Gambling regulation in Great Britain making our own luck?

European Association for the Study of Gambling
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Gambling in Great Britain – making our own luck?

Where are we today?

• Regulatory tightening constrains revenue generation
  • Consumer access
  • Marketing
  • Tracking
  • Permissible modes of gambling

• Rising regulatory costs squeeze margins
  • Sanctions
  • Taxation
  • Enhanced compliance and safer gambling capabilities
  • RET funding

• Poor prospects for positive regulatory and/or fiscal reform

• Regulatory environment commonly cited as reason for industry consolidation

Regulus Partners, 2018
Gambling in Great Britain – making our own luck?

- Gambling policy scrutiny by Parliament at its highest level for a decade...
- ...but more negative than at any point this century
- Steady stream of negative media commentary
- Broad based coalition of gambling concern groups making effective use of social media
- Indications that public trust in gambling industry is in decline – particularly amongst gamblers
- 570-day Government review of gambling concludes (after a fashion)...but leaves wide array of regulatory issues unresolved

Regulus Partners, 2018
That long list of issues...

**Commercial restrictions**
- Reduction in maximum stakes on EGMs
- Requirement for tracked play on EGMs
- Requirement for limit-setting on EGMs
- Changes to speed of play on EGMs
- Restrictions on cashless play
- Change in age limit for playing the National Lottery
- Enhanced age verification and customer due diligence for online operators
- Heightened AML requirements
- Curbs on advertising and sponsorship
- Stricter consumer protection measures

**Cost of doing business**
- Greater consistency in the application of duty (land-based vs remote)
- Increased funding for RET
  - £10m per annum rising to £76m - £100m?
- Increasing sanctions for licensing breaches
  - £18m ‘contributed’ in 2017 as a result of voluntary settlements
  - Likely to increase in 2018
  - Threat of licence revocations

Regulus Partners, 2018
...but whose ideas were they in the first place?

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Cost of doing business
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• Increased funding for RET
• Increasing sanctions for regulatory breaches
“The most difficult general issue that we have had to solve concerns the familiar dilemma between the desire to permit free choice and the fear that such choice may lead to harm either to the individual or to society more widely.

“Our proposals generally move in the direction of allowing greater freedom for the individual to gamble in ways, at times and in places than is permitted under current legislation. This move to greater freedom is balanced by rather tighter controls on the freedom of young people to gamble and by some tighter controls over those who provide gambling services.”

The Gambling Review Body, 2001
Public policy discourse on gambling in Great Britain is almost exclusively focused on associated costs

- “In any one year only about 2% of problem gamblers who need treatment get treatment. That’s a dismal statistic.”
  Bill Moyes, chairman, Gambling Commission, November 2017

- “If this £10m (GambleAware) target was met, funding for the RET of gambling addictions would still fall woefully short of per capita spending on other addictions (an estimate of £133 per capita on gambling compared to £377 per capita on drug addiction).”
  Respublica, August 2018

- “One of our biggest achievements over the past 12 months has been to raise the profile of the impact of the harm caused by gambling.”
  Neil McArthur, CEO, Gambling Commission, July 2018
2018: Dilemma? What dilemma?

The research agenda

That was then...

- “We recommend that research is carried out to understand the nature of normal, responsible, gambling behaviour; and research is carried out to understand the development of, and risk factors for, problem gambling.”
  The Gambling Review Body, 2001

This is now...

- “There is a desire to increase the visibility of gambling-related harms by attempting to estimate their magnitude in monetary terms.”
  Harm Reporting Framework (Wardle et al, 2018)

- In 2016, the IPPR estimated that the cost to the Government from problem gambling was likely to be between £260m and £1.2bn*

- There appears to be negligible interest within the regulatory establishment for understanding consumer benefits – and how these might be amplified

- Some researchers claim that they would feel intimidated about undertaking studies into the consumer benefits of gambling – particularly as this would have to take place under industry funding (given the absence of interest from the regulatory establishment

* calculated using six areas of Government spending

Regulus Partners, 2018
• In the future, harms associated with gambling in Britain are to be monitored and recorded using a central reporting framework

• There is no corresponding framework for recording associated benefits

• It is likely that – in some quarters – gambling-related harm will be interpreted as harm caused by gambling

• Without an appreciation of consumer benefits, what level of harm reduction is likely to be acceptable?

• This presents the prospect of imbalanced policy-making

**Great Britain’s Gambling Harm Reporting Framework**

- Number of job losses/ increased claims on the benefit system
- Bankruptcy and/or Debt Relief Orders
- Homelessness applications
- Increased use of debt services
- Crimes committed
- Divorce/separation/relationship breakdown
- Increased use of relationship services
- Experience of stress, depression, anxiety, non-suicidal self-harm, other mental and physical health conditions, substance abuse and misuse
- Number of suicides and suicide attempts

Wardle et al, 2018
An industry under review

- Historically, major governmental reviews of gambling have taken place every 15 to 25 years
- We are now 17 years on from the Gambling Review Body – and so potentially within the time frame of the next fundamental policy assessment
- A large number of regulatory issues are (or have been) in the process of review over recent years
  - HM Government (DCMS)
  - HM Opposition (Labour Party Review of Gambling & Mental Health, Labour Party Campaign for Gambling Reform)
  - Regulators (Gambling Commission, Competition & Markets Authority, Information Commissioner’s Office)
- How or when the Government intends to review gambling policy in the future remains unclear

Major gambling reviews and significant legislation in Great Britain, 1906-2014

- 1906: Street Betting Act
- 1932: Royal Commission on Lotteries & Betting
- 1947-1951: Royal Commission on Betting, Lotteries and Gaming
- 1960: Betting & Gaming Act
- 1968: Gaming Act
- 1976-1978: Royal Commission on Gambling (‘Rothschild’)
- 1993: National Lottery etc Act
- 2000-2001: Gambling Review Body (‘Budd’)
- 2005-2007: Gambling Act
- 2014: Gambling (Licensing & Advertising) Act

Regulus Partners, 2018
The activity of gambling in Great Britain is currently subject to a widespread – but dislocated – process of review that appears to be concerned exclusively with associated costs.

We appear to be witnessing a reaction to a decade of light-touch – and in some cases optional - regulation.

Almost exclusively, the gambling industry is blamed for current problems.

Standards are rising in relation to consumer protection – even if effectiveness is unclear.

The customer is almost exclusively described in public policy discourse as the customer experiencing harm or at risk of experiencing harm.

However, with the prospects poor for any positive regulatory reform, the gambling consumer at large may be losing out.

- Consumer may suffer from deterioration in choice (restriction harms) as land-based sector declines
- Growing threats to consumer choice and consumer privacy

Is this what we want?