

# Advice from Responsible Gambling Strategy Board on online gambling

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## Introduction and background

1. This paper sets out the Responsible Gambling Strategy Board's initial thinking on opportunities to reduce harm caused by online gambling. It was produced following a series of visits and discussions with remote operators. We will continue to review the remote sector and developments in it. We may, as a result, offer further recommendations for the Gambling Commission Board to consider in 2018.
2. The advice is structured around seven high level principles, set out below. For each principle, we set out our conclusion about its implications and suggestions about steps the Commission might wish to consider taking in response.

<b>Principle 1:</b>	<i>In the absence of any restrictions on game characteristics, the package of protections which surround a product must be significantly, and demonstrably, stronger.</i>
<b>Principle 2:</b>	<i>Gambling with borrowed money, including through the use of a credit card, is a risk factor and therefore consumers' ability to gamble with credit should be restricted.</i>
<b>Principle 3:</b>	<i>To the maximum extent possible, consumers should be able to withdraw funds as easily as they are able to deposit them.</i>
<b>Principle 4:</b>	<i>Gambling operators should ensure their customers are 18 or over at the point of registration, not some later point.</i>
<b>Principle 5:</b>	<i>Encouraging a consumer to take greater gambling risks is not the same as upselling in other retail and commercial contexts.</i>
<b>Principle 6:</b>	<i>Responsible gambling information should be accessible, prominent and engaging.</i>
<b>Principle 7</b>	<i>Operators should dedicate as much energy and creativity to player protection as they do to their commercial activities, and should commit resources to it in sufficient quantity to reflect its importance.</i>

## Advice

**Principle 1:** *In the absence of any restrictions on game characteristics, the package of protections which surround a product must be significantly, and demonstrably, stronger.*

3. Gambling products offered online have no regulatory restrictions on structural characteristics such as size of stake, size of prize, and speed of play. This is the case even when they are very similar, or identical to, land-based games which are subject to well established restrictions on all these characteristics. On the face of it, that is illogical.
4. The difference in the treatment of on and off-line gambling is often justified by the fact that all online gambling is, by its nature, account-based. Account-based play, in principle, allows online operators to do more with player data, and offers the potential for stronger responsible gambling tools.
5. Controlling the structural characteristics of games might be considered a blunt instrument. But in combination, for a given level of return to player (RTP), restrictions on speed of play and size of stake can potentially limit losses and make the environment safer for many consumers. An absence of these controls can be justified only if other strong and effective player protections are in place. When there are no restrictions on games' structural characteristics the package of protections surrounding the product ought to be significantly, and demonstrably stronger.
6. In practice, however, we are not persuaded that online operators are yet using data from account-based play sufficiently or effectively enough to justify allowing the different regulatory treatment compared with land-based play to persist<sup>1</sup>. Despite some promising research,<sup>2</sup> efforts to develop algorithms or other measures to identify potentially harmful play are still in their early stages of development. Effective interventions to reduce harmful play have yet to be piloted and evaluated on any scale.
7. We recognise this cannot be an overnight process, and that a number of potentially useful plans are in place. But we take the view that a greater degree of urgency is required. Unless the industry is able to demonstrate in the near future that it is actively and effectively piloting and robustly evaluating player-protection measures, serious consideration should be given to imposing restrictions on the structural characteristics of online games.
8. There are bound to be concerns about potential diversion to the black market if restrictions are placed on on-line games. Great Britain is believed to be the only European country without an online gambling black market of any significance<sup>3</sup>. If consumers are inconvenienced they may be tempted to switch their play to illegal sites. It is important, however, not to overstate this risk. The Commission has an extensive package of disruption activity (preventing unlicensed operators from advertising, appearing in search engine results, and accepting mainstream payment

<sup>1</sup> Our Strategy [Progress Report 2016-17](#) highlights areas where there has been a lack of progress.

<sup>2</sup> [Remote gambling research, interim report on phase 2, PwC, August 2017](#)

<sup>3</sup> [Operator-based approaches to harm-minimisation in gambling: Summary, review and future directions](#), A Blaszczyński, A Parke, J Parke, J Rigbye, 2014

methods); and the extent of any diversion is likely to depend on the nature of any imposed restrictions, and their proportionality.

9. If new restrictions on online play are introduced, however, the extent of any diversion to illegal markets is one of the factors which will need to be kept under review.

**RGSB view:** *In the absence of restrictions on the structural characteristics of online games, the package of protections surrounding online gambling should be significantly and demonstrably stronger. The National Responsible Gambling Strategy sets out a clear vision of what this should look like. Operators should be required to show they are identifying players who are at risk of suffering harm and are taking effective actions to reduce this harm through suitable player protection interventions and gambling management tools.*

*We recommend that the Gambling Commission considers asking the government to make it clear to the online gambling industry that, if it is unable to demonstrate quickly that it is leading the responsible gambling agenda on this issue, the government will give serious consideration to imposing restrictions on the structural characteristics of games played online.*

**Principle 2:** *Gambling with borrowed money, including through the use of a credit card, is a risk factor and therefore consumers' ability to gamble with credit should be restricted.*

10. Gambling with borrowed money is already well established as a risk factor for harmful gambling. It is directly recognised within problem gambling screening tools such as the PGSI, which asks 'have you borrowed money or sold anything to get money for gambling?'
11. At present, customers can gamble online with borrowed money in a number of ways, including using credit cards, taking advantage of overdraft facilities attached to debit cards, or using funds obtained via a payday loan. Operators will usually be aware of customers gambling with borrowed funds only when credit cards are used.
12. Concern about gambling using credit cards is particularly acute when card spend on gambling sites is treated by the card issuer as a cash advance. Such spending is subject to a transaction fee, is charged at a higher rate of interest, and tends to attract interest immediately. The cost of gambling with a credit card is so high that it is hard to envisage why consumers would choose to pay in that way, unless it was to gamble with money not otherwise available to them.
13. There is evidence suggesting that access to additional funds is a significant risk factor for in-venue gambling.<sup>4</sup> It is reasonable to assume this to be largely transferable to an online environment. If anything, the risk is potentially greater in online, because of the greater accessibility it offers and how people view virtual representations of money compared with physical cash.

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<sup>4</sup> [Prevention of Problem Gambling: a comprehensive review of the evidence and identified best practices](#) (page 71), Williams, West & Simpson, October 2012

14. We recognise that online gamblers can also load e-wallets using credit cards. However, operators should not draw consumers' attention to this possibility, nor encourage them to do it. Although consumers may still be able to find ways around a ban on credits cards for gambling, a ban would still create an additional barrier which could reduce harm for some players.
15. Debit cards are not widely available in all other jurisdictions. If restrictions are placed on gambling by credit card, consideration would therefore need to be given to the position of non-GB based players using GB-licensed sites. This should not be used as a reason for not taking action that would protect GB-based consumers.

**RGSB's view:** *Gambling with borrowed money significantly increases the risk that consumers will gamble more than they can afford. For this reason, we think restrictions should be placed on consumers' ability to gamble online with credit.*

*We recommend that gambling online with a credit card is prohibited. Consumers may find ways to bypass this restriction (such as loading e-wallets from credit cards), but operators should neither draw consumers' attention to this possibility, nor encourage them to take advantage of it. It would also be valuable for the Commission to continue existing dialogue with e-wallet providers to explore whether restrictions can be placed on their use when linked to credit cards.*

**Principle 3:** *To the maximum extent possible, consumers should be able to withdraw funds as easily as they are able to deposit them.*

16. Customers can instantly and easily deposit funds for online gambling. The process is usually clearly signposted and easily accessed on gambling websites. In contrast, the process for withdrawing funds is rarely as quick and convenient. There are often significantly more impediments or barriers to withdrawing funds. This leads to consumers experiencing a disparity between instant deposits of funds with which to gamble and a period of several days for the credit of winnings or withdrawal of funds from accounts.
17. This is not just an issue of fairness and transparency, matters which are already being considered by the Gambling Commission and the Competition and Markets Authority through a review of unfair terms and conditions. There are wider implications for gambling-related harm.
18. Gambling-related harm is more likely to occur if consumers are impeded in their decisions about how much they can afford to spend. Delays and obstacles to withdrawing funds clearly have the potential to increase this risk. The impact is likely to be most severe for problem gamblers, who are already most likely to find it difficult to stop gambling before it becomes harmful.
19. Anti-money laundering (AML) considerations might give legitimate reasons for delay in some cases. In general, however, operators could and should give more attention to identifying ways to speed up the payment process so that it is as close as possible to the speed at which consumers can deposit.
20. Many online gambling operators offer the facility for consumers to cancel or reverse their decision to withdraw funds. There is, as yet, a lack of clear empirical evidence

about the effects this may have. But it seems likely that the feature may be a risk factor for problem gambling.<sup>5</sup> Operators should be aware of this and factor it into their efforts to detect problematic play.

**RGSB's view:** *Gambling environments should be designed to support and facilitate, rather than challenge and inhibit, a consumer's decision to withdraw money. The mechanisms for depositing funds within an online gambling site should be largely comparable with those for withdrawing them. Withdrawal options should be as prominent and accessible as those for deposits. In the longer-term, consideration should be given to more innovative approaches to withdrawal, such as the instant crediting of wins over a certain size, provided customers have already satisfied the necessary anti-money laundering checks.*

*We recommend that the Commission make it clear to operators that the speed at which winnings are paid should be increased to broad equivalence with the speed with which consumers can deposit. If operators are unable to do this, we recommend that serious consideration should be given to prohibiting the facility of reversing pending withdrawals. Other options include offering the facility for consumers to voluntarily opt in (or out) of the ability to reverse withdrawals. If operators are allowed to continue offering a reverse facility, we recommend that they should not be permitted to send targeted marketing to people with a pending withdrawal.*

**Principle 4:** *Gambling operators should ensure their customers are 18 or over, and start building a better understanding of who their customers are, at the point of registration, not some later point.*

21. At present, online gambling operators have a period of 72 hours to confirm that a customer registering on their site for the first time is 18 or over. If checks are conducted (i) towards the end of the 72 hour period or (ii) at the moment of registration, but with inconclusive results which require additional identification,<sup>6</sup> the result is that consumers can deposit money, and gamble, for up to 3 days before their age has been established.
22. The 72-hour period is a long-standing regulation. We are not aware, however, of any specific justification for this particular duration of time. It is possible that, as a result of technological change, any rationale that underpinned this requirement at the time of its introduction no longer remains valid today.
23. As far as we are aware, there is no compelling evidence of widespread online gambling by under 18s. But it is unacceptable that even the possibility exists that young people under the age of 18 could feasibly gamble for a period of up to 72 hours.
24. There are no other requirements for operators to conduct 'know your customer' (KYC) checks on their customers other than age verification and obligations created by anti-money laundering rules. There are, however, benefits to harm minimisation if

<sup>5</sup> Getting grounded in problematic play: using digital grounded theory to understand problem gambling and harm minimisation opportunities in remote gambling, J Parke & A Parke, [publication forthcoming]

<sup>6</sup> Note: Once the 72 hour period has elapsed, no further gambling (and no deposits or withdrawals) will be permitted if the consumer has been unable to verify their age/identity.

operators know more about their customers at the start of the commercial relationship. Identification of potentially harmful play is greatly assisted if operators can verify other key personal characteristics at the point of registration, such as whether someone is unemployed.<sup>7</sup> The use of employment status and residential addresses are routinely used in the financial services sector to assess risk and credit scores. The same information, obtained at the point of customer registration could be used by the remote sector to improve the predictive power of algorithms designed to detect harmful play.

25. Proactive steps of this kind could be especially important since online gambling is available at all times of day and night, accessible from anywhere, and presents virtually unlimited opportunities to gamble. Initial deposits might also be quite large, since many sign-up offers incentivise larger deposits. A significant amount of harm can be incurred in even a short period.
26. There is potentially also a fairness issue. Newly registered consumers might assume they have 'passed' all the necessary checks upon registration, especially as they are able to deposit money and gamble, only to be asked for further identification when they attempt to withdraw funds, or at some point in the 72 hours following registration.

**RGSB's view:** *We are not aware of any persuasive reason why all online gambling operators should not be required to conduct (automated) age verification checks at the moment of initial registration. There will be some new registrants whose age cannot conclusively be verified by an automated process. These consumers should not be permitted to deposit money, or gamble, until they have satisfied the necessary follow up checks.*

*Responsible online gambling operators should want to know as much as they can about their customers from the moment of initial registration. Such an approach confers a number of clear benefits in terms of detecting potentially problematic play. Operators should consider whether they can do more to increase their knowledge about who their customers are, and what they might be able to afford, at the point of registration before AML-related obligations are triggered.*

*We think that operators should be required to conduct age-verification checks either at the point of initial registration or at first deposit. This would mean that consumers who cannot be verified as 18 or over should not be able to gamble until they have satisfied further follow up checks. As part of the work triggered by the recently published research on using data to detect harmful play, we think that the Commission should encourage operators to collect additional data at the point of registration in order to improve predictive accuracy of algorithms to detect problematic play. In the longer-term, we recommend mandating the provision of standardised information, such as employment status, at the point a consumer initially registers with a gambling site.*

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<sup>7</sup> The opportunities for player protection using data collected on registration are demonstrated in the recently published report on the use of player data and algorithms to identify harmful play: [Remote gambling research, interim report on phase 2, PwC, August 2017](#)

**Principle 5:** Encouraging a consumer to take greater gambling risks is not the same as upselling in other retail and commercial contexts.

27. Some gambling products include features that reward players for playing with higher stakes, or for a longer time, with an increased return-to-player percentage or access to additional bonus content. Games which incentivise longer play or higher staking increase the risk consumers will spend more than they can afford. Proportionate safeguards need to be in place to mitigate this risk.<sup>8</sup>
28. There is limited empirical evidence on this issue. We take the view, however, that on a precautionary basis, incentives which encourage a customer to stake at higher levels, or play for longer periods, should not be permitted unless those offering them can demonstrate they are adequately controlling the elevated risks they present.
29. As required by the LCCP and Remote Technical Standards, operators should also be able to demonstrate that game structures are fair and transparent, and that consumers understand how they work, particularly when changes occur midway through play.
30. Some online games may allow gamblers to save their progress, so they can resume at the same point on another occasion, rather than lengthening their current session of play. The industry is also looking to increase the possibilities for players to continue the same game across laptops, tablets and mobile phones to make the experience as all-immersive as possible. We do not know what effect these possibilities will have on the risk of harm. It is possible that greater potential to resume play at another time may be less harmful, as it may reduce very long single sessions and introduce the potential for reflection when customers end and save their session. On the other hand, it could encourage players to play for longer or spend more than they can afford, or return and chase loses. These are all potential indicators of problematic gambling. Unless and until further evidence becomes available, operators should be expected to demonstrate they are adequately mitigating the increased risks such products could present.
31. There is a wider issue of inducements and encouragements to gamble, such as VIP and loyalty schemes. This issue is not unique to online gambling. But it may be particularly acute there because of the potential for cheap, instant and targeted marketing.

**RGSB's view:** *Game features which incentivise longer play or greater spend elevate the risk that consumers will spend more time and money than they planned, or can afford. Games with these features need to be surrounded by stronger protections.*

*Games which incentivise longer play and higher staking do not seem consistent with the principles of responsible gambling. We think they should only be offered if operators can demonstrate they are effectively controlling the risk associated with them. If they are unable to do so, we recommend that the Commission should give serious consideration to prohibiting the practice. We also think the Commission should continue to encourage those operators who design and produce games to consider*

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<sup>8</sup> [Key Issues in product-based harm minimisation: Examining theory, evidence and policy issues relevant in Great Britain, J Parke, A Parke, A Blaszczyński, December 2016.](#)

*explicitly responsible gambling implications, and not just fairness-related issues, when designing games. The Commission may also wish to consider the risk associated with between-session incentives such as VIP and loyalty schemes.*

**Principle 6:** *Responsible gambling information should be accessible, prominent and engaging.*

32. Under the Gambling Commission's Licence Conditions and Codes of Practice, operators are required to make information available to their consumers on how to gamble responsibly, and on how to access information about (and help for) problem gambling.
33. There remain significant concerns over both the prominence and presentation of the required information. Responsible gambling pages or micro-sites will often be accessible only from small, inconspicuous links located at the foot of webpages, concealed amongst similarly-coloured links to more technical information, such as an operator's privacy policy. Even when consumers access this information, they are likely to find it unexciting in its presentation, often resembling terms and conditions, and containing little in the way of engaging or appealing content.
34. Larger operators have extensive in-house expertise in design and marketing devoted to making websites and products more engaging, with careful consideration to impactful and accessible content. We might reasonably expect them to devote a similar amount of expertise and creativity to the presentation of responsible gambling information. A recently published report identifies a number of ways this could be taken forward in relation to player messaging.<sup>9</sup>
35. The recently-published progress report<sup>10</sup> assessed progress against the priority actions set out in the National Responsible Gambling Strategy. Two priority actions given a red rating in that assessment were piloting interventions (PA6) and consolidating a culture of evaluation (PA3). Increasing the accessibility and impact of responsible gambling information, and robustly assessing the effectiveness of any changes, would be one way for operators to demonstrate progress against these priority actions.

**RGSB's view:** *Responsible gambling information on gambling websites should be accessible and prominent, with much greater consideration given to how this content can be made engaging and impactful. Operators should robustly evaluate any changes they make which are designed to achieve these aims.*

*We recommend that the Gambling Commission make it clear that operators should devote as much expertise and creativity to the presentation of responsible gambling information as they do to the commercial content on their websites. For operators obliged to submit Assurance Statements to the Commission, this provides a useful opportunity to require them to provide evidence about what they are doing about this, and the steps they are taking to evaluate the effect of their efforts.*

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<sup>9</sup> [Responsible Gambling: Collaborative innovation, identifying good practice and inspiring change](#), Revealing Realities, October 2017

<sup>10</sup> [Strategy progress report 2016-2017](#), Responsible Gambling Strategy Board, July 2017



**Principle 7:** *Operators should dedicate as much energy and creativity to player protection as they do to their commercial activities, and should commit resources to it in sufficient quantity to reflect its importance.*

36. The design and presentation of responsible gambling information is not the only area where operators could demonstrate more imagination. At present player protection activities in general appear limited compared to the sophistication of, for example, games development and marketing. We believe this to be short-sighted in terms of harm minimisation and hence the future sustainability of the gambling industry.
37. The development of best practice in player protection would also be improved by greater co-operation between different operators. Recent research commissioned by GambleAware provides encouraging evidence of the willingness of some remote operators to work more closely together.<sup>11</sup> But too many still appear to regard their efforts to improve harm minimisation as providing some form of market advantage, to be protected as valuable intellectual property.

**RGSB's view:** *There is a need for a significant improvement in the energy and creativity devoted by the gambling industry to player protection and in the quantum of resource devoted to it. There also needs to be much greater willingness to share data and information about the success or otherwise of piloted interventions if understanding about harm minimisation is to be improved and if the introduction of best practice across the industry is to be accelerated.*

*We recommend that the Gambling Commission ensures that operators understand their expectations about the resources and priority remote operators should be devoting to the development of effective harm-prevention interventions. We also think that the Commission should consider taking action to ensure that data and emerging evidence about the effectiveness of trialled interventions is shared if that does not happen voluntarily.*

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<sup>11</sup> [Remote gambling research, interim report on phase 2, PwC, August 2017](#)