – time gap between each gamble and the time between placing the bet and the result (win/lose)
- stake sizes
- prize structures – number and value of prizes
- probability and frequency of winning
- free or bonus ‘spins’
- ‘losses disguised as wins’ – signalling a win which is less than the amount staked
- skill or pseudo-skill elements – which may or may not be real
- near misses – results which are perceived as “nearly winning” but which are a loss
- physical design features – lights, colours, sounds, ergonomic features

64. Dr Matt Gaskell, Consultant Psychologist & Clinical Lead at the NHS Northern Gambling Service has advised that when looking at online gambling harm, it is instructive to look at the top three most prevalent products that addiction patients use:

- a. In-Play Sports Betting
- b. Slot Machines (online and land-based)
- c. Roulette (principally digital roulette)

65. These games, he says, have harmful characteristics in common, and they are associated with the largest gambling losses and problem gambling. He has noted to us that these games:

“Are immersive, keep gamblers in continual play betting frequently, provide frequent reinforcement, lead to excessive play without the time to reflect, cloud their judgement and decision making, & confuse them about their probability (known as gambler’s fallacy) of winning and ability to influence this (known as the illusion of control). They undermine the concept of ‘responsible gambling’. My patients tell me they are immersed in continual play, usually at high speed, with highly frequent opportunities to bet, getting a quick result, motivating them to bet again with no time to reflect. For example, my patients tell me that In-

Play Sports Betting has turned their love of sports or their favourite football team into a slot machine. Where betting on football was a discontinuous gambling activity they get hooked into the constant flow of events & they will play to exhaustion.”³⁶

66. Practitioners such as Dr Gaskell and Prof Bowden Jones note that in-game design features confuse players and distort their judgement and motivate them forward by reinforcing losses via the ‘near miss’ or ‘losses disguised as wins’ features. Any winnings are often immediately available to put back in the game, constrained by a lack of time to reflect, they continue with play, even though these so called ‘winnings’ are usually less than what was staked.

67. The playing characteristics that patients that Dr Gaskell and other clinicians see are to be considered irrespective of the individual’s psychological, physiological, and socioeconomic status. In Dr Gaskell’s clinics, 40% of patients have what he describes as no psychopathology. Academic research has called this group ‘behaviourally conditioned’ gamblers. In other words, their addiction is best understood as a consequence of the transaction with the products and the gambling experience.

68. In this response we therefore recommend:

- **An independent review of how online products are regulated, tested, and classified. Regulation of products seems to be weighted in favour of the industry and not the consumer. Products are allowed in the UK that are considered too dangerous elsewhere. The system needs to change. There should be a series of regulatory measures for current products to make them safe, as well as setting out a new regulatory framework for the future.**
- **Restricting in-play sports betting to venues or via the telephone, to bring it in line with regulation in Australia.**
- **Significantly slowing down the speed of ‘random number generated’ digital slots and roulette. (e.g. online roulette much faster than land based which is supervised). No free spins, turbo spins, or reel stop play.**
- **Providing accurate information to consumers on chances of winning and whether it is skill based or random chance.**

69. ***A “precautionary approach” should be taken and we recommend that the Government should work with the Gambling Commission to establish a category system for online gambling products. The Government and the Gambling Commission should also use these online product categories to set stake limits for online gambling products.***

Q3: What evidence is there for or against the imposition of greater controls on online gambling accounts, including but not limited to deposit, loss, and spend limits?

³⁶ <http://www.grh-appg.com/wp-content/uploads/2020/12/Online-report-Final-June162020.pdf>

70. Above we set out the levels of harm and the risks of harm associated with gambling online. This clearly sets out the case for the imposition of greater controls for online gambling accounts including in relation to deposit, loss and spend limits and also in relation to affordability checks.
71. In addition to this growth of play on riskier, less regulated products, the Gambling Commission Statement principles for Licensing and Regulation³⁷ sets out “the Commission will adopt a precautionary approach when approaching new developments and interpreting evidence, where this is appropriate, having regard to its duty to promote the licensing objectives in the Act.”
72. Secondly, the regulation of the online industry, due to its relative novelty, lags well behind that of the longer established land-based sector.
73. The gambling industry, of course, have argued strongly against greater online controls and have indicated that they should be permitted to self-regulate in this area.
74. The industry has argued that gamblers themselves do not want to see greater restrictions online and have undertaken focus groups in so called ‘red wall’ seats setting out that voters do not want online restrictions³⁸. But such polling by this representative body for the online gambling industry needs to be viewed through the prism of those who have commissioned it, equally other polling has shown the opposite that people in fact do want to see greater regulation.³⁹
75. Secondly, it has been argued that new regulation of the online industry would constitute a ‘nanny state’. There are however, of course, numerous examples of the need for intervention to ensure harm prevention. We have seen this in many areas including with the land-based gambling industry, in relation to alcohol, High Fat Salt Sugar Food and tobacco.
76. Thirdly, the gambling industry has claimed that regulation of the licensed online gambling industry will drive gamblers to the unregulated or ‘black market’. We set out further analysis on this below. The Gambling Commission has also set out its views on the Gambling Industry’s estimates of the black market and noted that it is not an argument to hold back from reform of the regulated market.
77. During our inquiry, we discussed affordability assessments with online operators. When we spoke to operators during our inquiry those who took part conceded their affordability checks were not yet fully effective and could not tell us what an affordable level of gambling was. This is not acceptable.

Q4: What is the evidence on whether any such limits should be on a universal basis or targeted at individuals based on affordability or other considerations?

³⁷ <https://www.gamblingcommission.gov.uk/PDF/Statement-of-principles-for-licensing-and-regulation.pdf>

³⁸ <https://www.politicshome.com/members/article/the-issue-of-gambling-wont-decide-the-next-election-but-red-wall-voters-will-and-politicians-should-listen-to-what-they-have-to-say>

³⁹ <https://www.survation.com/conservative-voters-backing-public-calls-for-gambling-restrictions/>

78. The limits set out above should be applied on a universal basis and there should also be checks on how much an individual is able to gamble as levels of affordability will vary according to individual circumstance.
79. Reforms which should be applied on a universal basis include:
- a. The introduction on speed and spin limits.
 - b. The introduction of staking limits
80. Universal speed, spin and staking limits are already in place effectively in the land-based sector and similar restrictions should be applied online.
81. An individual's affordability will, however, vary and assessing affordability is key. Clear affordability rules are essential to prevent gambling related harm. We continue to hear of gamblers, women, men and young people being able to gamble far more than they can afford and of the devastation this causes to people's lives.
- 82. As we set out in our report last year, it is very clear that affordability checks should not be left to operators themselves. *We strongly support the proposal to have a system in place which is fully independent of the industry and managed by a third party. This should be a Gambling Ombudsman which was proposed and recommended in our Final Online Gambling Report. Such as Ombudsman should be a public body which would provide a formal, independent point of contact between remote gambling operators, credit agencies and banks. The provision of industry data to this Ombudsman should be a key condition of gambling licensing.***
- 83. We strongly support the Social Market Foundations proposed 'soft cap' of £100 on monthly expenditure.**⁴⁰ The proposed £100 cap is low enough to protect everyone but is high enough to reflect the vast majority of gambling activity. As a 'soft cap' however, it does not preclude gamblers spending more than this if they have been through an enhanced affordability check. Gamblers would be able to spend above the £100 cap following affordability checks.
84. It has been proposed that a soft cap affordability check would harm sports such as Horseracing, prohibiting gambling and funding to racing. There is little clear evidence of this. The vast majority of bettors would be able to continue to bet below the £100 soft cap and those who wishes to bet above it would be able to do so if it was affordable to them. As a group we continue to be supportive of horse racing as an important industry in this country.
85. It has also been suggested that affordability checks would drive gamblers who would like to gamble more to the black market. Firstly, as per above, those who wish to gamble more would be able to do so once they had had an affordability check. Secondly, the veracity of claims about the potential growth of the black market following more

⁴⁰ <https://www.smf.co.uk/wp-content/uploads/2020/08/Gambling-review-and-reform-August-2020.pdf>

stringent regulation have been successfully challenged, including by the Gambling Commission.

86. From the evidence we have heard and given that the point of advertising is to encourage people to gamble, there is a clear case for ending all gambling advertising, marketing and inducements and adopting more stringent restrictions such as those soon to be adopted in Spain⁴¹ and Italy.
87. Given the scale of harm that can be caused by online gambling and the harm that can be caused by other forms of gambling, it is important that there is a functioning 'duty of care' to gamblers. This duty of care should lie with both the operators, who agreed with this when they spoke to the APPG, and the state. The regulator needs to ensure this through significantly improving its oversight of operators. ***We recommend urgent legislation to equip the Gambling Commission with adequate enforcement powers, and a "duty of care" on operators to not exploit those with addictions.***
88. We are concerned that of the operators we spoke to, four of the top 5 in the market, namely Bet 365, Flutter, Skybet and William Hill all did not seem to yet have a clear system to assess a customer's level of affordability. This seems inconsistent with the levels of sophistication that these companies operate at technologically, and the vast amounts of data they hold. They have algorithms where if you are spending significant sums, they can make you a VIP, or send you a bonus email, both of which are to their commercial advantage. So, there is no reason why this data cannot be used to prevent gambling harm.
89. We are also concerned that operators reported clear variations in their estimates of the levels of harmful gambling by their customers. Either some operators have higher levels of harmful play, there are flaws in the data, or their reports to us were incorrect.
90. Improved affordability checks are urgently needed. When there are high levels of gambling related harm in the online sector and there are no stake and spend limits, it is simply not good enough for the online operators to say they are 'developing affordability checks.' Gauging affordability cannot be left to gambling operators, given the majority of their revenue comes from people who are losing more than they can afford. Moreover, operators should have a clear understanding of what is affordable to online users based on the proportion of a gambler's income, and this should be underpinned by the Gambling Commission.
91. Affordability checks, of course, will not address harm alone. ***The critical way to reduce harm is to limit the amount that can be spent on games in the first place. This is why a £2 stake limit must be introduced for online slots in the same manner as land-based gambling regulation.***

Q5: Is there evidence on how the consumer data collected by operators could be better deployed and used to support the government's objectives?

⁴¹ <https://calvinayre.com/2020/02/21/business/spain-new-rules-prohibit-online-gambling-advertising/>

92. We have heard from many in the academic community who say that gambling operators must do more to protect at-risk or problem gamblers from experiencing gambling-related harm through permitting access to data. The data that gambling operators collect from their customers would enable extensive research to be conducted to facilitate studies into how to protect vulnerable individuals from experiencing gambling-related harm. Professor Rebecca Cassidy noted to us *“for the quality of research to improve, independent researchers must be given access to industry data, provided as a condition of licensing”*.⁴² Basic data-sets – like sales, consumption, tax and revenue data – should be made publicly available as a matter of course, as it is in other jurisdictions, including Australia. Research could also be conducted to examine the effectiveness of customer interactions with online gamblers and the impact of such interactions on gambling behaviour.

93. *We urge gambling companies to give greater access to their data to enable the facilitation of research to protect the vulnerable or the Gambling Commission should consider making this a condition of licensing.*

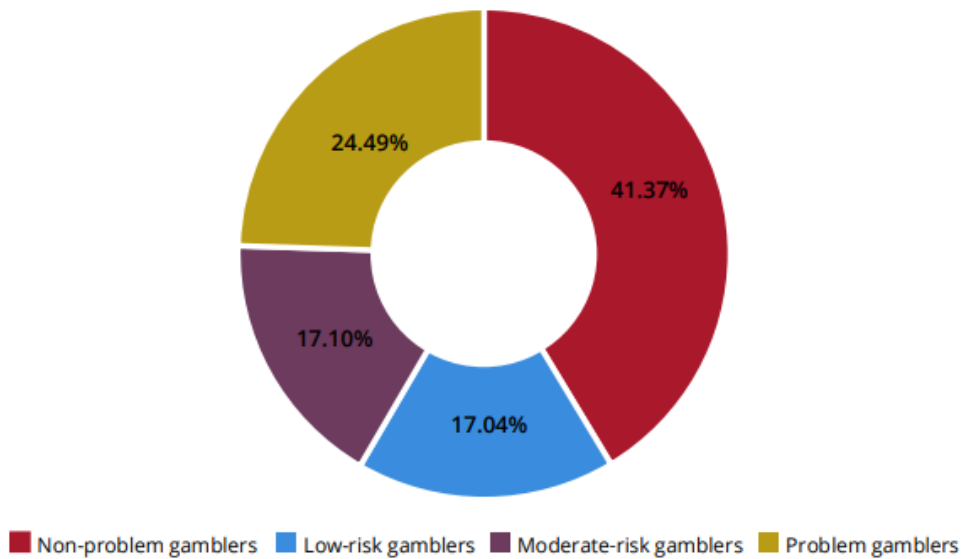
94. Academics such as Prof Cassidy have also underlined to us that one of the critical problems facing policy makers in the UK is the lack of high-quality, robust and independent gambling research. Many gambling scholars will not take funding from industry supported organisations like GambleAware and so fully independent structures which are transparent and meet ethical standards are needed. ***Either the NHS or an independent body should be responsible for commissioning research.***

Q6: How are online gambling losses split across the player cohort? For instance, what percentage of GGY do the top and bottom 10% of spenders account for, and how does this vary by product?

95. The value of problem gamblers to the industry is illustrated by the following chart which is taken from the House of Lords Select Committee on the Gambling Industry report. It is limited to online gambling, and taken from a publication dated August 2018, and some of the figures come from the 2015 Gambling Commission Gambling Addiction Survey. There is however no reason to suppose that the figures have changed significantly. The 2.66% of the population who are low-risk gamblers contribute 17% of the industry's profits. A further 17% is contributed by the 1.03% who are moderate-risk gamblers, while the problem gamblers, on this measure 0.8%, contribute an astonishing 25%.

⁴² <http://www.grh-appg.com/wp-content/uploads/2020/12/Online-report-Final-June162020.pdf>

Figure 6: Percentage of online gambling industry profits derived from each category of gambler



96. In addition, recent research by researchers at the Universities of Stirling and Glasgow based on a longitudinal survey of 3195 regular sports bettors found of the total gambling spend over their period of assessment:

- a. 39.9% of total spend (£108,618) was generated from the 15.3% of sports bettors who were experiencing moderate risk or problem gambling.
- b. Regular sports bettors experiencing moderate risk and problem gambling spend a disproportionately higher amount of money gambling, suggesting they contribute a disproportionately greater amount of money to industry turnover.⁴³

97. In further recent research funded by GambleAware, researchers from the University of Liverpool and the National Centre for Social Research found that most gambling accounts lost relatively modest sums, but that firms make at least 70% of their revenues from the biggest losers. They found:

- a. In sports betting, that proportion rises to 86%, with people in deprived areas more likely to go for longer-odds wagers with a lower prospect of success.
- b. Gamblers from the poorest areas were also more likely to lose money in online casinos, which the study found presented a particular risk of high-intensity play despite lower overall losses across all players.
- c. Nine out of ten online casino accounts either won money or lost less than £500 over the course of a year, but 164,000 lost more than £500 during a single session of play, and 47,000 people lost more than £5,000 in a year.

⁴³ <https://osf.io/9cy37/>

- d. This group was disproportionately likely to come from deprived areas and to have lost their money on virtual slot machines, which carry a higher rate of addiction than most other gambling products.
- e. Slots accounted for more than half of losses above £5,000 and 70% of sessions where someone played for three hours without a break.
- f. More than 14,000 accounts did this three times during the year, often at a rapid pace, although in practice this could have been a smaller number of people doing so more often, as the study could not factor in users holding various accounts.

Q7: What evidence is there from behavioural science or other fields that the protections which operators must already offer, such as player-set spend limits, could be made more effective in preventing harm?

98. There are a number of gambling operators who allow their customers to set limits on their spending in relation to their losses. For example, Betfair allows their customers to set loss limits for individual products and a global loss limit across a range of products.
99. Yet despite the existence of these tools, there is little evidence to establish the effectiveness of the use of operator led responsible gambling tools. The Behavioural Insights Team and others have identified that gamblers setting limits themselves were generally perceived as ineffective as they could easily be reset within a relatively short time period.
100. We note that gambling firms will be required to establish how much customers can afford and to set limits on their spending. The Gambling Commission, which can impose unlimited fines on firms that breach the rules, wants them to introduce new systems that enable them to identify those who may be gambling beyond their means. It suggests they could use household earnings and wealth data from the Office of National Statistics (ONS) to assess what a customer can afford.
101. The Rank Group has become the first operator to sign up to an affordability-checking service with online credit checking company Experian. The Experian Open Banking service allows operators to access account information including weekly income and expenditure and how much they spend with other gambling websites. Whilst we welcome this, we are concerned that there is potential conflict of interest if gambling operators are permitted to access the financial data of customers who opt into open banking. We support the contention that the Gambling Commission should have a clear role in overseeing the use of affordability checks by operators.
102. We are concerned the operators we spoke to, four of the top 5 in the market, namely Bet 365, Flutter, Skybet and William Hill all did not seem to yet have a clear system to assess a customer's level of affordability. This seems inconsistent with the levels of sophistication that these companies operate at technologically, and the vast amounts of data they hold. They have algorithms where if you are spending significant sums, they can make you a VIP, or send you a bonus email, both of which are to their commercial advantage. So, there is no reason why this data cannot be used to prevent gambling harm.

103. We are also concerned that operators reported clear variations in their estimates of the levels of harmful gambling by their customers. Either some operators have higher levels of harmful play, there are flaws in the data, or their reports to us were incorrect.

Q8: Is there evidence that so called ‘white label’ arrangements pose a particular risk to consumers in Great Britain?

104. The Gambling Act 2005 allowed ‘white-listed’ jurisdictions to access British gamblers. It was not until the Licensing and Advertising Act 2014 that UK licensing was required, but inadequate due diligence has led to the phenomenon of “white label” licensees. These effectively act as license wholesalers for operators, which pay a fee to these licensees to access the benefits of a Gambling Commission license – such as advertising in Britain – without going through the application process, nor deriving any revenue from this jurisdiction. As a result, some affiliates of larger gambling companies have never been subject to direct Gambling Commission oversight.

105. White label arrangements have led to inadequate due diligence on some gambling businesses operating in the UK via licensees. In some cases, some affiliate businesses of UK licensees have never been subject to Gambling Commission oversight.

106. In addition, following concerning reports about the practices of some online operators in countries such as Kenya, which are engaged in enticing young children to gamble, it should be a condition of a remote gambling licence that gambling companies wishing to operate in Britain are required to ensure they are protecting children and the vulnerable in all jurisdictions they derive revenue from.

107. *This practice appears wholly unsatisfactory and the Gambling Commission should urgently investigate the use and appropriateness of white labels.*

Q9: What evidence, if any, is there to suggest that new and emerging technologies, delivery and payment methods such as blockchain and crypto currencies could pose a particular risk to gambling consumers?

108. Cryptocurrency technology is an emerging technology and the variety of cryptocurrencies available is increasing rapidly, this area of gambling creates a further area of risk and must be monitored closely as urgent action to prevent harm may be required.

Q10: Is there any additional evidence in this area the government should consider?

109. In addition to online gambling protection measures, there are clear, practical measures that can be put in place now by the banking industry to support those suffering and at risk of gambling related harm. One of the most important is offering bank account gambling blocks that are easy to access but harder to instantly uninstall.

110. We are particularly concerned that for 40% of current accounts a block is not an option despite the technology being readily available and proven. We will be writing to those banks identified not currently offering such software to ask them to explain their rationale, and we would appreciate the support of Ministers in encouraging the industry to adopt these readily available, but highly impactful, tools to support those suffering from gambling-related harm.

111. However, we also understand from our discussions with technical experts that further advances in “blocking” technology, require changes in banking procedures. Changes are needed to the way certain categories of banking transaction are identified to capture emerging forms of gambling (for example as would be required were loot boxes to be redefined as gambling). And, to ensure all gambling companies are covered by the blocking tools, there needs to be a central register of the bank details of all gambling operators.

112. So, in parallel with the Review of the Gambling Act 2005, we urge the Government to bring about the changes needed to ensure that those who want to access gambling self-exclusion tools should have access to the most effective possible methods. We are asking you to consider:

- ***Introducing a new requirement for account providers in the UK to make sure every consumer can access a friction driven, card based gambling block - regardless of who they bank with.***
- ***Mandating gambling firms to disclose their bank account details on a central registry.***
- ***Finding a way to differentiate and identify loot box transactions from typical gaming purchases.***

Advertising, sponsorship and branding

Q11: What are the benefits or harms caused by allowing licensed gambling operators to advertise?

113. Given the potential harm caused by gambling and the risks of exposing young people to gambling advertising and promotions, there must be much more stringent regulation of gambling advertising – indeed, it should be banned.

114. The gambling industry currently spends in excess of £1.5 billion a year on advertising. Gambling advertising has increased exponentially since the Gambling Act 2005 came into force. A financial analysis by Regulus Partners, published by GambleAware in November 2018, revealed that 80% of all gambling marketing activity is now on the internet, with companies spending five times more online than on television. The figures indicated the areas where gambling companies spent the most money on marketing in 2017:

- a. Total spend by gambling companies on marketing went up by 56% between 2014 and 2017, reaching £1.5bn.

- b. Direct online internet marketing costs in 2017 were £747m, almost half (48%) of total gambling marketing spend.
- c. Advertising through marketing affiliates—websites, tipsters and publications who earn commission for generating new business for the gambling companies—was £301m, 19% of total expenditure.
- d. TV gambling advertising was £234m, only 15% of total gambling marketing spend.
- e. Social media spend was £149m, more than tripling over three years, and 10% of total gambling marketing spend.
- f. Sponsorship: £60m was spent in 2017, double the amount spent in 2014.⁴⁴

115. It is generally assumed that the increase in advertising is one of the causes, perhaps the main cause, of gambling-related harms. Recent research by researchers at the Universities of Stirling and Glasgow has found a clear correlation on this point and notes that:

- Among regular sports bettors, those experiencing gambling problems were more likely to recall seeing and receiving gambling marketing communications.
- More than three quarters of those experiencing moderate risk and problem gambling recalled receiving direct marketing in the past month, compared with just under half of non-problem gamblers.
- Those experiencing gambling problems were three times more likely as those experiencing no problems to report that the amount of gambling advertising they saw, and the amount of direct marketing they received from gambling operators, increased during the initial Covid-19 lockdown.
- Marketing was also successful in instigating behavioural response among those gambling at higher risk. Around half (54%) of those experiencing gambling problems stated a gambling advert, promotion or sponsorship often or very often prompted them to spend money on gambling when they were not otherwise planning to during the initial Covid-19 lockdown. Equivalent estimate for those not experiencing gambling problems was just 2%.
- In the in-depth interviews, some participants described a sense of a relentless onslaught of adverts –‘it’s almost like it’s a frenzy of adverts’; ‘my email box is constantly filled with gambling adverts, constantly’. Some voiced a need for greater regulation.
- Gambling marketing is successful in reaching, and engaging, sports bettors through a variety of advertising and direct marketing. When received, the data suggests that marketing communications may have a disproportionate behavioural impact on those who are already moderate or problem gamblers.

116. Beyond this, it would be helpful for there to be further data available to investigate the relationship between gambling and advertising. Aggregated data, such as the prevalence rate of problem gamblers and overall gambling advertising spend, will not reveal what the prevalence rate of disordered gambling would be *in the absence of gambling advertising*. Even if prevalence rates of problem gambling were trending

⁴⁴ https://publications.parliament.uk/pa/ld5801/ldselect/ldgamb/79/7910.htm#_idTextAnchor178

down, they might have trended lower still if there was no advertising. Research could look at policy changes, such as Italy's 2019 gambling advertising ban, to understand better the causal effect of gambling advertising. Greater access to gambling operators' data on which parts of the population are exposed to the most gambling advertising could help reveal whether those subgroups also show excess increases in gambling-related harm.

117. Further studies have reported on the proliferation of online gambling adverts. A study has found gambling logos are on screen for 70% of the time during 'Match Of The Day' in the UK, with half of the premier league clubs having gambling companies sponsoring their shirts.⁴⁵
118. Analysis of live sports on television found that gambling adverts are particularly prominent during football matches. During one game between Scottish teams Rangers and Celtic, there were 920 occasions on which gambling brands were visible – equivalent to once every 10 seconds.
119. Half of the Premier League's shirts featured a gambling company's logo during the 2019-20 season. Premier League clubs stand to earn a record £349.1 million from shirt sponsorship deals in the coming season, a rise of more than 10% compare to £315.6 million in 2018-19. Ten of the 20 top clubs will display the branding of a gambling company, up from nine last season and the joint highest number ever, after signing deals worth a combined £69m. Betting's dominance is even more pronounced in the Championship, where 17 out of 24 club shirts will show a betting logo, meaning 27 of England's top 44 clubs have agreed to do so.
120. Moreover, as publicised last year, Wayne Rooney will wear the number 32 shirt when he joins Derby County in January as part of the club's partnership with 32Red.
121. The gambling industry has maintained its close links with football and other sports despite growing concern among MPs, campaigners and even GVC-owned Ladbrokes, which has pledged to end shirt sponsorship – despite sponsoring the Scottish Football League. But while none of the top six clubs have a gambling sponsor, the industry accounts for the vast majority of the rest of the 14 remaining clubs' shirt deals, with Malta-based Betway the biggest contributor via its £10m deal with West Ham United.
122. Specialists such as Prof Bowden-Jones and Dr Wardle, note that they would like to see gambling advertising banned all together, arguing that the targeted advertising and marketing is particularly dangerous.
123. While there is a lack of research into the impact of social media and online advertising on the amount customers spend on online gambling, there are very strong concerns about its detrimental impact.

⁴⁵ Cassidy, R, & Ovenden, N. (2017) Frequency, duration and medium of advertisements for gambling and other risky products in commercial and public service broadcasts of English Premier League football.

124. The impact of advertising on incentivising vulnerable people to gamble is a growing concern. The Responsible Gambling Strategy Board (now the Advisory Board for Safer Gambling) has said that by not taking action to limit the exposure of young people to gambling advertising “we are in danger of inadvertently conducting an uncontrolled social experiment on today’s youth, the outcome of which is uncertain but could be significant.”⁴⁶
125. Children and young people are also exposed to gambling adverts and sponsorships. In 2018, 33% of 11-16-year olds had seen gambling advertising at least once a week. Whilst, 60% of young people have seen gambling advertisements on social media and 12% of young people follow gambling companies on social media.⁴⁷
126. A recent study by GambleAware found companies were not doing enough to stop exposure to ads on social media. The research, led by Ipsos Mori, found that an estimated 41,000 children under 16 follow gambling-related accounts, while children replied to or retweeted those accounts 13,000 times. While children were not being directly targeted, the report said some of the ads included features likely to appeal to them, while little was being done to screen them out of gambling ads.⁴⁸
127. The research highlighted the prevalence of gambling adverts on the internet, particularly social media sites such as Twitter. The researchers created 11 “avatars”, fake internet user profiles with identities such as “problem gambler” or a “child under 13”, based on browsing history. The “child under 13” avatar saw more online gambling adverts per month than the adult with a gambling problem. Both saw more than a neutral avatar with no browsing history. The report said there was “no evidence” that advertisers had taken significant steps to screen out children and gambling addicts, such as by analysing their browsing history.⁴⁹
128. **The sector urgently needs to adopt a more responsible approach on advertising, particularly during sports programmes in order to protect children and the vulnerable.** While Paddy Power (Flutter) made a joke out of football shirt sponsorship in 2019, that such a joke could be made is an indictment of the current state of gambling sponsorship proliferation. We welcomed the “whistle-to-whistle” television advertising ban. Yet, for the advertising ban to be truly effective, these companies need to go even further to include shirt and league sponsorship and digital advertising around a pitch. Otherwise, children and vulnerable adults will continue to be bombarded with gambling adverts.
129. Research in Australia has shown that despite the ‘whistle to whistle’ ban their children still saw a great deal of gambling advertising. They saw this before and after sporting matches and also saw gambling advertising outside of sporting programmes including on social media platforms. They saw promotions on team shirts, gambling logos on hoardings and embedded advertising on signage on sports courts or fields. This is an

⁴⁶ <http://www.rgsb.org.uk/PDF/Gambling-and-children-and-young-people-2018.pdf>

⁴⁷ Gambling Commission statistics 2018

⁴⁸ <https://www.ipsos.com/ipsos-mori/en-uk/effect-gambling-advertising-children-young-people-and-vulnerable-adults>

⁴⁹ <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/latest-report-reveals-complex-nature-of-advertising-exposure-to-children-young-people-and-vulnerable-individuals>

important finding which suggests that there is no evidence that gambling advertising outside of sport is any less influential than advertising within live sporting matches.⁵⁰

130. In addition, academics such as Professor Samantha Thomas, Dr Hannah Pitt and Emeritus Professor Mike Daube of the Deakin University in Australia have highlighted the marketing strategies which have aimed to “normalise gambling as an activity that is embedded in everyday life”. They note that:

“similar to other products, such as tobacco, the aim is to ensure that gambling is available and accessible, is regularly engaged in, and is socially and culturally accepted.”

131. Their research highlights the issue that young people are exposed to promotions for gambling in a range of different environments and that we can no longer assume that young people only see these promotions within television commercial breaks. Policy makers and the regulator also need to fully recognise that young people recall seeing gambling adverts in a range of media and sporting environments.

132. Research also shows that young people have very clear recall of gambling brands – particularly if they are fans of sport. This recall starts from a very young age - as young as 8 years old in some studies. Young people are also positively influenced by the gambling advertising that they see during sport. Inducement marketing also appears to influence young people’s attitudes towards betting and the risk associated with betting.

133. It has been also suggested, notably by the industry that educational and awareness programmes are an appropriate response to warn people of the dangers of gambling advertising and gambling itself. There is limited evidence to support the effectiveness of these current education strategies. In order to be effective, research from other areas of public health shows that such educational strategies must be independent of industry influence, sustained and adequately funded, based on research evidence, and backed up by broader regulatory frameworks which restrict both exposure and access to products, as well as significant restrictions on the marketing of these products.

134. From the evidence we have heard and given that the point of advertising is to encourage people to gamble, there is a clear case for ending all gambling advertising, marketing and inducements and adopting more stringent restrictions such as those soon to be adopted in Spain⁵¹ and Italy. The Government has a duty to protect vulnerable people and also children and is out of step with the stringent restrictions and interventions in other jurisdictions. In addition to ending all gambling advertising it is imperative that gambling advertising is also banned in online games such as FIFA which young children are playing - often for many hours daily.

135. We have undertaken detailed research into the impact of football advertising and the option for reform in this area. We support calls to:

⁵⁰ Research provided in submission from Prof. Sam Thomas, The Deakin University Australia.

⁵¹ <https://calvinayre.com/2020/02/21/business/spain-new-rules-prohibit-online-gambling-advertising/>

- **Not permit any gambling sponsorship of football clubs or leagues.**
- **Not permit gambling advertising, sponsorship or branding in stadiums, around the pitch or on club merchandise.**
- **Not permit gambling advertising or branding during TV broadcasts of football at any time.**
- **Not permit gambling promotion through football clubs social media platforms.**
- **Not permit gambling branding on a football club's website.**
- **Not permit any endorsement of gambling by footballer players or figures**
- **Not permit football clubs signing gambling partnerships and therefore prevent direct gambling marketing to its fanbase.**
- **Promote football clubs adopting a public health approach to preventing and reducing gambling harms. This includes appropriate health messaging about the risks of gambling and actively signposting towards treatment & practical tools.**

136. We also urge the Government to look at alternative funding streams to ensure a fair return to sports such as football from gambling operators.

137. It is also worth bearing in mind that it is the broadcasters that have been most resistant to the clampdown on advertising. The TV companies have an important role to play in this too and regulation must be strengthened in relation to gambling adverts being shown during the day when children are at home. We wrote recently to TV companies - including ITV and Channel 5 - to ask them to cease the sponsorship of daytime television programmes by gambling operators, particularly given the risks of exposure to children which is especially problematic during the covid lockdown period. The companies strongly resisted change citing that they were within the bounds of ASA regulation.

138. We are also concerned that online gamblers who have self-excluded may continue to receive incentives to bet and marketing from betting companies, through either direct marketing or social media advertising. This would clearly be outside the Licence Conditions and Codes of Practice (LCCPs) which operators are required to comply with. *We recommend that operators ensure they do not market to those that have self-excluded and the Gambling Commission take steps to ensure it is more vigilant in this area.* Our group has heard evidence that the technology is readily available to reduce the targeting of vulnerable people and instead for operators to use 'Ad-Tech' to de-target them.

139. Researchers have also shown that every children's football magazine and over 40% of collectible stickers and cards feature gambling logos. Current regulations prohibit the explicit direct marketing of gambling to children but when logos on players' shirts are photographed or 'depicted' these are permissible for example when shirts are

photographed and then published in children’s media. ***This is a clear anomaly and we recommend that this loophole is immediately reformed.***⁵²

Q12: What, if any, is the evidence on the effectiveness of mandatory safer gambling messages in adverts in preventing harm?

140. Safer Gambling messages in adverts have been previously highlighted as being insufficient, most notably the slogan used by parts of the gambling industry – “When the fun stops. Stop” - has been widely criticised.

141. In recent research by researchers at the Universities of Stirling and Glasgow they note that:

- Ongoing analyses of the advertising and social media marketing highlights a range of deficiencies in the current self-regulatory approaches to age warnings, consumer protection messages and terms and conditions in gambling marketing.
- This includes consumer protection messages that are: missing entirely, use strategically ambiguous language, are overshadowed or juxtaposed against more stimulating marketing content, do not explicitly reference gambling harms, infrequently promote harm minimisation strategies, and are inconsistently formatted across different media and gambling subsectors.
- There are limitations in the current self-regulatory approach to safer gambling messages. A change in practice is needed to increase the visibility, design, and tone of messages and that provides greater protection to consumers. Source: in-depth content analysis of gambling advertising and social media marketing (from the initial Covid-19 lockdown) and sports bettors who took part in the in-depth interviews (data collected July/November 2020).⁵³

142. In response to concerns, raised by the GRH APPG last year during the first Covid lockdown about the potential impact of gambling advertising on people and children confined at home, the industry’s representative body, the Betting and Gaming Council trade body subsequently put forward ten pledges to improve protections for online gamblers during the lockdown.⁵⁴ Unfortunately, all of these pledges were very weak; a number need further explanation and others are obligations which were already set out within the Licence Conditions and Codes of Practice. The APPG noted our concerns that all these fell well-short of what was required to properly protect people⁵⁵.

143. Instead, we urged the industry to adopt five measures to properly support people’s safety and wellbeing, to support our society, protect the vulnerable and to put public interest ahead of gambling companies’ profit. These were to:

- Commit to implement deposit limits for the duration of the crisis

⁵² <https://www.gold.ac.uk/news/gambling-and-football-products/>

⁵³ <https://osf.io/9cy37/>

⁵⁴ <https://bettingandgamingcouncil.com/news/10pledges-safergambling/>

⁵⁵ <http://www.grh-appg.com/wp-content/uploads/2020/04/Letter-to-Nigel-Huddleston-MP-COVID.pdf> and <http://www.grh-appg.com/wp-content/uploads/2020/04/BGC-letter-3-April-2020.pdf>

- Implement a £2 stake per spin limit on slot content online to reduce the harm that this highly dangerous content can have
- End VIP accounts which encourage high levels of expenditure
- End gambling advertising and sign up offers for bonuses
- Companies should make their data available to ensure independent research can be undertaken to assess the scale of harm being caused by the industry at this time and the need for further harm prevention measures

144. We were pleased to see the industry respond in part to our concerns by announcing they would end TV and radio advertising during the pandemic and replace these ads with 'safer gambling messages'. They said "Existing TV and radio advertising slots will be replaced by safer gambling messages, donated to charities or removed from broadcast where contracts permit."⁵⁶ This would have been an important first step and is also a clear acknowledgement by the industry of the harm that advertising can cause.

145. Unfortunately, Betting and Gaming Council members were subsequently not true to their word. Firstly, while they had pledged to end the adverts by 7th May, a number continued to be aired after this time. Secondly, the 'safer gambling messages' which replaced the adverts were effectively just adverts themselves. As Prof Thomas from Deakin University in Australia commented : "They replaced adverts with adverts". The safer gambling messages also:

- promoted the brands both verbally and visually at least once, but often multiple times.
- The taglines in the ads were specifically related to gambling rather than 'safer gambling' – and often prompt people to enjoy the company's products and visit their website.
- When you followed the advice from Coral on their message – you are taken straight to the launch page of their website which has no information about safer gambling on it.
- None of the ads offered information about self-exclusion schemes.
- There were also reports of gambling companies ramping up their social media advertising at this time.⁵⁷

146. Given the failure of this self-regulation by the industry at this critical time, the APPG wrote to the Government asking them to urgently intervene to ensure the Betting and Gaming Council trade body acted responsibly and fulfilled their commitment to end TV and radio advertising and call on them to also end social media advertising during the Covid-19 lockdown. Unfortunately, these 'safer' gambling advertisements continued and no further actions were taken by gambling companies to restrict advertising during subsequent lock downs.

⁵⁶ <https://bettingandgamingcouncil.com/news/gaming-advertising-removed/>

⁵⁷ <https://www.theguardian.com/world/2020/may/10/gambling-firms-social-messages-are-thinly-veiled-adverts-say-mps> and <https://www.campaignlive.co.uk/article/online-gambling-ad-impressions-almost-triple-during-lockdown/1682440>

Q13: What evidence is there on the harms or benefits of licensed operators being able to make promotional offers, such as free spins, bonuses and hospitality, either within or separately to VIP schemes?

147. The APPG is also deeply concerned about the upgrading of customers to VIP status. These schemes can be very harmful and should be banned. Most gambling companies offer VIP membership for players who wager large amounts of money. Players get their own VIP manager who oversees their account. Customers are also invited for free day trips to football matches and concerts.

148. Through granting a customer VIP status the companies are using inducements to ensure regular and often heavy gamblers gamble more regularly and at higher stakes. VIP customers are given free bets, special offers and bonus schemes that reward them for betting with larger stakes. As a result, addicts are building up large debts through these accounts.

149. We welcome the Gambling Commission calling for greater affordability checks before upgrading customers to a VIP status and the new regulations which were introduced in the autumn of 2020, but are concerned that these checks are not vigilant enough. Firstly, operators have reported to us that they still do not have clear affordability checks or thresholds in place. Secondly, operators told us that a much higher proportion of VIP accounts are closed (one operator said around 30% were closed last year) which strongly indicates that the issue of problem and at-risk gamblers being permitted these accounts is widespread.

150. We recommend that VIP accounts and incentives should be banned. Rather than relying on the industry, the Gambling Commission must act decisively and take steps to ban highly problematic VIP schemes. The Gambling Commission itself has identified the dependence of the gambling industry on VIP customers on those who are disproportionately likely to be addicts. We are concerned that fines to companies for offering inducements inappropriately have very little impact on this well-resourced and well-funded industry.

151. We are also concerned that online gamblers who have self-excluded may continue to receive incentives to bet and marketing from betting companies, through either direct marketing or social media advertising. This would clearly be outside the Licence Conditions and Codes of Practice which operators are required to comply with. ***We recommend that operators ensure they do not market to those that have self-excluded and the Gambling Commission take steps to stop this practice immediately.*** Our group has heard evidence that the technology is readily available to reduce the targeting of vulnerable people and instead for operators to use 'Ad-Tech' to de-target them.

Q15: Is there any additional evidence in this area the government should consider, including in relation to particularly vulnerable groups?

152. Kings College London provided thorough and helpful research to us around the propensity for online harm and at-risk groups. They noted that *'online gambling can*

lead to vulnerable adults experiencing gambling related harm.’ They also note that online gambling can be appealing to vulnerable people living with autism or those with mental health issues.

153.The APPG heard very powerful evidence from an addicted gambler called ‘George’ alongside Dr Clare Mills from the charity Headway, which is supporting him. George had tragically suffered from a brain injury in an unproved attack. He subsequently received a compensation package to help him rebuild his life. Ten years on, that money and more has gone – much of this on online casinos. George explained to our group how he had, after his accident, developed several mental health issues including depression, anxiety and obsessive behaviour which consequently led to a gambling addiction. He received compensation payments following his accident but then went on to gamble away much of this online. Bank statements showed he spent over £60,000 on two occasions with the same online casino. He mentioned that when he gambled that amount of money, no checks were required. While some companies have apologised and refunded him after he pointed out he had brain damage, others have refused to pay him back. He has been unable to recover much of the estimated £210,000 he spent in a four-month period last year, despite telling the casinos, after he had gambled, about his brain damage. Luke Griggs of Headway has commented:

"This deeply worrying case, and many others like it, illustrates the vulnerability of brain-injury survivors to the addictive nature of gambling. A brain injury can leave survivors prone to impulsive behaviour, impaired reasoning and suffering from a lack of insight into how their brain injury affects them. These are often compounded by social isolation and can open the door to the high-risk world of gambling. This is a hugely well-resourced industry that could and should be doing so much more to identify and protect vulnerable people who do not possess the skills to fully recognise the dangers or comprehend the implications of their actions."

154.*We would like to see online gambling operators treat such cases more sympathetically and return money in cases where money was clearly gambled when it should not have been. Gambling operators should also simplify their terms and conditions so that vulnerable adults are better able to understand them.*

155.Kings College London has sensibly suggested that operators should be encouraged to produce documents using plain English, diagrams and pictorial information such as those produced by insurance companies to make terms and conditions more accessible.

Gambling Commission’s powers and resources

Q16: What, if any, evidence is there to suggest that there is currently a significant black market for gambling in Great Britain, or that there is a risk of one emerging?

156. The Gambling Commission has reported to us that though very alive to the potential risk of the black market they think “this could not possibly be an argument for lowering standards in the licensed community” and they believe “there is no great sense of a burgeoning illegal market.”⁵⁸

157. Whilst we agree that the black market is, of course, a key consideration in this Review and that we must look at international evidence on it, research has already shown that the UK does not currently have an extensive gambling black market or a culture of gamblers using it. The reality is that the vast majority of gamblers gamble on regulated sites and do not seek out unregulated sites – which tend to be the last resort for those who are already suffering from high levels of gambling harm, chasing their losses or attempting to circumnavigate self-exclusion. The Gambling Commission has also confirmed to the House of Lords gambling lobby group ‘Peers for Gambling Reform’ that the risks of the growth of the black market should not be a reason to hold back reform.

158. In a letter published in the Times newspaper, 30 former addicted high stakes gamblers set out their collective losses of almost £12m across 507 regulated gambling sites accounts, compared to £113,000 on ‘black market’ sites. This suggests that it is in fact licensed operators offering totally inadequate consumer protection rather than the black market which is leading to the scale of current problems.

159. Indeed, of the many addicted gamblers and former addicts that we have met through our work in this area, not one has reported to us that they developed their addiction through gambling on unregulated sites. The argument follows that if we want to prevent growth of the black market, regulation to prevent incidences of harm that lead to addiction is the solution to eliminating demand for a black market and not its cause. Harm prevention will mean fewer addicts, fewer self-exclusions and fewer attempts to circumvent the regulated market in the first place. In summary:

- The potential emergence of the black market is an important issue to be addressed in reforming online gambling but one that must be kept in ‘proportion’, according to the Gambling Commission.
- Estimates of the black market in a report commissioned by the BGC are “not consistent with the intelligence picture” and “should be treated cautiously ...and may be exaggerated” according to the Gambling Commission. Contrary to the industry claim, their report does not show any evidence of an increase in unlicensed gambling.
- The GC notes that despite reports from “consultants paid for by the industry...[this] should not distract from the need to continue to drive up standards and gambling safer in the regulated market”.
- Gambling addicts are experiencing extensive harm from the predatory behaviour of the **regulated** market.
- Regulation will help to prevent harm. Regulation to support harm prevention will mean fewer addicts, fewer self-exclusions and fewer attempts to circumvent the regulated market in the first place.

⁵⁸ <https://committees.parliament.uk/oralevidence/98/html/>

- Regulated companies operating in the UK are operating in black or grey markets abroad.
- A global approach is needed to tackle the black market, questions should be asked and licenses withdrawn if UK regulated operators are operating illegally elsewhere.
- Action can be taken through technology and via the regulator to prevent the growth of the black market.
- The Gambling Commission can prevent the expansion of the black market via enhanced action targeting unregulated operators – through their payment processors and via domain blocking, blocking them at an Internet Service Provider level.
- The Gambling Commission can revoke the license of any supplier that is providing platforms to unlicensed sites, and they should be doing more to make blocking software available for those who self-exclude from regulated sites via GAMSTOP.

Q17: What evidence, if any, is there on the ease with which consumers can access black market gambling websites in Great Britain?

160. It is relatively easy at this point to gamble on the black market or on sites which are not licensed by Gambling Commission. Some websites inform UK consumers how to gamble online - and also with credit cards - even if they are registered with GAMSTOP.⁵⁹ ***It is therefore essential that the GC continues its work to ensure that technological solution is available to prevent the development of the black market in the UK via enhanced action targeting unregulated operators – through their payment processors and via domain blocking, blocking them at an Internet Service Provider level.***

Q18: How easy is it for consumers to tell that they are using an unlicensed illegal operator?

161. There are operators with licences from Panama, Curacao or Cyprus; countries that do not operate GAMSTOP. Therefore, one of the easiest ways of finding operators offering services to UK Customers that are not regulated with the Gambling Commission is by searching for operators that do not operate GAMSTOP. These companies do not have any real safeguards in place and offer services to those who have already signed up with GAMSTOP. They are also offering incentives such as 300% bonus on deposits,⁶⁰ which UK customers would normally not see.

Q19: Is there evidence on whether the Gambling Commission has sufficient investigation, enforcement and sanctioning powers to effect change in operator behaviour and raise standards?

162. ***The Gambling Commission is not fit for purpose. We have called for an urgent review of the Commission and its capacity to effectively regulate the online gambling industry. The Government must commit further and more flexible funding for the Commission to enable it to cope with the growth in its***

⁵⁹ <https://www.notongamstopcasinos.com/>

⁶⁰ <https://www.casinosuperwins.com/?lang=en&r=10>

responsibilities and there must be rigorous oversight as to how this money is spent.

163. A report in 2020 from the National Audit Office set out concerns about the operation of the regulator⁶¹ and these are concerns that we share. They noted that the Gambling Commission is effectively being outrun by betting companies and warned that the Gambling Commission is struggling to protect people from gambling-related harm.

164. The NAO report said that the Gambling Commission has not adjusted to technological change such as the rise of online and mobile gaming and that while the regulator has increased enforcement against gambling operators it needs to do much more to ensure they raise standards and be more systematic and detailed in recording and analysing information and developing its knowledge.

165. This is something the National Audit Office report also noted, stating the Commission is: *“constrained by factors outside its control, including inflexible funding and a lack of evidence on how developments in the industry affect consumers.”* More to the point, it also said that even if the Gambling Commission makes improvements *“it is unlikely to be fully effective in regulating a challenging and fast-changing industry within the current system.”*⁶²

166. As set out in our report, there are several new regulatory measures required.

- a. Spread betting should fall under the auspices of the Gambling Commission instead of the Financial Conduct Authority, and be subject to the same social responsibility protections as gambling.
- b. There should be increased protection against accessing unregulated gambling sites by enacting internet service provider and financial transaction blocking to unlicensed operators.
- c. Gambling Commission licensees should be banned from active trading in jurisdictions that have not formally legalised remote gambling.

167. The report also noted that there is insufficient funding for the Gambling Commission, which has an annual budget of £19m but is expected to regulate an industry that took £11.3bn from gamblers in 2019.

168. Since then, there have been further clear failings by the regulator. These have been recently underlined by the collapse of Football Index. The company offered virtual ‘shares’ in real life footballers, branding itself ‘the football stock market’. One of the main draws to the site was their pay-out of ‘dividends’ based on player performances. It was the company’s decision to dramatically decrease this dividend payment by 82% that led to a virtual market ‘crash’ on the site, with average losses of nearly £3,000 per regular customer. Even more alarming is the fact that merely days before the ‘crash’, Football Index ‘minted’ new shares in footballers, enticing consumers to purchase shares that some days later would be worth far less than their former value.

⁶¹ <https://www.nao.org.uk/report/gambling-regulation-problem-gambling-and-protecting-the-vulnerable/>

⁶² [Gambling regulation: problem gambling and protecting vulnerable people - National Audit Office \(NAO\) Report](#)

169. This can only be termed a scandal - it underlines the need for wholesale reform of the gambling industry and raises significant questions of the Gambling Commission given they saw fit to licence this platform and failed to enact adequate oversight. In a regulated sector, when people gamble, they should have the confidence they are doing so on the basis of the outcome of a wager. It should not be a gamble on the solvency or sustainability of the licensed operator.

170. We have written to the Government calling for an urgent public inquiry into the events which allowed this to happen as well as the conduct and competence of the Gambling Commission.

171. *The debacle also underlines the urgent need for a Gambling Ombudsman to ensure consumers have a clear avenue for redress in circumstances such as these.*

172. *In addition, we have called for legislation to equip the Gambling Commission with adequate enforcement powers, and a “duty of care” is placed on operators to not exploit those with addictions.*

173. We are also concerned that while fines in the region of £6m sound a huge sum to most of us, they are a drop in the ocean when compared to the profits these firms make – and so act as little deterrent. To put this fine into perspective, in 2018 GVC holdings, the owners of Ladbrokes Coral, had a £435m pre-tax profit.

Q20: If existing powers are considered to be sufficient, is there scope for them to be used differently or more effectively?

Q21: What evidence is there on the potential benefits of changing the fee system to give the Gambling Commission more flexibility to adjust its fees, or potentially create financial incentives to compliance for operators?

174. The GRH APPG is concerned the Gambling Commission is not fit for purpose and recommends an urgent review of the Gambling Commission and its capacity to effectively regulate the burgeoning online gambling industry. The Government must commit further and more flexible funding for the Gambling Commission to enable it to cope with the growth in its responsibilities and there must be rigorous oversight as to how this money is spent.

Q22: What are the barriers to high quality research to inform regulation or policy making, and how can these be overcome? What evidence is there that a different model to the current system might improve outcomes?

175. There is a lack of high-quality evidence available to support policy making, although there are a number of academics and third-party organisations which are leading work on gambling harms. This must be addressed.

176. The National Audit Office report on the Gambling Commission also highlighted this, stating: “Evidence on the causes and impacts of gambling problems is limited compared with other addictions ... Understanding the causes and impacts of problem gambling on people, public services and society is crucial to designing an effective regulatory response ... However, government does not have the same level of evidence on gambling addiction compared with public health issues such as obesity and alcohol dependency. There is also a lack of longitudinal data to measure the impact of gambling problems.”⁶³

177. As we stated in our report, the Gambling Commission collects and publishes statistics on gambling and problem gambling, but there is no longitudinal data about gambling-related harm in respect of the trajectory of individuals’ gambling participation and behaviour over time, the products and modes of gambling most associated with harm, and individuals’ help-seeking behaviours (aside from data collected by GamCare).

178. **We recommend that the NHS or an independent body is made responsible for commissioning research to support policy development, understanding of gambling harms and regulatory reform.** Rather than the Gambling Commission and GambleAware, this would be a stand-alone organisation, mirroring the approach taken on other public health issues.

179. The industry made nearly £14 billion gross profit in 15/16 but contributed just £8m to pay for research, education and treatment. In light of this, the commitment by the largest five gambling companies to pay 1% of gross gambling yield towards safer gambling initiatives by 2023 is very welcome. However, we are concerned that this money may not be forthcoming and this does not represent the whole marketplace.

180. **A mandatory levy should be applied to fund safer gambling initiatives, support those harmed by gambling and to support research. This should be a ‘smart’ or graduated levy, where those responsible for the most harm pay more.** This should be in addition to other initiatives that will reduce gambling harm mentioned in this consultation response. A ‘smart’ levy should be ringfenced away from groups like GambleAware and the Department of Health and Social Care should have responsibility for deciding how it is spent.

181. In addition, during our inquiry we heard from many in the academic community who say that gambling operators must permit access to their data in order to better understand problem gambling and addictions. This would enable extensive research to support policy making, and reduce harms. **We have urged gambling companies to give greater access to their data, or the Gambling Commission should consider making this a condition of licensing.**

Consumer Redress

Q25: Is there evidence of a need to change redress arrangements in the gambling sector?

⁶³ Page 7, [Gambling regulation problem gambling and protecting vulnerable people \(nao.org.uk\)](https://nao.org.uk)

182. We have heard time and again from gamblers who have found themselves in dispute with an operator and have had nowhere to turn. Indeed, they often turn to members of the GRH APPG for support. Currently, the Alternative Dispute Resolution system is the only avenue and this often proves wholly ineffective and unworkable. The Gambling Commission as the industry regulator is also not equipped to support redress. ***There must be an adequate system put in place to settle disputes between operators and customers - a new, dedicated Gambling Ombudsman is required.***

183. The National Audit Office report on the work of the Gambling Commission supported this position. It stated that: *“The Commission has ... found it difficult to consistently direct consumers seeking support or redress to relevant organisations. For example, this includes directing consumers with complaints towards the appropriate industry-funded dispute resolution service, of which there are eight. There is also no statutory consumer representative organisation, as exists in some sectors.”*⁶⁴

Age limits and verification

Q29: What evidence is there on the effectiveness of current measures to prevent illegal underage gambling in land-based venues and online?

184. We support stronger measures to verify the age and identity of online gamblers. All online gambling should also be restricted to those over 18.

185. The Gambling Commission published research in 2019⁶⁵ which found that 2% of 11-16 year olds had spent their own money on online gambling in the past week and 7% of young people had gambled online using a parent or guardian’s account (either with or without permission). These figures suggest the current system of checks are not working and that more needs to be done by gambling operators to safeguard children and young people).

186. It should be a licensing condition that gambling companies that wish to operate in the UK should be required to ensure they are protecting children and the vulnerable in all countries in which they operate.

Q30: Is there evidence of best practice, for instance from other jurisdictions, in how to
Q31: What, if any, evidence is there on the number of 16 and 17 year olds participating in society lotteries?

Q32: What, if any, evidence is there to show an association between legal youth engagement in society lotteries and problem gambling (as children or adults)?

Q33: Is there comparative evidence to support society lotteries and the National Lottery having different minimum ages to play?

187. The GRH APPG campaigned last year to see the minimum age of lottery play increased to 18. We therefore welcomed the Government’s announcement to increase

⁶⁴ Page 9, [Gambling regulation problem gambling and protecting vulnerable people \(nao.org.uk\)](http://nao.org.uk)

⁶⁵ [Young People Gambling Report 2019 \(gamblingcommission.gov.uk\)](http://gamblingcommission.gov.uk)

the minimum age to 18 although we are concerned that the operator has until October 2021 to make this change.

Q34: What are the advantages and disadvantages of category D slot machine style gaming machines being legally accessible to children?

Q35: Is there evidence on how the characteristics of category D slot machine style gaming machines (for instance whether they pay out in cash or tickets) factor into their association with harm in childhood or later life?

188. The GRH APPG has looked in detail at the impact of Category D slot machines being accessible to children in Family Entertainment Centres and we undertook an evidence session on this. In our session we heard from Dr Philip Newall, who, with colleagues⁶⁶ investigated links between the use of legal gambling under the age of 18 and current problem gambling symptoms among a group of British gamblers aged 18 to 40. This research found that adult gamblers with more problem gambling symptoms tended to have engaged more often with Category D fruit machines (when aged below 18), and the National Lottery and National Lottery scratch cards (when aged 16 or 17).

189. While this does not show a causal link between the use of these products and later life outcomes, the research does indicate that the children who tend to use these gambling products frequently are more likely to become problem gamblers as adults.

190. These concerns about fruit machines and childhood gambling are not confined to academic research. Former addicted gamblers have shared with us how fruit machines acted as a gateway into gambling: *“When I was 17 or 18, I slowly started on the fruit machines in pubs and service stations.”*⁶⁷

191. The Gambling Commission also gave evidence to the House of Lords Select Committee, informing them that: *“The Commission does have concerns about Category D fruit machines which are typically found in premises catering for children and young people—it is confusing for children and parents when products for children look and feel exactly like those which are limited to adults, and we do not know enough about the long-term impacts.”*⁶⁸

192. The GRH APPG therefore welcomed the announcement by bacta (the trade body which represents the amusement machine industry) that its members would introduce new rules to prevent young people under the age of 16 and now 18 playing on Category D cash-payout fruit machines unless accompanied by an adult.⁶⁹ ***The GRH APPG would, however, like to see bacta go further and rule out the play of young people on all Category D fruit machines, regardless of what they pay out be it cash, ticket or vouchers and urges the Government to work with bacta on strengthening interventions in this area to prevent the exposure of young people to gambling products.***

⁶⁶ <https://academic.oup.com/eurpub/article/doi/10.1093/eurpub/ckz176/5580543>

⁶⁷ <https://committees.parliament.uk/oralevidence/19/html/>

⁶⁸ <https://committees.parliament.uk/writtenevidence/163/html/>

⁶⁹ [Bacta cements position on Cat D in Code of Conduct - Bacta](#)

Q36: What, if any, is the evidence that extra protections are needed for the youngest adults (for instance those aged between 18 and 25)?

193. Young people aged 18-24 routinely have higher rates of problem gambling. Earlier evidence from the Avon Longitudinal Study of Parents and Children, for example, showed high onset of problem gambling between the ages of 17 and 21, with researchers calling for special protections for this age group.⁷⁰ Little is known, however, about the specific gambling behaviours of those aged 18-24 and how this compares with older adults. The Emerging Adults Gambling Survey (a study of young people aged 16-24) showed that online sports betting was the third most common gambling activity in this age group, after the purchase of scratch cards and lottery tickets.⁷¹

194. An illustration of the potential for greater harm amongst this cohort is set out by researchers at the Universities of Glasgow and Stirling in recent research of regular sports bettors:

- Among regular sports bettors, the prevalence of problem gambling was highest among those aged 18-24: 13.1% compared with 1.2% for those aged 65 and over.
- Gambling behaviours among younger sports bettors varied in some distinctive ways: they were far more likely to bet in-play than older age groups (64% of those aged 18-24 had bet in-play in the 3 months prior to the Covid-19 outbreak compared with 35% for those aged 65+). This is likely related to young people's greater propensity to place sports bets online. On average, younger sports bettors also tended to take part in a slightly greater range of gambling activities (4.0) than people aged 65+ (3.0).
- It was unclear whether the amount of time or money spent gambling varied by age group, though young sports bettors were less likely to gamble on a weekly basis (74.5%) than older sports bettors (89.4%).
- In the in-depth interviews, people noted that not just young adults, but also teenagers and children, were effectively being advertised to through the sponsorship of football teams by gambling companies. For example, one participant said 'a lot of children or teenagers are active watchers of football .. you're effectively advertising to children.. if a child supports a team .. and some gambling company has been sponsoring that team, that's really getting in psychologically. I support [team], that means I support this company'.
- Among regular sports bettors, those aged 18-24 have significantly elevated rates of problem gambling although their gambling consumption may not differ greatly to others'. This suggests that among younger sports bettors there may be specific risks with regards to the range and type of gambling activity they engage with. There may also be specific risks relating to the stage of life of this age group, requiring greater regulatory safeguards.⁷²

⁷⁰ Forrest and Mchale, 2018, *Gambling and Problem Gambling Among Young Adolescents in Great Britain*

⁷¹ Wardle 2019,

⁷² <https://osf.io/9cy37/>

Q37: What evidence is there on the type of protections which might be most effective for this age group?

Q38: Is there any additional evidence in this area the government should consider?

195. We welcomed the Gambling Commission's consultation on Loot Boxes which is an area we call for action on. We held an inquiry session into the impact of Loot Boxes and the potential for them to lead to gambling harm in November 2020.⁷³ Dr David Zendel outlined to us the potential dangers of Loot Boxes and noted that many of the features of games with Loot Boxes within them were akin to gambling.

196. ***Given that this consultation has now been closed for some months and we continue to hear of the potential harm that can be caused to children from Loot Boxes in video games,⁷⁴ we urge the Government and the Regulator to come forward with immediate action and propels for regulation of Loot Boxes. We also urge the Government to clarify whether primary or secondary legislation is required in this area. We have seen correspondence with the House of Lords on this matter and urge the Government to provide clarity.***

Land based gambling

Q43: Is there evidence on whether licensing and local authorities have enough powers to fulfil their responsibilities in respect of premises licenses?

197. Local Authority powers should be bolstered to enable them to better resist gambling premises license application particularly where concerns from local people are expressed.

⁷³ <http://grh-appg.com/wp-content/uploads/2020/12/GRH-APPG-Minutes-03.11.20-Children-and-Gambling-Lootboxes.pdf>

⁷⁴ <https://www.thetimes.co.uk/article/youtube-stars-lure-fifa-gamers-into-gambling-dwk8tcx3g>