

**GAMBLING
COMMISSION**

Advice to Government - Review of the Gambling Act 2005

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Introduction

- 1 The Gambling Commission ('the Commission') is the independent regulator of commercial gambling in Great Britain. As part of its role, the Commission provides formal statutory advice to the Secretary of State under Section 26 of the [Gambling Act 2005](#) ('the Act').
- 2 From December 2020 to March 2021, the Department for Digital, Culture, Media and Sport (DCMS) conducted a [Call for Evidence on the effectiveness of the Gambling Act 2005](#), the Act which sets out how gambling in Great Britain is regulated. The Secretary of State has asked the Commission to provide advice on Government policy and legislation in relation to gambling and specifically on each of the topics of the Review.
- 3 This document sets out the Gambling Commission's advice on each of the following topics:
 - Effectiveness of the regulatory system
 - Online protections, players and products
 - Safer gambling and public health messaging
 - Advertising, marketing and sponsorship
 - The Commission's powers and resources
 - Wider funding for research, prevention and treatment
 - Consumer redress
 - Age limits and verification
 - Protections for young adults
 - Land-based gambling
- 4 The Government's Review is of the Gambling Act 2005, which does not relate to the National Lottery. Therefore, the regulation of and any commentary on the National Lottery is outside of the scope of this advice.
- 5 In forming our advice, we have considered the widest range of evidence and applied a rigorous, consistent, and transparent evidence assurance process. The evidence assurance process enabled us to determine the strength of the evidence base and the weight that could be applied to the formulation of our recommendations.
- 6 Where there was a lack of conclusive evidence, we took the position that this did not automatically mean that conclusions could not be reached or that action should not be taken. In some of our recommendations we have applied the precautionary principle where the potential for harm existed. We have, however, been transparent in our advice where we are advocating a precautionary approach.
- 7 The Commission has also drawn on the input of our three advisory groups; our [Lived Experience Advisory Panel's advice to the Gambling Commission \(PDF\)](#), the [Digital Advisory Panel's advice to the Gambling Commission \(PDF\)](#) and the [Advisory Board for Safer Gambling's advice to the Gambling Commission \(PDF\)](#) can be found on our website.

The importance of the Review

- 8** We welcome the Government's Review of the Gambling Act 2005. Since the Act came into force 15 years ago, the gambling industry has undergone significant change and is very different to the one that existed during the passage of the Act. We now see an industry that before the COVID-19 pandemic was generating over £10 billion in Gross Gambling Yield (GGY) annually, and an online sector that was already larger than premises-based gambling.
- 9** Against that, our regulation of gambling has continually evolved to meet the fast-changing and increasingly complex nature of the sector. Yet critically, the Commission's three core priorities as set by our statutory licensing objectives remain as important now as they did then:
- to keep crime out of gambling,
 - ensure that gambling is conducted fairly and openly, and
 - protecting children and vulnerable people from being harmed or exploited by gambling.
- 10** In recent years the Commission has continually strengthened regulation to protect consumers and increase compliance with the licensing objectives. We have systematically ramped up our compliance and enforcement action. Since 2017/18, we have issued over £100 million of penalty packages and revoked 10 operator licences. During that time, we have also:
- Successfully introduced a ban on gambling with credit cards
 - Strengthened age and identity verification controls
 - Introduced new guidance for so-called VIP schemes, leading to an estimated 90 percent reduction in customers signed up to them
 - Worked with industry to ensure ad-tech online is used to protect children, young people and people in vulnerable circumstances
 - Worked with the Competitions and Markets Authority to address unfair terms and misleading practices in relation to promotional offers and customer withdrawals
 - Introduced strong new rules for online slots on game speed and features which increase the intensity of gaming
 - Supported consumers in effective decision-making by banning the use of functionality to reverse withdrawals.
- 11** Under the current legislation, we have continued to make gambling in Great Britain fairer and safer. However, the Review of the Act creates a rare and important opportunity to build on that progress and ensure that the regulatory system is equipped for current and future challenges.

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Our overarching recommendations to Government

12 Whilst we consider that the core elements of the Act currently remain valid, there are two overarching recommendations for Government that need to be central to any package of reforms. There is a need for both:

- urgent legislative change, alongside regulatory change
- significant investment and greater flexibility in the regulator's resources.

Need for legislative change, alongside regulatory change

13 The Review is a once-in-a-generation opportunity to deliver further substantial strengthening of the current regulatory framework which needs to deliver against progressive innovations in product offerings and an evolving market. We recognise that the Commission will have an essential role to play in delivering many of the outputs of the Government's Review through changes to our regulations and through the exercise of our regulatory powers. However, the pace of reform will be driven by ensuring effective use is made of all the statutory and regulatory levers available under the Act.

14 It is therefore essential that Government considers **making appropriate use of legislative changes** including the powers of the Secretary of State to make licence conditions, alongside the Commission's powers to make conditions and enforce changes to regulations.

Need for significant investment and greater flexibility in the regulator's resources

15 To deliver an effective regulatory system, there is a **need for significant investment and greater flexibility** in the resources of the regulator. The pace of reform and success of the Government's Review will also be driven by the resources and funding that is available to the Commission.

16 It is therefore essential that the drive to substantially strengthen the regulatory framework is accompanied by an equivalent strengthening of investment in the Commission's capacity and resources and in its ability to flex its resources to meet emerging risks. There have been some steps to address the significant funding gap that the Commission has faced with a recent fee increase, but this needs to be built upon and accelerated. Even to continue to deliver current regulatory standards requires additional resources and greater flexibility to meet the challenges of regulating a complex, and dynamic market.

Maintaining momentum

- 17 Whilst the Review progresses and any legislative changes make their way through Parliament, it is important that we do not lose the regulatory momentum we have built over recent years.
- 18 The Commission will continue to use its existing resources as effectively as possible to keep driving up standards in the gambling industry. We will focus on making more effective use of industry data as a regulatory tool alongside implementing a more robust and timely approach to measuring participation and prevalence of problem gambling. We will continue to invest in the skills and capabilities we need to respond to the challenges of regulating an increasingly global and complex market. We will also enhance our co-operation with our international regulatory colleagues to address many of the risks that come from overseas unlicensed operators.

How our recommendations and actions will continue to make gambling fairer and safer

- 19 The Government's Review of the Gambling Act 2005 has been extremely wide-ranging. We have set out a detailed package of recommendations for Government and actions that we as the regulator will implement. These are summarised in our ***'Package of recommendations for Government and commitments for action by the Gambling Commission'*** and explained further in the sections on each topic. Where we make commitments for ongoing action, we are committed to doing so through effective consultation processes. We will work closely with Government to ensure close cooperation on our ongoing programme of work and on the outputs of the Review.
- 20 The package of measures which we will implement or which we recommend includes protections that apply at each stage of the consumer journey, which will make gambling products inherently safer but also support and empower customers to control and manage their gambling and to seek redress where things go wrong. Therefore, our recommendations are designed to strengthen regulation in the following ways:
 - making the provision and marketing of gambling safer
 - further empowering consumers
 - improving the effectiveness of the overall system and tightening legislation which leaves consumers exposed in modern times.

21 The following highlights some key recommendations and actions from our advice.

Make the provision and marketing of gambling safer

Our key recommendations and actions include:

- We recommend an increase of age limits to 18 years of age for lotteries, football pools betting and slot-style gaming machines. We also recommend that Government introduces stake limits for online slots.
- Alongside these legislative changes, the Gambling Commission will consult on a significant package of measures on online gambling to include identification of financially vulnerable customers and to tackle unaffordable gambling, alongside increased protections for young adults.
- Where bonus offers are made available, we will also consult on restrictions to ensure they do not encourage excessive gambling.

Further empower consumers

Our key recommendations and actions include:

- We recommend that an ombudsman should be introduced to allow consumers greater and more transparent access to redress and that this must have legislative underpinning.
- We will consult on further empowering the consumer through the role of deposit limits, and to enhance protections to enable customers to choose when they receive direct marketing.

Improve the effectiveness of the overall system

Our key recommendations and actions include:

- We seek critical additional powers to tackle illegal gambling without delay and the ability to invest in data and data driven compliance. There is also a need for urgent secondary legislation to tighten legislative provisions which are being exploited by a novel market, putting consumers at risk.
- Alongside this, there is a need to implement long-term, sustainable, non-voluntary funding structures for wider research, and for prevention and treatment, though the model for each of these may vary.

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Package of recommendations for Government and commitments for action by the Gambling Commission

These are the actions we will take and the key recommendations that we make on each of the topics of the Review of the Gambling Act 2005.

1 Online protections, players and products

Protections for consumers online should apply at each stage of the customer journey. The appropriate controls and gaps are set out further in the section of this advice on the customer journey.

There has been a significant programme of work which spans each stage of the customer journey - preventive measures include banning credit cards and risky product design features; and measures which support individuals who show signs of harm. We have also significantly strengthened the requirements on operators to identify customers at risk of harm and take action.

- The Commission commits to extending this work further: For preventative action, we will extend our review of product features (which initially focussed on online slots) to strengthen rules relating to intensity of play on other products.
- We intend to consult further on customer interaction and how operators identify customers at risk of financial harm, with a focus on financially vulnerable customers, and tackling binge gambling and significant unaffordable gambling over time, working with Government.
- There is a role for stake limits on online slots as part of this wider package of protections to limit the potential for gambling related harm. We recommend that Government should introduce stake limits for online slots and consideration should be given to tailoring stake limits to individual risk.
- Alongside stakes, there is a need to extend the role of player-centric controls, in particular the role of deposit limits and the extent to which such gambling management tools should be encouraged or mandated. We will consult further on this issue, working with Government.
- The Gambling Commission will consolidate good practice information and reinforce our expectations for operators on contracting with third parties, including white label partnerships.
- The Commission will review whether recent changes in payment services and verification capabilities could be leveraged to further enhance identity verification and reduce risk for customers in vulnerable situations.
- The Commission will conduct a review of the status of customer funds protection in the event of insolvency and of transparency across the remote industry to help inform consideration of whether further strengthening of requirements is necessary.

[Read full details about our Online protections, players and products recommendations and actions.](#)

2 Safer gambling and public health messaging

- It is important that independent, clear and meaningful public health messaging about wider safer gambling and the risks of gambling is applied in all forms of messaging to consumers and the public. We recommend that Government take forward work across departments and with public health organisations to develop appropriate public health messaging to be adopted by all bodies with a part to play in reducing gambling harms. Industry should not take the lead in developing such messaging.
- As the industry regulator, we will make full use of our regulatory powers to ensure that gambling operators engage with and embed appropriate messaging in their own advertising and communications with consumers, and fully integrate this messaging into the customer journey.

[Read full details about our Safer gambling and public health messaging recommendations and actions.](#)

3 Advertising, marketing and sponsorship

Targeted action around advertising and sponsorship is necessary, especially to better ensure that children and people who may be vulnerable have significantly reduced exposure. This involves:

- Further reducing the visibility of advertising to those who are too young to be able to use advertised products and services. We fully support the Committees of Advertising Practice (CAP) introduction of tougher rules regarding the appeal of adverts to under-18s and we are working with them to ensure sector-wide compliance. Government should require social media platforms to do more to prevent under-18s being able to follow, view and interact with gambling content and introduce clear, transparent, 'one click' opt-outs from gambling advertising.
- Reducing the visibility of advertising to individuals or groups identified as being at risk of harm. We recommend that Government consider a ban on shirt sponsorships in some elite sport competitions where there is a significant following of under-18s, such as the English Premier League. We also recommend that government seeks to limit the amount of gambling ads/sport sponsorships promoted within elite sports stadia.
- Ensuring that incentives are only offered responsibly: We will undertake a review of incentives such as free bets and bonuses to ensure that they are constructed in a socially responsible manner and do not encourage excessive or harmful gambling. The Commission also commits to exploring the case for further restrictions on cross-selling and to giving greater power to consumers on the types of direct marketing they receive.

[Read full details about our Advertising, marketing and sponsorship recommendations and actions.](#)

4 The Gambling Commission's powers and resources

- The Gambling Commission must have a more flexible and effective funding mechanism that allows us to deliver our statutory functions to meet current and future regulatory challenges.
- There is a need for significant investment, particularly in data systems in order to apply big data approaches to understanding consumer behaviour and operator

compliance. We support funding for the Commission to make available further regulatory data in an open data approach.

- The Commission requires additional powers at the earliest possible opportunity to better tackle illegal gambling through disruption activity and the ability to streamline some regulatory actions. We also recommend changes to legislation at the earliest opportunity making it clearer what constitutes an illegal lottery, free draw, prize competition or betting prize competition and to address other loopholes which currently exist and leave consumers exposed.
- In a world of increased business complexity and internationalisation, change is needed to make it simpler to take the appropriate action to safeguard consumer interests quicker, for example where there are changes of corporate control and licence surrender.

[Read full details about our Gambling Commission's powers and resources recommendations and actions.](#)

5 Funding for wider research, prevention and treatment

- The mechanism for funding research, prevention and treatment should no longer be based upon a system of voluntary contributions. Long-term, sustainable funding mechanisms are needed, though these may differ for each of research, prevention and treatment. This Review provides government with an opportunity to resolve the longstanding issues that are inherent with a voluntary system and implement a more robust approach that will deliver an effective, sustainable, and appropriately funded system for reducing harms from gambling.

[Read full details about our Funding for wider research recommendations and actions.](#)

6 Consumer redress

- There should be a new single ombudsman scheme for consumer redress. The scheme would replace all current Alternative Dispute Resolution (ADR) providers and consider all disputes between gambling operators and consumers, including those relating to gambling harms.
The effectiveness of the scheme would depend on the following:
 - The new ombudsman scheme should be demonstrably independent from licensees and operationally independent from the Commission.
 - Legislative change is essential for it to be implemented effectively.
 - The Commission should have a clear role to establish and oversee the scheme as regulators have done in other sectors
 - The outcome of a dispute should be final unless the consumer wishes to pursue it via the courts, with no route of appeal to the Gambling Commission or another body. Clearly defined funding arrangements, including the power for the Commission to set the fees payable by licensees.

[Read full details about our Consumer redress recommendations and actions.](#)

7 Age limits and verification

- The legal age for lotteries, football pools and category D slot machines should be raised to 18.
- The Commission has strengthened the requirements for online age and identity verification and is taking steps to strengthen age verification testing and assurance in premises.
- We would not recommend any increase to the number of gaming machines that alcohol-licensed premises are automatically entitled to site (currently two) until there is robust evidence that the alcohol-licensed sector can demonstrate its ability to manage the risks to children and young people from accessing age-restricted machines.
- Government should strengthen the powers in the Act to enable provisions on the prevention of underage gambling to have binding effect on alcohol licences, subject to the Commission consulting on changes to its code of practice.

[Read full details about our Age limits and verification recommendations and actions.](#)

8 Protections for young adults

- Adults may be in a vulnerable situation at any age, and young adults may be additionally vulnerable to gambling harms due to a combination of biological, situational, and environmental factors.
- Protections for consumers online should apply at each stage of the customer journey, and these protections should be equally effective for young adults. Gambling operators are already required to consider vulnerability because of age, and we will reiterate this in the next stage of our customer interaction work and our forthcoming statement on vulnerability.
- We have recommended measures in this advice which would provide additional protections or have particular benefit for young adults.

[Read full details about our Protections for young adults recommendations and actions.](#)

9 Land-based gambling

- The Commission has previously advised that account-based play could have an important role in protecting consumers of land-based products. Government should continue to push operators to make progress to identify customers at risk of harm using such technology, proportionate to the risks.
- We are supportive of amending land-based controls to take account of changes in technology and consumer behaviour, ensuring that such amendments include appropriate safeguards for consumers, avoid unintended consequences and have due regard to the original intentions of Parliament. The Commission and local licensing authorities would also need to be resourced to monitor operator compliance with, and the impact of, any such changes.
- It would be appropriate for some restrictions currently in the Act or in regulations to be removed, and allow technological changes to be reflected in requirements more easily over time. This may for example apply to areas such as cashless payment technology for gaming machines.
- App-based digital payment technology could be one way of delivering cashless payment solutions in the land-based sectors, and may be one of the more effective ways for also delivering improved safer gambling and anti-money laundering

controls. Alternatively, any move towards allowing debit card payments (or payments via interfaces like Apple Pay) directly on gaming machines would need to strike an appropriate balance between regulation applicable to modern payment methods, consumer benefits and protection of the licensing objectives. In this context, the onus should be on the industry to demonstrate how any developments can be offered in a manner which does not increase the risk of gambling harm or gambling-related crime.

[Read full details about our Land-based gambling recommendations and actions.](#)

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The customer journey - protections at each stage of the journey

- 22 In providing this advice - as in delivering our regulatory role - we consider the different stages of the customer journey, and the protections that are necessary and appropriate at each stage. It is important that one individual measure is not seen in isolation but as part of the overall package of measures. This allows the cumulative positive and negative impacts on different consumers to be considered, as well as the cumulative burden on the industry to be considered. As part of a series of [Commission Consumer Voice research](#), we have published research on the [path to play, which helps us better understand how consumers experience gambling](#), what factors influence them, where there may be greater risks for some gamblers, and identify opportunities for intervention.
- 23 Each customer's gambling experience is different. The stages that a customer follows when gambling are by no means linear – a customer may take breaks from gambling during which they continue to be aware of gambling marketing or they may start to gamble on a new product or with a different gambling business.
- 24 In this section, we provide summary information about the path to play and a [full explanation of the path to play consumer journey](#) is available on our website. We also provide information about how our commitments, actions and recommendations apply to this path to play. The information on path to play is also illustrated in Figure 1 - this helps to show where, when and how our key recommendations in this advice fit together.

Key recommendations and commitments from this advice along the customer journey

Passive Influences – Underlying attitudes and perceptions of gambling

Upbringing, social circle, day to day encounters with gambling, and past experiences all affect consumers' underlying perceptions and attitudes towards gambling. In this advice, we make commitments and recommendations to reduce the risks of passive influences for consumers who may be experiencing vulnerability: in particular to reduce visibility of advertising to children and consumers who are in a vulnerable situation and to reduce the role of gambling sponsorship where children are a significant audience.

External Triggers and Internal Impulses – Motivations and nudges that prompt consideration of play

These stages include motivations to gamble alongside the impact of operator communications, prevalence in media and consumer conversations related to gambling. These provide reasons to gamble and feed into top-of-mind consideration of play and shortlisting of brands or products. We make commitments and recommendations on the importance of public health-led messaging and on ensuring that bonus offers and incentives are only able to be offered responsibly and in a way that does not bring harm to consumers in a vulnerable situation.

Active Search - Gambling product selection process

A consumer selects a product, game, or business in different ways. Building on earlier requirements on operators, we will consult on improving the player-centric controls that apply, particularly from registration with an online operator. We will focus particularly on the role of gambling management tools, such as deposit limits and on safer gambling messaging.

Play Experience – The experience of play itself

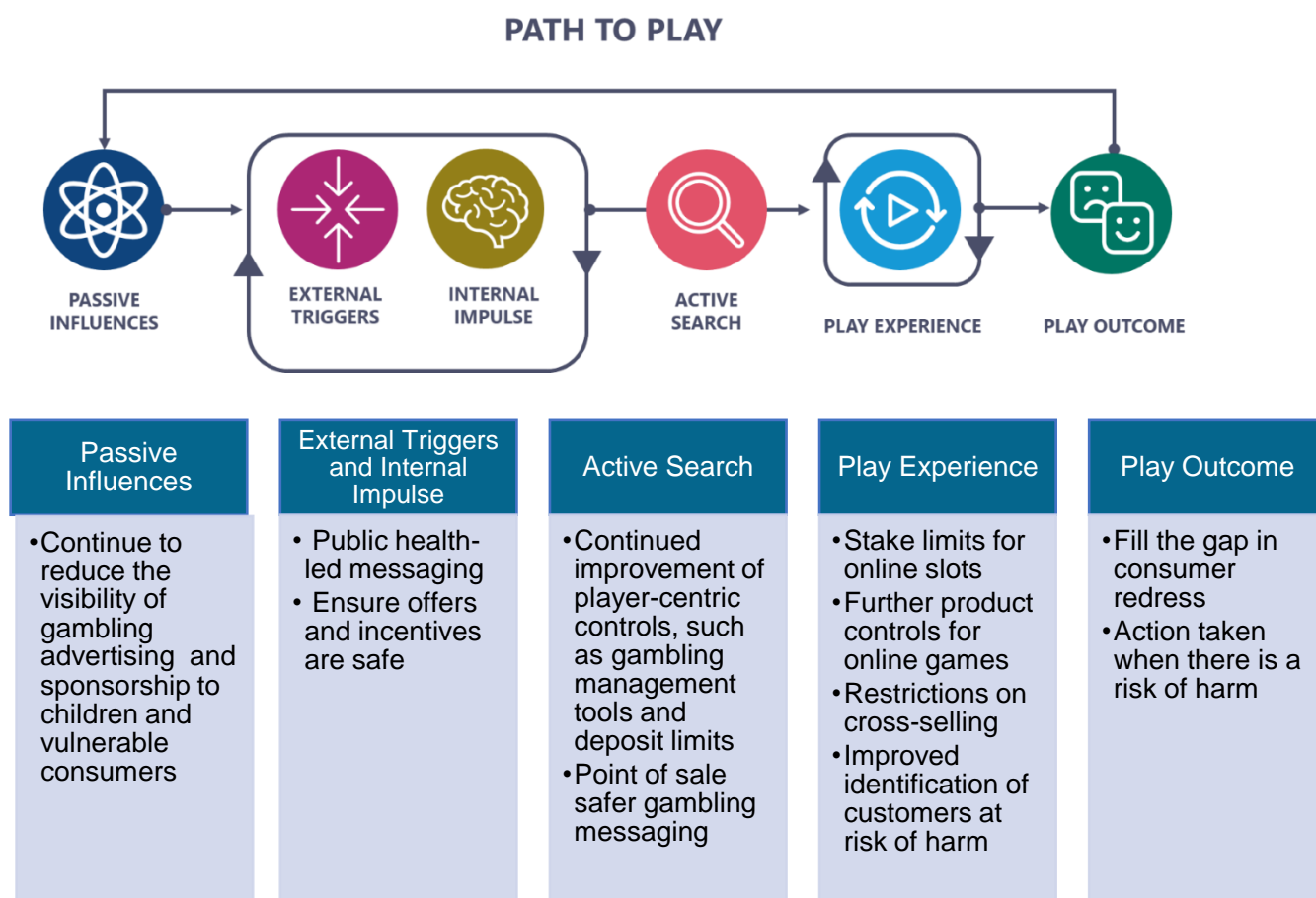
The experience of play could be a single bet or a 'session' of play and the overall customer experience with gambling. We will consult on further controls to make the process and experience of gambling safer for consumers:

- to remove higher risk product or game design features.
- to empower consumers on what marketing they wish to receive (by proposing restrictions on cross-selling)
- to ensure operators do more to identify customers at risk of harm and take action early.

Play Outcome - The impact of winning or losing

The outcome of play includes the short-term win or loss, but also the cumulative long-term impact on gambling attitudes and behaviour. All journeys are different and result in different outcomes. Some may result in the need for redress or support. We recommend in this advice that an ombudsman is created to fill the gap for consumers, and that action is taken to offer support to consumers at the right point in the journey.

Figure 1: Information about how our advice relates to different stages of the customer journey or path to play



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The Gambling Landscape

- 25 Today approximately 15.5 million people gamble on products licensed under the Gambling Act 2005 in Great Britain, around the same number of people who have visited a museum or gallery in person at least once in the last year, according to the [Government's Participation Survey 2021/22](#).
- 26 It is important not to always consider the gambling sector as a uniform sector – from an industry or consumer perspective.
- 27 The gambling sector we regulate comprises a diverse range of products used by a wide range of consumers. Consumers play on different products, for different experiences, in person and online – sometimes at the same time. [Our research into why people gamble](#) shows it can be an opportunity to socialise or a moment of 'me time'. It can be a niche activity, or something engaged in by the mainstream.
- 28 It is also impacted by the context around it. Sometimes this is by adjacent sectors such as those that are also classed as gambling, like the National Lottery, or products that have gambling-like mechanics such as loot-boxes. Sometimes it is the macro trends that impact everything around us, such as the Covid-19 pandemic or the cost of living crisis. This can make it a complex landscape to unpick or generalise, but certain recent trends and risks driven by the nature of gambling products are clear.

Trends in participation and spend on gambling

- 29 The overall number of people gambling, and the associated Gross Gambling Yield (GGY) had been relatively static up until the start of the Covid-19 pandemic in 2020.
- 30 Headline level [participation for products under the Gambling Act 2005](#) had been stable at around 32 percent of the adult population between 2017 and 2019, and for a comparable period (2016/17 to 2018/19) GGY increased by 4 percent. It was clear that gambling, with the exception of Bingo, was more popular amongst men than women, as it was when the Gambling Act 2005 was introduced. The age group most likely to participate in gambling, was the 25 to 34 year old group.
- 31 During the pandemic, GGY relating to products under the Gambling Act 2005 fell by around 16 percent for the year to March 2021. The pandemic also made the difference between the number of men and women gambling much smaller - female gambling participation maintained its level while male participation dropped. In 2021, we saw that certain activities were more popular amongst females than males including society lotteries, scratchcards, fruit and slot machines in arcades and National Lottery instant win games. The rate of gambling by 25 to 34 year olds decreased significantly to levels seen amongst other age groups.
- 32 Since Covid restrictions were lifted in 2021 and products and opportunities to gamble are available to consumers again, the overall percentage of the adult population who gamble remains lower than it was pre Covid (29 percent). However, there are signs of a return to gambling amongst younger age groups aged 16 to 24 and amongst males

gambling in retail. Industry GGY in 2021/22 for products under the Gambling Act 2005 is just 2 percent below what it was pre-pandemic (2019/20).

The move towards online gambling

- 33 The movement of consumers to online has been a gradual and consistent trend which continued through the pandemic, but spend appears to have increased more quickly than the increase in consumers.
- 34 The biggest change in the gambling landscape is a shift to online play, reflecting our lifestyles in general. Technology and globalisation have meant that gambling is no longer confined to opening hours and largely local events, but instead a 24/7 opportunity and global event-driven marketplace.
- 35 With 94 percent of UK adults having access to the internet in 2021 according to [Ofcom's Online Nation 2022 report \(PDF\)](#), it is not surprising that there has been a gradual switch from people gambling in person to choosing to gamble online. This matches changes seen in other sectors such as the [increase in online grocery shopping](#) or the [rising popularity of digital-only banks](#).
- 36 In December 2022, data from the [Gambling Commission's quarterly telephone survey](#) saw the proportion of adults gambling online (19 percent) equal the proportion of people gambling in person (19.5 percent) – whereas five years before in person rates were approximately double online participation rates. Despite the increase, the online gambling participation rate has not yet reached the level of in person participation before the pandemic, which was 24.3 percent in 2019.
- 37 The pandemic period saw a significant shift from retail to online play for the National Lottery. But for products under the Gambling Act 2005, the trend of a long-term gradual increase in online participation, rather than a spike, continued. The increase seen during the period was also driven mainly by women rather than men – from 14.0 percent in December 2019 to 16.8 percent in December 2022. Male participation has been static for the last four years.
- 38 Likewise, [our latest Industry Statistics](#) show an increase in the share of GGY generated from online gambling - from 42 percent of GGY in 2015/16 compared to 61 percent in 2021/22 (excluding National Lottery). In terms of product, there has been significant growth in the GGY generated by online slots over the same period from nearly £1.6 billion in 2015/16 to nearly £3.0 billion in 2021/22. The rate of increase in spend has always been higher than that of participation.

The popularity of retail gambling

- 39 Whilst the popularity of gambling in person has declined over time, it remains a significant part of the sector and is showing signs of recovery following the pandemic.
- 40 The [British Gambling Prevalence Survey](#) showed that two of the most popular gambling activities in 2007 were horse racing (in person, 17 percent of UK adults) and slot machines (at venues, 14 percent of UK adults). Even by 2018, the [Health Survey for England](#) showed that the proportion who bet on horses in retail was lower at 8 percent, while the in person slot machines participation figure was 6 percent.

- 41 Along with the decline in retail participation, [our latest Industry Statistics](#) show the level of GGY has also decreased - retail betting and bingo saw decreases in GGY of 36 percent and 44 percent respectively between 2015/16 and 2021/22. However, retail is still a significant contributor to the level of gambling activity, retail betting on its own accounted for 20 percent of the total GGY in 2021/22 (excluding National Lottery).
- 42 Additionally, while there were concerns from the industry that the pandemic would have a significant negative impact on the retail landscape, in person participation in gambling has increased in December 2022 compared to December 2021 particularly amongst males and younger adults up to the age of 24 years old.

Online gambling as a digital sector

- 43 Online gambling is firmly part of the wider digital eco-system in terms of consumer expectations and operator delivery.
- 44 Rather than the clear distinction of a retail premises, gambling, and in particular online, is now just another digital sector.
- 45 Part of the change is driven by a consumer expectation of frictionless play that matches experience in other sectors. This is shown most clearly in the move to mobile. [Ofcom data shows that adult internet users in the UK spend four hours online per day, with three of those hours spent on smartphones \(PDF\)](#). Data from the [Commission's online tracker survey in 2020](#) shows that 50 percent of online gamblers have used a mobile phone to gamble on and this has since increased further in 2021.
- 46 Digital has transformed product delivery, in terms of speed and volume of products to market and the potential for non-traditional operators to get involved in the sector. Mobile technology has enabled the transformation of traditional 'destination gambling' (like betting and bingo) to function in a similar way to instant win games in terms of ease/convenience of play. In 2020 [our online survey into online gambling behaviour](#) revealed that three in ten online bettors had bet in-play in the last seven days, with a further 30 percent of online bettors doing so in the last four weeks.
- 47 Digital has also transformed the way in which operators engage with consumers, whether that is as a brand or as how they apply marketing, in a personal, targeted way. This is becoming more refined and increasingly data-powered every year.
- 48 The sector supply chain reflects this too, growing in complexity and including the likes of big data suppliers, test houses, authentication and fraud detection and advanced human/machine interfaces.
- 49 It is also worth reflecting an additional consumer perspective: that the removal of environmental barriers of retail gambling has impacted the visibility and convenience of gambling behaviour. It can be done privately without peer judgement or intervention.

Problem gambling and gambling harms

- 50 Significant numbers of people continue to encounter issues with their gambling.
- 51 Whilst the precise measurement of problem gambling and harms is complex, the [Health Survey for England 2018](#) shows that hundreds of thousands of gamblers are suffering negative consequences from their gambling.

- 52** While the gambling landscape has changed fundamentally since the 2005 Act as we have described, the headline rates for problem gambling have been static in recent years.
- 53** From the [gambling-related harms evidence review](#) we know that some people are more likely to experience harm than others, including those who engage in multiple activities, men, those with probable mental health issues and players with the highest gambling expenditure. Whilst adults may be in a vulnerable situation at any age, young adults may in particular be additionally vulnerable to gambling related harms due to a combination of biological, situational and environmental factors. In a [2018 analysis of the Avon Longitudinal Study of Parents and Children \(ALSPAC\) \(PDF\)](#), young adults were found to be most at risk of falling into problem gambling around the age of 20 to 21. This is a time when many young adults are adjusting to new freedoms such as moving out of home and managing their own finances.

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1 Online protections, players and products

Key recommendations and actions

- Protections for customers online should apply at each stage of the customer journey. The appropriate controls and gaps are set out further in the section of this advice on the customer journey.
- There has been a significant programme of work which spans each stage of the customer journey - preventive measures include banning credit cards and higher risk product design features; and measures which support individuals who show signs of harm. We have also significantly strengthened the requirements on operators to identify customers at risk of harm and take action.
- The Commission commits to extending this work further: For preventative action, we will extend our review of product features (which initially focussed on online slots) to strengthen rules relating to intensity of play on other products.
- We intend to consult further on customer interaction and how operators identify customers at risk of financial harm, with a focus on financially vulnerable customers, and tackling binge gambling and significant unaffordable gambling over time, working with Government.
- There is a role for stake limits on online slots as part of this wider package of protections to limit the potential for gambling related harm. Government should consult on the introduction of stake limits for online slots and consideration should be given to tailoring stake limits to individual risk.
- Alongside stakes, there is a need to extend the role of player-centric controls, in particular the role of deposit limits and the extent to which such gambling management tools should be encouraged or mandated. We will consult further on this issue, working with Government.
- The Gambling Commission will consolidate good practice information and reinforce our expectations for operators on contracting with third parties, including white label partnerships.
- The Commission will review whether recent changes in payment services and verification capabilities could be leveraged to further enhance identity verification and reduce risk for customers in vulnerable situations.
- We will conduct a review of the status of customer funds protection in the event of insolvency, and of transparency across the remote industry to help inform consideration of whether further strengthening of requirements is necessary.

Background

- 1.1 Protections for online customers should apply at each stage of the customer journey. As our section on the customer journey illustrates, it is the entire package of measures which apply to online gambling which should be considered. In this section, we focus now on the controls that are relevant when a customer starts gambling and whilst gambling.
- 1.2 There has been a significant programme of work which spans each stage of the customer journey - preventive measures such as banning credit cards and higher risk product design features; and measures which support individuals who show signs of harm. As part of the resources section of this advice we recommend that the Commission is given the resources to expand our capacity to evaluate the impact of measures introduced, and to extend our consumer research.

Key controls introduced since 2018

Stricter requirements around terms and conditions, marketing of bonus offers, advertising and complaints processes to ensure consumers are treated fairly and have access to clearer information about their gambling.

Strengthened customer identification checks, including the need to complete age verification on all consumers before they can deposit money and gamble or access play-for-free games.

Ban on gambling with credit cards to reduce the risk of people gambling with money they do not have, accumulating debt and experiencing financial harms. We published the interim evaluation of the credit card ban in November 2021.

New requirements and guidance to reduce harms experienced by High Value Customers and, more generally, those consumers that provide disproportionate financial value to licensees.

Ban on reverse withdrawals: ban introduced October 2021 to support consumer decisions to withdraw their funds from gambling.

Stronger requirements on operators to **identify customers at risk of harm** and take action mainly came into effect in September 2022.

- 1.3 Measures to protect consumers would be supported in a 'single customer view facility' to provide a more holistic view of gambling harm across multiple accounts across different operators. In February 2020 we brought together experts from outside and within the gambling industry to explore how technology could create a single customer view. The Information Commissioner's Office has confirmed in its [Sandbox report on the single customer view](#) that the initiative can theoretically be delivered in a manner that protects data privacy. Additionally, we are very clear that the single customer view must only be used for customer protection purposes and never to further commercial objectives such as through marketing, customer segmentation or identifying winners.
- 1.4 Phase 2 of the ICO's Regulatory Sandbox is exploring the appropriate lawful basis for processing data and the safeguards required for the trialling of the Single Customer View (SCV) solution, which is being developed by the industry trade body, the Betting and Gaming Council (BGC), with Gamstop as technical partner. The Commission expects this work to progress at pace and will continue to provide feedback and steers as solution development progresses.

Our recommendations and actions

Online protections recommendation/ action 1: Safer products

Building on our work for online slots, we will extend our review of product features and consult on strengthening rules relating to intensity of play on other online products.

- 1.5** Gambling harms arise from a combination of complex factors including an individual's personal circumstances, level of expenditure, other gambling activities and the frequency or length of play. Core product characteristics such as speed of play, frequency, staking options and accessibility should inform the risks to players and guide the controls applied. With an increasing proportion of players playing higher risk products (as demonstrated by [our ongoing operator data collection](#) work) an area of focus is ensuring games are safer by design and consumers understand how they operate to enable them to make informed choices.
- 1.6** In October 2021, the Commission brought into effect new requirements to reduce the intensity in which consumers can play online slot games and improve the in-session information available to customers. We will publish our initial assessment of these restrictions, including the new spin speed limit of 2.5 seconds, and will continue to monitor the risk of harm.
- 1.7** The changes to online slots form part of a comprehensive package of work to make online gambling products safer by design. Our remote technical standards prohibit licensees from offering products that could encourage or exploit harmful behaviour, which has resulted in several features being banned. Our next phase of work will review the effectiveness of existing controls for online casino products and, where appropriate, introduce new measures to limit the scope for harm. Similar to online slots, our consultation will consider:

 - Game speed.
 - Features that enable players to speed-up play, for example for online roulette.
 - In-session information to customers. For example, the display of net position and elapsed time during a gaming session, as is currently required for online slots.
- 1.8** In addition, the Commission will consider point-of-sale information to customers on the features and risks of products. This will be a longer-term review, considered in the context of work on messaging for consumers outlined in our safer gambling and public health messaging recommendations.
- 1.9** Other products, such as in-play betting, also allow for rapid, repeat activities, which are a risk factor for problem gambling, and so can blur the distinction between online gaming and online betting. In general the activities remain fundamentally different, as partly reflected in the [2016 Combined Health Surveys \(PDF\)](#) prevalence figures, which identified higher rates of problem gambling associated with 'online gambling on slots, casino or bingo games'. Nevertheless, given the risk factors associated with in-play betting, it is important that licensees ensure appropriate consumer protections are put in place. That includes controls to prevent excessive gambling, and to ensure responsible advertising and promotion of these products. It is also important that clear player information is available on how in-play markets operate including, for example, 'cash-out' features and accompanying risks associated with delayed video streams or data provided to the player.

Online protections recommendation/ action 2: Stronger controls to identify harm

We have strengthened the requirements on operators to identify customers at risk of harm and to take action. This includes requiring operators to take timely action tailored to the risk, to introduce automated solutions and to prevent marketing in cases where there are strong indicators of harm.

Working with Government, we have committed to consult further on customer interaction and how operators identify customers at risk of financial harm, with a focus on tackling unaffordable binge gambling and significant unaffordable losses over time as well as customers who are particularly financially vulnerable.

- 1.10** Individuals spending more than they can afford to lose is one of the harms often associated with gambling. For those accessing treatment and support, financial harms are amongst the most commonly reported categories of harms. [GamCare's 2021 annual report](#) has indicated that 80 percent of gamblers in treatment, 75 percent of Helpline users and 56 percent of affected others in treatment reported financial difficulties. Harm can be significant even at low spending levels as the level of spend at which harms begin to occur depends on the consumer's discretionary income. The risk increases as more than one vulnerability characteristic is present and where those needs are not met. The [Financial Lives 2022 Survey](#) conducted by the Financial Conduct Authority (FCA) found that just under half (47 percent) of UK adults, aged 18 and over display one or more characteristics of vulnerability. [Research by the Money and Mental Health Policy Institute \(MMHPI\) \(PDF\)](#) also found that people with mental health problems are three and a half times more likely to be in problem debt.
- 1.11** Our current requirements place a duty on remote operators to monitor gambling and take action where there is a risk of harm. However, we had identified in our casework that, while remote operators had the ability to interact with those being harmed, they were not always doing so or acting quickly enough. Following a consultation and call for evidence, we introduced significantly stronger requirements for operators on how they identify harm and vulnerability, the types of triggers and action they must include in their algorithms, and requiring the application of automated solutions in some circumstances. The requirements mostly came into effect in September 2022 and include the need for licensees to:
- Have in place effective systems and processes to monitor customer activity to identify harm or potential harm associated with gambling, from the point when an account is opened.
 - Use a range of indicators relevant to their customers and the nature of the gambling facilities provided in order to identify harm or potential harm associated with gambling. They must use a set of core indicators set by the Commission.
 - Act in a timely manner to minimise harm and tailor their action based on the number and level of indicators of harm exhibited.
 - Prevent marketing and the take-up of new bonus offers where there are strong indicators of harm (in effect from February 2023).
 - Evaluate the effectiveness of both the impact on the individual consumer of their actions and their overall approach, and be able to demonstrate to the Commission the outcomes of their evaluation.

- 1.12** We consider that as part of the wider measures recommended in this advice, further requirements should be introduced following consultation to address three key risks. Our consultation will explore how these risks can be mitigated. We will explore thresholds at which operators have to conduct assessments. Subject to the ability to conduct smooth data sharing for the majority of customers, we intend to consult on thresholds for each risk:

Risk 1: Significant losses in a very short time

- 1.13** Our compliance and enforcement casework has identified instances where customers have been able to spend many thousands of pounds in short periods, including minutes, without any checks. These very extreme cases are relatively rare but can have very significant impacts on the consumers affected. For example, in a relevant case, a customer lost £4,000 in six minutes following sign-up. We will propose thresholds for action at £1,000 net loss in a rolling 24-hour period to ensure that checks are conducted to tackle the risk of binge gambling. Through our casework we have identified a number of instances of customers experiencing significant gambling harm immediately following registration and will propose lower thresholds for new account holders.

Aim of consultation proposal

- 1.14** Significant losses over a short period of time is a very unusual pattern of spend and is a serious indicator of potential harm. The aim is to reduce gambling harm by requiring operators to obtain sufficiently personalised financial risk information and to consider this data alongside other behavioural information. This will enable the operator to assess whether this level of loss indicates likely harm for the customer, and if so, take action which may include the setting of appropriate limits.

Risk 2: Significant losses over time

- 1.15** There are serious risks where customers have significant losses over a period of time without sufficient assessment of whether they are being harmed. Significant losses over time are experienced by a relatively small proportion of customers and it is appropriate to require checks for these customers. An example of this in our casework was where a customer lost £35,000 over two months without sufficient checks being carried out. We will propose a threshold of £2,000 net loss over a rolling 90-day period to ensure assessments are introduced which tackle this risk.

Aim of consultation proposal

- 1.16** Significant losses over time are more likely to be unsustainable for the customer and are a key indicator of harm. The aim is to reduce gambling harms by requiring operators to obtain sufficiently personalised financial risk information, alongside assessment of other indicators of harm to understand whether this level of loss and pattern of behaviour would be problematic for the customer, and if so, take action, which may include the setting of appropriate limits.

Risk 3: Financial vulnerability

- 1.17** This applies when information is available that shows when customers are particularly financially vulnerable and likely to be harmed by their level of gambling. A light-touch assessment to identify particularly financially vulnerable customers is most appropriate at an early stage. We therefore consider a lower threshold of £125 net loss a month will be appropriate – although more customers will therefore be affected, we will

propose requirements which apply the data minimisation principle and focus primarily or solely on publicly available data.

Aim of consultation proposal

- 1.18** We seek to ensure that a light-touch assessment is conducted by all operators at an early stage to identify significant financial vulnerability such as bankruptcy where gambling, even at relatively low levels, may be harmful.

Setting threshold levels for assessment checks

- 1.19** In order to identify appropriate and proportionate threshold levels we considered the following three key information points: the amount of money customers are currently spending on gambling (to help consider proportionality of the threshold and spending patterns that are unusual); population level information about discretionary income (to help consider the amount of money people have available) and problem gambling rates and other information about harms (to help assess the likelihood of harm). Some key information is included in this advice, and we will set out further detail on this evidence in our upcoming consultation.
- 1.20** Based on the 2016 combined Health Survey data for 'any online gambling or betting', the percentage of gamblers/bettors at moderate risk was 8.4 percent and the percentage of problem gamblers was 3.5 percent. Data from 2018 (which covered England only) reported the percentage of gamblers/bettors at moderate risk was 5.8 percent and the percentage of problem gamblers was 4.2 percent.
- 1.21** When the 2018 data is separated out by activity it shows that 13.8 percent of gamblers that participated in online slots, casino games and bingo were at moderate risk and 8.5 percent were problem gamblers. 5.2 percent of those that bet online with a bookmaker were at moderate risk and 3.7 percent were problem gamblers.
- 1.22** The [Gambling Commission consultation and call for evidence on remote customer interaction \(PDF\)](#) included information about average discretionary income, from YouGov. This indicated the average levels of discretionary income per calendar month at different age groups. In each age group, there are individuals who have very limited discretionary income, but this is particularly true of young adults. Other risks associated with young adults are outlined in the [Protections for young adults chapter](#).
- 1.23** Table A sets out the estimated percentage of accounts where the operator would be required to undertake some form of financial risk assessment. The binge gambling and significant losses over time information has been estimated following an [industry data request](#) which covered approximately 19 percent of all active remote gambling accounts in the May 2020-April 2021 period. The significant financial vulnerability information came from data obtained from consultation responses to our call for evidence.

Table A – Estimated Percentage and number of accounts affected by proposed thresholds for financial assessments

Key financial risk for consumers	Category of assessment	Proposed thresholds for consultation	Percentage of accounts subject to checks (estimated)	Number of accounts subjected to check (estimated)
Significant financial vulnerability	Simple check using open-source data	£125 net loss per month	21.2%	6.1 million
Binge gambling	Enhanced checks	£1000 net loss per 24-hour period	2%	600,000
Significant losses over time	Enhanced checks	£2000 net loss in rolling 90 days	3.2%	1 million

1.24 We recognise that broader public policy questions about how to protect people from harm are under consideration in the review. This allows consideration of the balance of protecting consumer privacy and freedoms against the need to introduce proportionate measures targeted at protecting those most at risk of harm. It is important that proposed requirements on thresholds for action, the type of assessment for unaffordable gambling and the action to be taken must be part of a balanced package of measures. We will therefore consult on the proposed thresholds for each of these three key risks. The consultation will set out the detailed proposals for thresholds, the type of assessments which are appropriate for each of these thresholds and suitable safeguards on the use of data. A key principle of this work is data minimisation – identifying the minimum necessary data that must be collected from or shared about a small proportion of customers in order to meet the policy aims set out above. We will continue to work with the Information Commissioner's Office and the financial sector in considering these issues.

Young adults and new accounts

1.25 As referred to in our advice on protections for young adults, [Patterns of Play research \(PDF\)](#) shows that spend by young adults on gambling (online) is relatively low (in comparison with older age groups). [Our research into online gambling behaviour](#) also shows that young adults have more accounts and show less brand loyalty. This means that protections linked to, or triggered by, spend or loss thresholds may not be as effective in preventing harm in this age group, because losses may be too low to be identified by an individual operator, and/or spread across several accounts.

1.26 To ensure that potential harm at relatively low spend levels by young adults does not go undetected by gambling operators, we intend that spend thresholds applied to online accounts to prompt enhanced assessments in response to the risk of unaffordable binge gambling or significant unaffordable losses gambling over time, be set at a comparatively lower level for customers up to the age of 25. We intend to consult on the thresholds at which additional checks would be required being reduced for these age groups to £500 net loss per 24-hour period and £1000 net loss in a rolling 90 days.

- 1.27** Gambling operators are already required to consider vulnerability because of age in identifying and supporting customers. Our proposals would not restrict gambling by young adults or create a process which unintentionally disadvantages older vulnerable adults but should ensure that measures to protect vulnerable consumers are better able to protect this age group from financial harm. We will consult further on this issue in the next stage of our customer interaction work.
- 1.28** Therefore, we recommend and intend to consult on a proposal that thresholds for this age would be reduced for significant losses over time.
- 1.29** Our consultation will explore whether similar tighter controls should apply for new customer accounts where a pattern of play or behaviour has not been established and where there is a greater risk that the account has been created to avoid protections applied by another operator.

Online protections recommendation/ action 3: Online slots stake limits

- 1.30** Whilst available evidence is inconclusive on the effectiveness of universal stake limits or specific gambling management tools as stand-alone measures, data has consistently shown the extent to which the gambling market is reliant on a small proportion of more engaged players, who are generally more at risk of harm. Data from [research exploring online patterns of play](#) revealed that 5 percent of online accounts with the highest losses (betting) and staking (casino games and slots) generated a minimum of 70 percent of Gross Gambling Yield (GGY) for each product.
- 1.31** The focus when discussing higher risk products is often on gaming products. Within gaming, there are structural differences between slots and casino games (for example roulette), which influence how consumers interact with these products and may account for the higher rates of losses associated with online slots.
- 1.32** [Online gambling data obtained in 2017 \(PDF\)](#) indicated that there was a 'clear tendency for there to be a higher proportion of heavy player losses in slots play than in non-slots play' (casino games excluding poker). The study found that over the course of January 2017, there were 22,080 individuals losing in excess of £1,000 on slots, whilst for non-slots play, there were 10,373 customers losing in excess of £1,000. [Research on Patterns of Play](#) indicated that between July 2018 and June 2019, the highest losses were incurred amongst accounts that were active on both gaming and betting products (GGY per account, £601.91), and then gaming-only accounts (£296.20) and betting-only (£134.98). Of gaming accounts with spending losses of more than £5,000, 54 percent incurred all or most (more than 80 percent) of their spending loss playing slots and 28 percent incurred all or most (more than 80 percent) of their spending loss playing casino games. [Our research into why consumers gamble](#) indicates that 14 percent of participants had experienced a gambling 'binge', with 24 percent of those bingeing having done so on online slots. This finding ranks online slots as the gambling product with the highest binge rate amongst the gambling products.
- 1.33** We support stake limits for online slots as a precautionary measure alongside a wider package of player centric controls. These include enhanced financial harm checks, better responses when consumers in vulnerable situations are identified, earlier preventative action, safer game design, responsible marketing and advertising, and customer interaction.
- 1.34** In April 2021 the Commission obtained [additional data to understand the association between staking behaviour on online slots and harm](#) (measured through operator

assigned risk score as the best available proxy). The [Gambling Commission industry data request April 2021](#) showed that of staking by high and medium risk accounts, 87 percent and 93 percent respectively were below £2. Nonetheless, there does appear to be a correlation between those accounts assessed by operator algorithms to be higher risk and more frequent staking at higher levels. Accounts flagged as high and medium risk account for a greater proportion of stakes in higher value staking bands. For example, high and medium risk accounts placed 37.4 percent of stakes over £10, which given only 2.4 percent of players were flagged as medium or high risk highlights their overrepresentation among high staking accounts.

- 1.35** The outputs from this analysis should be considered against several key caveats, specifically that:
- The overrepresentation of high and medium risk accounts amongst higher staking levels is not necessarily evidence of high stakes causing harm.
 - Account risk scores are determined by activities across all products, not just online slots.
 - Operators considered in this data request all have different approaches to ascribing risk scores, so findings will vary by operator.
 - The number of individuals flagged as medium and high risk could be indicative of a licensee's proactivity in identifying signs of risk and potentially intervening.
- 1.36** Nevertheless, there are some broad conclusions that could be derived from the dataset, including:
- An indication that, with most staking events (over 98 percent) falling below £5, a universal stake limit below this amount would not disproportionately impact the vast majority of slots players.
 - Player engagement with online slots is so common that the 1-2 percent of staking events above £5 amounts to a not insignificant number (over 40m per month) of spins.
 - Notwithstanding the above caveats, there appears to be a correlation between those accounts assessed by algorithms to be higher risk and more frequent staking at higher levels.
- 1.37** Overall, the data offers additional insight into the potential for a stake limit to reduce the opportunities for gambling harmful sums of money so quickly and, in doing so, provide licensees with more time to intervene if appropriate. However, the data does not imply that removing high stakes alone will remove risk to players, as there is evidence that risk already exists at all staking levels. This is partly why the Commission considers that online slot stakes are appropriate as part of the broader package of account-level and game design protections.
- 1.38** There are a number of options that are open to Government in assessing the role of stakes for online slots. These include universal stake limits and tailored stake limits, with variations such as:
- Universal stake limits: stake limits that apply to online slots for all consumers on a precautionary basis. This is simpler to implement but does not allow for a tailored response to a consumer's level of risk or financial situation.
 - Tailored stake limits that are applied only when a customer is identified at risk of harm – this is when a reactive response is put in place when risk is identified such as part of a customer interaction response. Usually when risk is identified, it is appropriate to consider account level protections such as deposit limits, ceasing

all marketing or even ceasing the customer relationship. We recommend that reactive stakes in response to risk should only be applied as part of a wider package of account level controls.

- Tailored stake limits which apply only to certain at-risk demographic groups such as young adults. There are risks associated with young adults which we consider elsewhere in our advice. However, applying stake limits to all individuals in this group may not allow tailored response to the risk, and may overlook individuals in other age groups who may be equally or more at-risk. We recommend that consideration of age in relation to stake should only be considered alongside protections for other age groups.
- Tiered stake limits, otherwise known as a 'smart stake', in which limits for slots games would be tiered according to the risks connected with the consumer. This could include stake limits which apply to all, but which are removed or raised when a customer completes an initial financial vulnerability assessment or enhanced assessment of financial risk and affordability.

1.39 The Commission considers that there is a strong case for considering tiered stake limits which allow stake limits to be tailored to the risks. The following issues should be considered:

- It would be necessary to set online slot stake limits in **legislation** as is the case with the stakes which are set for gaming machines. This may involve a mix of primary and secondary legislation. The legal definition of online slots will need to be as robust as possible to limit the scope for circumvention.
- It is appropriate to consider the interaction between legislative online slots stake limits and Gambling Commission requirements on gambling operators to **identify customers at risk** and to conduct assessment of financial vulnerability and unaffordable gambling.
- In the absence of existing online stake limits, it would make sense for Government to use existing stake levels on gaming machines as a **starting position**.
- The **knock-on effect** that online stake limits could have on wider gambling policy should be considered, such as the introduction of Category A machines in casinos, which would permit unlimited stakes in an environment with fewer account level protections.
- There is a need for both resource and planning for **effective evaluation** of any introduction of online stake limits to mitigate against unintended consequences and measure impact.
- The **interaction with other product restrictions** should also be considered – in particular, the variation of speed of play across different online and land-based products.

There is a role for stake limits on online slots as part of this wider package of protections to limit the potential for gambling related harm. We therefore recommend that Government should introduce stake limits for online slots and consideration should be given to tailoring stake limits to individual risk.

Online protections recommendation/ action 4: Further empowering consumers

Alongside stake limits, there is a need to extend the role of player-centric controls, in particular the role of deposit limits and the extent to which such gambling management tools should be encouraged or mandated. Working with Government, we will consult further on this issue.

- 1.40** Operators are required to offer a number of tools to consumers. [Data from operators \(Patterns of Play research\)](#) indicated that deposit limits were the most widely used safer gambling tool amongst account holders. However, the data also suggested that in more than one-third of the cases where a deposit limit was set, it was in excess of £50,000 monthly equivalent. A series of [trials conducted by The Behavioural Insights Team \(BIT\)](#) concluded that although uptake of limit-setting tools could be increased and that design changes can encourage lower limit setting, their application had limited impact on subsequent player expenditure.¹ A key consideration, and one that will be explored as part of our wider work on online protections, is what measures will enable customers to set meaningful deposit limits and keep to them, balanced alongside operator-led protections.
- 1.41** Player-centric controls offer the means of targeting measures where they can have the most impact. They involve a balance of measures which are:
- **Entirely voluntary:** As is the case now, operators are required to offer tools and the customer is encouraged to opt-in, often triggered by information provided by the operator. A key example of this is the ability to opt-in to a temporary time-out from gambling with an operator. Research conducted by BIT (including [2018 trial relating to how behavioural insights can reduce risky play online \(PDF\)](#) and [2021 further research on the effectiveness of safer gambling tools](#)) has added to the evidence base on how to apply behavioural science to maximise take-up of these measures at appropriate levels.
 - **Default measures:** These are measures where the system ensures that participation is the default or the norm. Customers are directed down the path of limit setting tools, but they also have the freedom to opt-out. The Commission considers it appropriate to consider whether more tools are used by default and will consult on the role of default deposit limits. This must sit alongside research and assessment of how to ensure that deposit limits are set at appropriate levels and not at levels which are so high as to be meaningless.
 - **Mandatory to participate:** This would for example require a customer to set a deposit limit but would allow the amount to be set by the customer. We continue to review where such measures have been introduced by operators and the benefits and wider impact on consumers.

¹ A reduction in deposits over the subsequent 30 days was not statistically significant.

- **Fully mandated:** Measures that are set by the operator as a result of risk assessment for that customer – this includes action following a customer interaction, and so is linked closely with new requirements for customer interaction and extensions of this work in future consultations.

Online protections recommendation/ action 5: Reinforcing expectations for third-party partnerships

- 1.42** The Government's Review of the Gambling Act 2005 Call for Evidence invited submissions on what is known as 'white label' partnerships, where a licensee offers remote gambling under a brand provided by a third party.
- 1.43** Having reviewed the current risks and mitigations associated with white label arrangements, the Commission concludes that the existing legislative and regulatory framework provides sufficient controls. The Commission's Social responsibility provision 1.1.2 (responsibility for third parties – all licences) specifies that licensees are responsible for overseeing all third parties they contract with and ensuring they fully comply with the Licence Conditions and Codes of Practice. A failure in this regard could result in a fine or licence revocation.

Building on our earlier enforcement work and reminders to licensees, we will reinforce existing information and good practice on the management of third-party partnerships to reiterate our expectations on licensees.

Online protections recommendation/ action 6: Identity verification and payment processing

- 1.44** A key element of tackling harm is ensuring customer verification tools are as robust as they possibly can be.
- 1.45** In April 2019, we strengthened the rules about customer identification, requiring online operators to verify a customer's age and identity before allowing them to deposit funds, play free-to-play games or gamble with their own or bonus funds. At that time, [our consultation response on age and identity verification](#) noted that new payment regulations were expected that may facilitate increased verification capabilities for merchants processing payments. Therefore, we committed to explore with the financial sector and gambling operators the impact of the second Payment Services Directive (PSD2) and Strong Customer Authentication (SCA).

The Commission will therefore review whether recent changes in payment services and verification capabilities could be leveraged to further limit the potential for gambling related harm. The options may vary for different payment methods and may change over time. We will engage with the payments sector to inform this work.

The Commission will also continue to monitor the risks associated with new and emerging payment mechanisms.

- 1.46** The regulatory framework has proved effective in mitigating risks to the licensing objectives as seen with the ban on gambling with credit cards and effective application of the relevant Anti-Money Laundering requirements. [Analysis of algorithm data](#) also

revealed that payment methods do not appear to correlate strongly with player risk level. We will continue to monitor developments and take appropriate regulatory action to tackle emerging risks within our regulatory remit, and to flag issues that fall outside our regulatory remit to Government.

Online protections recommendation/ action 7: Review customer funds protection and transparency

- 1.47** The Commission has conducted work on the requirements that are appropriate to place on gambling businesses to protect customer funds and to ensure that this information is transparent to customers. As a result, licensees are required to provide information to customers about whether customer funds are protected in the event of insolvency, the level of such protection and the method by which this is achieved.
- 1.48** As part of the [Commission's Review of Online Gambling \(2018\) \(PDF\)](#), a package of work was undertaken to assess the risks and options around customer funds. This led to changes to the protection rating system, which promoted greater transparency to enable consumers to make informed choices. More recently, we updated [consumer guidance about the definition of customer funds](#), so that consumers can better understand the protections which may be offered and which monies these apply to.

We will therefore continue to consider the requirements for the protection of customer funds in the event of insolvency. We will conduct a review of the status of customer funds protection and transparency across the remote industry to help inform consideration of whether further strengthening of requirements is necessary.

Evidence assessment

- 1.49** A range of evidence, [summarised at Annex B](#), underpins our recommendations to extend existing protections following further consultations on multiple topics. We have considered robust sources including academic evidence, large-scale analysis of industry data, and in-field randomised control trials, supplemented by examples from our casework, to have confidence that product features, customer interaction, financial harm checks and staking can have a positive impact on player safety.

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2 Safer gambling and public health messaging

Key recommendations and actions

- It is important that independent, clear and meaningful public health messaging about safer gambling and the risks of gambling is applied in all forms of messaging to consumers and the public. We recommend that Government take forward work across departments and with public health organisations to develop appropriate public health messaging to be adopted by all bodies with a part to play in reducing gambling harms.
- As the industry regulator, we will make full use of our regulatory powers to ensure that gambling operators engage with and embed appropriate messaging in their own advertising and communications with consumers, and fully integrate this messaging into the customer journey.

Background

- 2.1** Tackling gambling harms using a public health approach requires appropriate interventions at all levels. These include universal measures such as campaigns and the regulatory requirements and restrictions recommended in this advice, selective interventions such as education programmes or resources for priority groups, and actions to support individuals experiencing harms.
- 2.2** In isolation, public health campaigns have only a limited impact on positive behaviour change of at-risk consumers, but campaigns can be effective in raising awareness and reducing stigma associated with harm. Efforts and actions designed to reduce gambling harm are more likely to succeed as part of a comprehensive and balanced prevention plan, and this includes appropriate, independent and trusted public health messaging. [Research published in 2022 by the University of Bristol on safer gambling messaging](#) found that existing 'safer gambling' messages do not change the behaviour of gamblers, messages need to be tailored to individuals and groups, and that messages to reduce stigma could also help reduce harm.
- 2.3** Safer gambling information covers a broad range of topics:
- General information about the risks associated with gambling, and information about the risks relating to specific gambling products (without unintentionally making higher risk products more attractive),
 - Information about gambling to empower consumers in making choices, such as the neutral information about cost of play and chances of winning, the design and presentation of gambling management tools, in-play information and challenging myths and gambling fallacies,
 - Signposting to treatment and support tools, resources and services, and
 - Subject to testing, alternatives to current approaches which focus on harmful gambling, through public health messaging about what non-problematic gambling looks like.

- 2.4** A set of consistent, core public health messages can be applied across multiple categories and delivered to different population groups through many settings and channels. These messages should form the basis for a continuous thread, tailored and embedded throughout advertising campaigns and social information about gambling harm prevention, gambling operators' own advertising and marketing, point of sale information and targeted safer gambling information, to maintain consistency throughout the customer journey.
- 2.5** It is important that public health messaging is and remains independent and credible, which means the gambling industry should not lead the development of these messages. The [Commission's consumer voice research](#) showed that some consumers found there to be a disconnect between being told to gamble responsibly and also receiving messages encouraging play.

Universal messaging and public health campaigns

- 2.6** Universal interventions include messaging delivered to the whole population, such as general public health campaigns, and messaging adopted in industry-led advertising. This level of messaging is designed primarily to raise awareness at the population level, which will include people who gamble but also those others around them.
- 2.7** There is limited evidence of universal messaging approaches through mass campaigns having a prolonged impact on changing gambling behaviour, with the suggestion that even the best-designed message will be seen as 'background wallpaper' over time and a [review by GREO on prevention and education to reduce gambling-related harm \(PDF\)](#) concluded there is a lack of high-quality research on this topic.
- 2.8** This is consistent with reviews into the effectiveness of campaigns designed to influence behaviours in other fields where there is a more established and comprehensive evidence base. One systematic review looking specifically at the [effectiveness of mass media campaigns designed to reduce alcohol harms](#), found that mass media can 'improve alcohol-related knowledge and awareness'. However, according to the available evidence, mass media campaigns in isolation do not appear to deliver the desired behavioural change, other than providing support for separate policies and actions which may deliver that change.
- 2.9** The development of responsible and safer gambling messaging has previously been led by the gambling industry who have deployed this messaging in mass advertising and at points on the customer journey. [Research published by the University of Warwick in 2019 testing the effect on behaviour of a gambling advertising warning](#) and a separate [analysis of the 'When the Fun Stops Stop' industry campaign](#) concluded that there was little evidence to support that the warning message was effective. The same [analysis of the 'When the Fun Stops Stop' campaign](#) also recommended that 'to minimise conflicts of interest, interventions intended to address gambling-related harms, such as public education campaigns, should be evidence-based and developed, implemented and evaluated completely independent of the industry and industry-funded organisations'. The Betting and Gaming Council (BGC) has changed this messaging to 'Take Time to Think', and we expect an evaluation of its effectiveness to be undertaken.
- 2.10** The Australian Government has announced that from April 2023 consumers will no longer receive 'Gamble Responsibly' messages and instead will see a set of rotating taglines that all online gambling operators will be required to use in their consumer communications and advertising, alongside sources of help and support. The new messaging has been developed based on evidence and consultation and will rotate in order to avoid message-fatigue.

Selective messaging for priority groups

- 2.11** Selective interventions are for the benefit of specific groups of the population and may include public health campaigns targeted towards priority groups, messaging embedded in prevention and education programmes, or messages likely to only be received by people who gamble.

Priority groups within the wider population

- 2.12** Groups within the wider population may benefit from tailored messaging. This may be because they respond differently to more generic safer gambling messaging, such as women who gamble, or may be of interest due to increased risk or vulnerability to gambling harms such as younger age groups.
- 2.13** [GREO's Prevention and Education Review \(PDF\)](#) found common themes:
- A 'one-size-fits-all' approach to harm prevention and education will decrease its value. Tailored approaches are often more helpful. Interventions that allow more flexibility are desired by participants and would likely improve uptake.
 - The form and content of communications have an impact. Digital media strategies can enhance prevention and education initiatives, especially among younger age groups.
- 2.14** GambleAware launched and evaluated the BetRegret safer gambling campaign. The [impact study for the BetRegret campaign](#) demonstrated that the campaign helped to build awareness of gambling risks with some gamblers in the target audience reporting that they had thought about, or had actively, tried to follow the campaign's advice to 'tap out' of their app prior to placing a bet.
- 2.15** In September 2022 GambleAware also re-launched [a campaign to raise awareness of gambling harms experienced by women](#), designed to resonate strongly with women who gamble. The campaign will be evaluated for awareness and audience engagement and its impact on attitudes and behaviours.

People who gamble

- 2.16** Evidence shows that general safer gambling messages have a limited impact on long term behaviour change and so alone are unlikely to be effective in preventing gambling related harms. [Research into the impact of advertising, led by Ipsos Mori \(PDF\)](#), points to low and mixed understanding and awareness of risk and makes the case for improving consumer protection messaging within advertising. The [Commission's consumer voice research](#) showed that some consumers found there to be a disconnect between being told to gamble responsibly and also receiving messages encouraging play.
- 2.17** [A trial by Revealing Reality on integrated safer gambling interventions \(PDF\)](#) and [an evaluation of safer gambling messaging by the Behavioural Insights Team \(PDF\)](#) found that improved safer gambling messaging can lead to a desired behaviour, such as an increase in the uptake of safer gambling tools, and makes recommendations for how gambling operators can consistently design and deliver safer gambling messages and present them to their customers in an environment that increases the likelihood of them being effective. However, there is only limited evidence on this having a subsequent impact on gambling activities; a [2019 Australian advertising eye-tracker study](#) found that messages promoting responsible gambling received fewer fixations when presented near wagering information in a non-conspicuous manner.
- 2.18** The Gambling Commission has a clear role to play in regulating how gambling operators deliver the right messaging to consumers in order to empower people who

gamble to make informed choices on how to gamble safely. The industry is already subject to regulation on the types of information about gambling products and safer gambling that must be made available to customers, as detailed later in this chapter.

- 2.19** In March 2021, [GamCare published a new Code for gambling businesses setting out minimum standards for the display of Safer Gambling information](#) within gambling websites and apps. It aims to reduce the friction for accessing safer gambling tools by presenting information on 'premium' advertising or promotional website space. The BGC expects its members to comply with the Code. BGC have also committed to their members seeking to adopt [GamCare's Safer Gambling Standard](#).

Indicated messaging for individuals

- 2.20** Indicated interventions are for the benefit of at-risk individuals and include appropriate proactive or reactive messaging when an individual customer may be at risk of gambling harm.
- 2.21** This form of messaging works closely with customer interaction, or how gambling operators identify customers who may be experiencing or at risk of gambling harm and take action to reduce that risk. In a [2016 review of harm minimisation tools available for electronic gambling published in the Journal of Gambling Studies](#), many types of messaging were found to have limited impact, but some (dynamic rather than static messaging, money/time pop-ups for the most intense gamblers, combined normative/informative messaging) showed positive potential. Other [research into personalised messages on the behaviour of gamblers](#) suggests positive impacts from timely personalised pop-ups and [NatCen's Patterns of Play research \(PDF\)](#) found a strong tendency to reduce the number of bets placed after receiving a telephone call, although the latter occurred rarely in the 2018/19 dataset that was analysed.
- 2.22** Customer interactions that consist of messaging alone are most appropriate as a response to less severe harm, and have a place at the start of an escalating process of interactions that increase in line with potential harmful behaviour displayed. The right messaging, at the right time could reduce likelihood of a customer experiencing harm, and therefore reduce the need for stricter interventions.
- 2.23** The [Commission's published operator data to June 2022](#) showed that customer interactions overall continued to steadily increase, to 3.3million in the quarter. Because the majority of customer interactions are currently automated messaging, the right messaging at the right time is essential in order to prompt a positive outcome to prevent further harm.
- 2.24** In [April 2022 the Commission published new rules on customer interaction](#) which require operators to tailor their action to respond to the number and scale of indicators of harm that have been identified with a customer. This makes clear that messaging is appropriate at only early or less severe signs of risk associated with a customer's gambling, and action such as ceasing the business relationship or preventing marketing or the take up of new bonus offers is more appropriate than messaging where there are strong indicators of harm. These new rules largely came into force in September 2022 with requirement 10 relating to preventing the marketing to and take-up of new bonuses for customers showing strong indicators of harm coming into force in February 2023. In November 2022, the Commission commenced a [consultation on remote customer interaction guidance](#), to take account of the lessons learned in implementing the requirements to date.
- 2.25** A [review and focus group study in 2018 shared some principles for responsible gambling messaging](#) but individual gamblers will respond differently to different messages in different forms at different times. As identified in the [report by GREO into](#)

[the trialling a repository of industry approaches to share information on customer interaction \(PDF\)](#), there is merit in trialling a greater mixture of methods for all forms of customer interaction.

Our recommendations and actions

Messaging recommendation/ action 1: Public health messaging

- 2.26** We welcome the commitment to identify what policies and interventions could be adapted from public health to address gambling related harms set out in [Public Health England's gambling-related harms evidence review](#). We believe that the development of independent and trusted public health messaging should be led by Government, drawing on the considerable expertise of public health bodies, and developed and tested in a way which reduces the risks of unintended consequences which may encourage unhealthy behaviour, particularly among individuals or groups who may have a heightened appetite for risk. We consider that there are benefits to making a clear distinction between public health-led messaging and general gambling advertising.
- 2.27** In their [Prevention and education review \(PDF\)](#), GREO found that 'positive messages that focus on safer gambling are more persuasive than negative messages detailing harmful outcomes' and we believe there is merit in exploring alternatives to current approaches which focus on harmful gambling, such as messaging focused on non-problematic gambling, such as the [lower risk gambling guidelines in Canada](#).
- 2.28** We believe new universal public health messaging should form the cornerstone of safer gambling messaging which will complement and add weight to strengthened regulatory and legislative requirements designed to make gambling safer, and which can inform and be reinforced through interventions delivered at all population levels.
- 2.29** Effective public health messaging needs to be independent and credible, which means the gambling industry should not lead the development of these messages.

It is important that independent, clear and meaningful public health messaging about wider safer gambling and the risks of gambling is applied in all forms of messaging to consumers and the public. We recommend that Government take forward work across departments and with public health organisations to develop appropriate public health messaging to be adopted by all bodies with a part to play in reducing gambling harms.

Messaging recommendation/ action 2: Public health messaging in the customer journey

When new public health messaging has been developed, we will make full use of our regulatory powers (following consultation where appropriate), to ensure that gambling operators engage with and embed appropriate messaging in their own advertising and communications with consumers, and fully integrate this messaging into the customer journey.

- 2.30** This will support and reinforce universal public health messaging to further encourage and empower consumers to adopt protective strategies before and during gambling.

This messaging may include the risks associated with gambling, risks of different products, the chance of winning and costs of play, design and presentation of gambling management tools and in-play information to help customers maintain awareness of their gambling.

- 2.31** The industry is already subject to regulation on the types of information about gambling products and safer gambling that must be made available to customers, through the [Licence Conditions and Codes of Practice \(LCCP\)](#), the [Remote gambling and software technical standards \(RTS\)](#), and the [Gaming machine technical standards \(MTS\)](#) for gaming machine categories A-C only.
- 2.32** The LCCP also specifies via ordinary code that licensees should follow any relevant industry code on advertising, notably the Gambling Industry Code for Socially Responsible Advertising.
- 2.33** Once developed, we would seek to embed public health messaging on safer gambling through consultation on changes to existing requirements.

Summary of existing requirements for gambling operators' display of information about gambling products and safer gambling

LCCP SR 3.3.1 Responsible gambling information

Licensees must make information readily available to their customers on how to gamble responsibly and how to access information about, and help in respect of, problem gambling, including measures to help individuals monitor and control their gambling, timers or reminders, self-exclusion options and the availability of further help or advice.

LCCP Ordinary Code 3.3.2 Foreign languages

Licensees who market their services in one or more foreign languages should also make available information in those languages on how to gamble responsibly, access to help, and players' guides.

LCCP Ordinary Code 5.1.8 - Compliance with industry advertising codes

Licensees should follow any relevant industry code on advertising, notably the Gambling Industry Code for Socially Responsible Advertising.

RTS 1 Customer account information

To provide customers with easily accessible information about their current balances and facilities that enable them to review previous gambling and account transactions.

RTS 3 rules, game descriptions and the likelihood of winning

To enable customers to make informed decisions about whether to gamble based on their chances of winning, the way the game, lottery or event works, the prizes or payouts on offer and the current state of multi-state games or events.

Information that may reasonably be expected to enable the customer to make an informed decision about his or her chances of winning must be easily available before the customer commits to gamble. Information must include:

- a description of the way the game works and the way in which winners are determined and prizes allocated
- house edge (or margin)
- the return to player (RTP) percentage or
- the probability (likelihood) of winning events occurring.

Gaming machine technical standards (Section 8)

The information that Category A-C gaming machine must display includes:

- information on all possible winning outcomes, or a link to where this information may be viewed such as on a help menu; and
- win amounts or odds given for each possible winning outcome, or a link to where this information may be viewed for example on a help menu.

Display notice requirements for these gaming machines include information to show the machine's minimum average percentage payout and/or the percentage return to player based on best strategy.

Evidence assessment

2.34 There is a universal lack of robust evidence of the impact of public health campaigns on behaviour change, and this is particularly true of the gambling sector. However, we have consulted several evidence reviews, [summarised at Annex C](#), conducted across different jurisdictions which have informed our recommendation and outline principles which increase the likelihood of messaging having the desired impact.

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3 Advertising, marketing and sponsorship

Key recommendations and actions

Targeted action around advertising and sponsorship is necessary, especially to better ensure that children and people who may be vulnerable have significantly reduced exposure. This involves:

- Further reducing the visibility of advertising to those who are too young to be able to use advertised products and services. We fully support the Committee of Advertising Practice's (CAP) introduction of tougher rules regarding the appeal of ads to under 18s and we are working with them to ensure sector-wide compliance. Government should require social media platforms to do more to prevent under 18s being able to follow, view and interact with gambling content and introduce clear, transparent, 'one click' opt-outs from gambling advertising.
- Reducing the visibility of advertising to individuals or groups identified as being at risk of harm. We recommend that Government consider a ban of shirt sponsorships in some elite sport competitions where there is a significant following of under-18s, such as the English Premier League. We also recommend that Government seeks to limit the amount of gambling ads/sport sponsorships promoted within elite sports stadia.
- Ensuring that incentives are only offered responsibly. We will undertake a review of incentives such as free bets and bonuses to ensure that they are constructed in a socially responsible manner and do not encourage excessive gambling. The Commission also commits to exploring the case for further restrictions on cross-selling and to giving greater power to consumers on the types of direct marketing they receive.

Background

Regulatory framework and rules

- 3.1** The freedom to advertise, subject to reasonable consistency with the licensing objectives and a range of legal and regulatory controls, is hardwired into the Gambling Act 2005 (the Act). Powers to regulate gambling advertising are shared between the Secretary of State, Ofcom, the Advertising Standards Authority (ASA) and the Commission.
- 3.2** The ASA is the principal regulator for the advertising of all lawful products. Gambling advertising, across all media, is subject to robust controls, which reflect the aims of the licensing objectives. The [UK Advertising Codes](#), which are written by the Committees of Advertising Practice (CAP) and enforced by the ASA, are specifically designed to ensure that marketing communications for gambling products are socially responsible, with particular regard to the need to protect children, young persons under 18 and other vulnerable persons from being harmed or exploited by advertising that features or promotes gambling. In particular, ads for gambling must not be targeted at

under 18s or be of particular appeal to them. We work very closely with the ASA and if a gambling firm is found to be in serious or repeated breach of the rules, we can take tough action, including fining.

- 3.3** Our principal remit is to prevent the advertising of unlawful gambling. However, we can issue codes of practice which may include provisions relating to how lawful gambling is advertised. LCCP requires licensees to abide by the [UK Advertising Codes as applicable to gambling](#) and features a range of additional controls and restrictions. These include provisions which restrict the offering of inducements to gamble, for instance. In exercising such powers, we must take into account our statutory duty to permit gambling insofar as it is reasonably consistent with the licensing objectives, and the principle of proportionality.

Public concern

- 3.4** We recognise public concern about the prevalence of gambling advertising and sponsorships – particularly when associated with high-profile professional sports – and its potential impact on children and vulnerable people. Without further action, it risks undermining trust and confidence in the licensing objectives and the regulatory regime.
- 3.5** However, calls for a ban represent a very fundamental departure from existing legislation which permits the advertising of gambling in all forms provided there are adequate protections in place to prevent children and vulnerable people from being harmed by ads for gambling (these protections are set out in the [UK Advertising Codes](#) and [LCCP requirements on marketing](#)).
- 3.6** Some stakeholders argue that regulations governing advertising ought to revert to the pre-2005 position with a ban on most broadcast advertising. However, the gambling, consumer and technological landscapes have changed beyond recognition since then. In particular, the rise and growth of online gambling has meant that consumers can access gambling products that are legitimately available in Britain but might be delivered from overseas.
- 3.7** Whilst evidence points to levels of online black-market gambling being low compared to the size of the market, the ability to advertise is a key way in which licensed operators can distinguish themselves from those that may be operating illegally. There is very limited research on the impact very significant restrictions or a ban on advertising would have on protecting consumers from the black market. If Government were minded to consider a return to the pre-2005 position, this research gap would have to be properly addressed.
- 3.8** Should Government conclude that gambling, or some gambling products, should no longer be regulated as a leisure activity but regulated as a product that is inherently harmful then a ban on advertising would be a logical, and arguably necessary, public policy stance to take. However, a ban or significant blanket restrictions would be inconsistent with the Government's public policy position which frames gambling as a mainstream, leisure activity.
- 3.9** If the public policy status quo were to remain, we consider that further targeted action on advertising would still be necessary to maintain trust and confidence in the licensing objectives and reduce the risk of advertising being a driver for harm.
- 3.10** It is important to stress that advertising cannot be considered in isolation. We consider that our principal focus should be on ensuring that the gambling product and the transactional relationship between the operator and consumer is as safe as it can be. We are of the view that our broad package of ongoing work to make gambling safer (such as age verification, safer game design, customer interaction, single customer

view) combined with our recommendations on areas such as increasing online protections, will make the playing of the advertised product considerably safer.

Previous reviews

- 3.11** The gambling advertising rules were subject to significant ministerial-level reviews in 2014 and 2017/18. On both occasions it was concluded that the rules were appropriate set against the existing evidence base, and within current legislation. At the point of the last review, we considered the available evidence was limited and did not indicate a need to change existing rules, but we recognised the need to work with partners to build on the evidence base.
- 3.12** Since then, there have been significant developments on this topic. We strengthened requirements on operators to adhere to the UK Advertising Codes, giving us power to fine where rules are breached. We introduced [new requirements for operators on e-marketing](#) to prevent operators sending direct e-marketing to consumers without their informed and specific consent; and made it clear that we will hold operators accountable for the actions of their marketing affiliates. We also introduced rules to prevent gambling ads being placed on illegal websites providing unauthorised access to copyrighted content.
- 3.13** Our collaborative work with the Competition and Markets Authority (CMA) and the ASA on unfair terms and misleading practices, which concluded in 2018, saw [major changes and improved standards in the online sector on the fairness and openness of promotional offers](#). The CMA took enforcement action against operators who they believed were breaking consumer protection laws and set out clear principles for the industry in relation to online promotions, practices, and account withdrawals.
- 3.14** CAP has also continued to monitor the evidence base and has published new and/or updated guidance to support compliance with the requirements, including:
- [Updated guidance on Free bets and bonuses](#) – to ensure ads for promotions don't mislead.
 - [New guidance on Responsibility and problem gambling \(PDF\)](#) – to ensure that claims, imagery, or marketing approaches do not unduly influence vulnerable groups or include content that is likely to cause harm.
 - [New guidance on Protecting children and young people](#) – to provide better protections for children and young people and to reduce their exposure to online gambling ads.
- 3.15** Industry also implemented its 'whistle to whistle' ban on TV betting advertising during live sport and in response to [our 'AdTech Challenge'](#), introduced a range of new measures to better target advertising away from children and other vulnerable audiences. The [BGC committed to evaluating the impact of these new measures to reduce visibility of advertising](#).

Key contextual evidence

Evidence of harm

- 3.16** A key milestone since the last ministerial review on gambling advertising has been the publication in 2020 of [research on the impact of gambling marketing and advertising on children, young people and vulnerable adults by Ipsos Mori \(PDF\)](#). The research concluded that there are reasonable grounds for concern about the impact of marketing and advertising, and that there is a link between gambling advertising and the attitudes, current and likely future behaviours of children, young people and vulnerable adults. The report stated that *'this is not to say that gambling cannot be*

enjoyed recreationally at legal age; however, these groups have already been identified as being more likely to experience gambling disorder or be vulnerable to gambling related harms’.

- 3.17** The research recommended that changes to advertising practices should be an intrinsic part of a wider policy initiative that also considers the influence of peers and family members in exposure to gambling brands and practices, as the research shows that these factors correlate more closely with current gambling behaviour than exposure to or engagement with advertising.
- 3.18** Our [research exploring the gambling journeys of young people in 2021](#), also found that friends and family play (particularly extreme exposure via parents) an influential role in shaping gambling behaviour, whilst advertising and marketing has less of an influence on young people’s tendency to gamble. However, the research also notes that for those that already gamble, and especially vulnerable groups, advertising plays a powerful nudge and trigger to gamble.

Evidence of exposure

- 3.19** [Research on advertising published by Ipsos MORI in 2020 \(PDF\)](#) found an increase in the volume of, and spend on, gambling advertising in recent years. It reported exposure to adverts among 11- to 24-year-olds is high, with TV being the most common route, with social media and the high street also key routes to exposure.
- 3.20** The [Commission’s Young People and Gambling Survey \(2022\)](#) found that majority of 11 to 16-year-olds (66 percent) have seen or heard gambling adverts or gambling sponsorships. Young people are most likely to have been exposed to adverts on the TV (57 percent), followed by adverts linked to a sports event (37 percent). Many young people were exposed to gambling adverts online, with 44 percent having seen gambling adverts on social media websites and 35 percent on websites other than social media. It is important to note that exposure to adverts does not necessarily lead to gambling. Among young people who have ever seen or heard any gambling advert or sponsorship, the majority (82 percent) say that it did not prompt them to spend money on gambling when they did not otherwise plan to. However, 7 percent say that the advert or sponsorship did prompt them to do so.
- 3.21** The Ipsos MORI research also found that children and young people reported relatively low engagement with gambling advertising. Two thirds (67 percent) said that they had not engaged with gambling brands and marketing in any way. For those who did report engaging with gambling marketing, some of these could be seen as more passive engagement relating to sponsorship, such as owning merchandise sponsored by a gambling company (9 percent) or attending an event sponsored by gambling (8 percent).
- 3.22** Although participants of the research reported high levels of exposure to gambling adverts, [the Gambling Commission’s quarterly online survey](#) shows that overall exposure to adults has remained stable since 2016. The [ASA’s ‘Children’s exposure to age-restricted TV ads’ 2021 update \(PDF\)](#), shows that between 2010 and 2021, children’s exposure to gambling ads decreased by just over a quarter from an average of 3 ads per week in 2010 to 2.2 ads per week in 2021. Children’s exposure levels peaked at an average of 4.4 ads per week in 2013 and have remained at broadly stable and lower levels since then.
- 3.23** We recognise that there is a need to continue building on research, such as via a longitudinal study, to fully understand whether advertising has an influence on gambling behaviour and harms. In the meantime, we consider it is necessary to take a precautionary approach and targeted action around marketing and advertising,

especially to better ensure that children and people who may be vulnerable have significantly reduced exposure. The following section outlines the key areas and specific actions we consider are needed.

Our recommendations and actions

Advertising recommendation/ action 1: Reduce the appeal of ads to under 18s

We fully support CAP's introduction of tougher rules regarding the appeal of ads to under 18s and we will work with them to ensure sector-wide compliance.

- 3.24** Stemming from the review of the [advertising research led by Ipsos MORI in 2020 \(PDF\)](#), CAP launched a consultation in October 2020 on further tightening the rules around the content and targeting of gambling ads, in particular, to further limit the appeal of gambling ads to under 18s and other vulnerable people. Gambling advertising is presently prohibited from including content that is likely to appeal more to under 18s than to adults; in other words, the 'particular appeal' restriction.
- 3.25** In April 2022, CAP introduced the new and tougher requirements by mirroring restrictions placed on alcohol ads, which bans creative content from appealing 'strongly' to under 18s and came into force in October 2022. A 'strong' appeal test identifies content (imagery, themes and characters) that has a strong level of appeal to under 18s regardless of how it is viewed by adults and would decrease the potential for gambling ads to attract the attention of under 18s in an audience. This would have significant implications for gambling advertisers looking to promote their brands using prominent sports people and celebrities, and also individuals like social media influencers.

Advertising recommendation/ action 2: Reduce exposure to advertising through sports sponsorship

- 3.26** Sport is an important context in which exposure to gambling advertising is likely to occur. Audiences, including children and young people are heavily exposed to shirt sponsorships, competition branding, in-stadia advertising notably via pitch side rolling LED display boards, betting partner deals, and associated betting promotional offers.
- 3.27** The Ipsos MORI research found that sponsorship in sports programming is a route for gambling advertising and can lead to frequent appearances of gambling adverts during broadcasts.² For example, at its most intense, during a boxing match, researchers at the University of Stirling found that there was on average one gambling reference every 13 seconds, and similarly across the five football matches analysed as part of this research, there was a reference to gambling on average every 21 seconds.
- 3.28** The [Commission's Young People and Gambling Survey \(2022\)](#) shows that gambling adverts and promotions are seen or heard frequently by young people. All types of

² [The effect of gambling advertising on children, young people and vulnerable adults, Ipsos MORI, March 2020 \(PDF\)](#).

adverts mentioned are seen at least once a week by at least one third of young people. Adverts on live streaming or video sharing platforms are seen at least once a week by the highest proportion of young people (47 percent). Gambling adverts or promotions on apps and on social media are seen or heard at least once a week by similarly high proportions of young people (46 percent and 45 percent, respectively). Sports events are associated with frequent exposure to gambling advertising: 36 percent of young people see gambling adverts linked to a sports event at least once a week.

- 3.29** Ipsos MORI, in their analysis for people aged 11 to 24, who did not currently gamble, found that exposure to advertising was significantly associated with a likelihood to gamble in future, and this was an indicator of their ‘susceptibility’ to gamble. Indeed, as stated in the evidence section above, data from our own research shows that ads/sponsorship prompted 7 percent of children aged 11 to 16 to spend on gambling ([Young People and Gambling Survey 2022](#)).
- 3.30** The [Commission’s research on gambling typologies and why people gamble \(2019\)](#) showed that the prevalence of gambling advertising in sport was a complex issue – most felt the volume was excessive, but some felt gambling had a positive impact on sport. Regardless of sentiment, there is a view that the link between sport and gambling has been increasing and strengthened in recent years, and that sport is becoming increasingly integrated and associated with gambling behaviour. Whilst most people perceive there to be minimal conscious cross-over between their passions/interests and their gambling behaviour, the primary exception to this rule is the overlap between gambling and passion for sports (and particularly football), which can be powerfully and consciously linked.
- 3.31** Evidence of high levels of exposure to gambling marketing is also apparent from high brand awareness and recognition. Ipsos MORI research (2020) showed that respondents correctly identified 8 out of 9 gambling company logos.³ Young people who watched a considerable amount of football on television were significantly more likely to place a sponsor next to the correct team compared to other young people; indeed, over half were able to correctly place three or more shirt sponsors magnets next to the corresponding English Premier League (EPL) team.⁴
- 3.32** Our engagement with the Commission’s Lived Experience Advisory Panel, and evidence from treatment providers, shows that exposure to gambling advertising (including sponsorships) impacts vulnerable adults, such as those self-excluded, and those trying to reduce their gambling, and triggers them to gamble.
- 3.33** Logos/branding on football shirts and in-stadia are less avoidable than other forms of advertising. Vulnerable adults can exclude themselves from receiving direct marketing via self-exclusion schemes, and by using tools available online to control and limit exposure to gambling related content. However, during sports events, particularly in elite football, there are less opportunities to reduce exposure due to the high volume of advertising during play.

³ [The effect of gambling advertising on children, young people and vulnerable adults, Ipsos MORI, March 2020 \(PDF\)](#).

⁴ [Recall and awareness of gambling advertising and sponsorship in sport in the UK: a study of young people and adults, Natalie Djohari and others, April 2019](#).

- 3.34** CAP has responded to the research led by Ipsos MORI by strengthening rules on the content of ads to limit appeal to audience that are under 18 by prohibiting content that 'strongly' appeals to this group. The [guidance on gambling advertising](#) helps advertisers to identify activities and persons/personality/characters that are likely to be of 'strong' appeal. For example, football is the most prominent subject of 'strong' appeal as it is an activity where a very significant proportion of under 18's participates directly on a frequent basis and have a general interest in through following professional teams and players across variety of media. Leading on from this, a personality would include footballers who play for top clubs and UK national teams.
- 3.35** Therefore, we consider there to be a case to support further action to reduce exposure to gambling ads and sponsorships in sport, and further protect children and vulnerable groups identified as being at risk of harm.
- 3.36** Elite sport, such as the English Premier League, is viewed by significant numbers of under 18s and people who have been harmed by gambling or are at risk of gambling harms.
- 3.37** Given that the UK Advertising Codes prevent high profile sports people from appearing in adverts for gambling, and that sponsorship arrangements do not fall within the remit of ASA/CAP, it is logical and appropriate to argue that they should also not be able to promote gambling brands through shirt sponsorships, particularly in elite sports.

We therefore recommend that Government considers banning gambling shirt sponsorships in some elite sport competitions where there is a significant and engaged following of under 18s, such as the English Premier League. We also recommend that Government seeks to limit the amount, and frequency, of gambling ads/sport sponsorships promoted within elite sports stadia.

Advertising recommendation/ action 3: Reduce exposure to online advertising

- 3.38** We understand from the call for evidence responses and engagement with the Commission's advisory groups that the targeting of online advertising is a key area of concern. Points have been made that advertising is driven by predictive algorithms and therefore, consumers that are most engaged, which can include at-risk or problem gamblers, will be targeted with a high volume of marketing. Concerns also relate to ads being targeted on children's websites, although the [ASA's Avatar Monitoring work](#), which identifies and tackles age-restricted ads appearing in children's media, did not show widespread failings by gambling operators.
- 3.39** In the [Commission's online tracker \(Year to December 2020\)](#), 25 percent of survey participants had seen some form of online advertising more than once a week, with the most prevalent of these being through some form of social media (14 percent) and via other websites (15 percent). The least prevalent form of online advertising seen was directly via email, text message or app push notification, with only 8 percent seeing this channel more than once a week. It also shows that problem gamblers are the most likely, by far, to follow gambling companies on all social media/streaming platforms (47 percent and 36 percent on Facebook and YouTube respectively) while non-gamblers and non-problem gamblers are the least likely to do so.
- 3.40** There is also high social media engagement with young adults. Data from the same survey period shows that 31 percent of 18 to 24-year-olds who have gambled in the last 12 months have been prompted to spend money on gambling by advertising on

social media and the percentage decreases with age (28 percent of 25 to 34-year-olds), and more likely than older adults to be active on social media more generally.

- 3.41** We consider it is important that consumers have the power to control how much gambling advertising they see online. We continue to work with social media platforms on the availability, and the promotion of, tools to help consumers limit their exposure to ads and gambling-related content. We have published consumer guides on [controlling gambling related content you see on Twitter](#) and [controlling gambling related content you see on Facebook](#).

Therefore, we recommend that Government should require social media platforms to do more to prevent under 18s being able to follow, view and interact with gambling content and introduce clear, transparent, 'one click' opt-outs from gambling advertising.

Advertising recommendation/ action 4: Ensure that only socially responsible incentives are permitted

- 3.42** Operators are required to treat consumers in a fair, open and transparent way. This extends to operators' terms and conditions and practices in relation to promotional offers, ensuring all significant terms are presented in an accessible, clear and transparent way. Our work with the Competition and Markets Authority (CMA) led to improved compliance with consumer law and a significant reduction in complaints on promotional offers, such as free bets and bonuses. Our work with the ASA also led to the strengthening of CAP/BCAP guidance to ensure that ads remain responsible, which includes, for example, the provision of restricting ads that create an inappropriate sense of urgency like those including 'Bet Now!' offers during live events.
- 3.43** Qualitative evidence from the Commission's Lived Experience Advisory Panel, our compliance activity and ADR casework, has raised concerns around promotional offers that are designed in a way that could lead to excessive gambling, such as setting high wagering requirements attached to bonus money.
- 3.44** Research on the links of wagering requirements on behaviours also found a clear link between inducements and gambling frequency, intensity, and at-risk behaviours, with impact on those most at risk of harm.⁵ Data from the [Commission's quarterly online survey on free bets and bonuses](#) shows that 31 percent of respondents agreed that receiving free bets/bonus offers encouraged them to gamble more than they wanted to. The rules under LCCP require operators to ensure rewards and incentives are constructed in a socially responsible manner.

We consider there to be a case to build on these existing requirements. We will undertake a review of incentives such as free bets and bonuses and consult on further measures to ensure that they are constructed in a socially responsible manner and do not encourage excessive or harmful gambling.

⁵ [Impact of wagering inducements on the gambling behaviors of on-line gamblers: A longitudinal study based on gambling tracking data, Marianne Balem and others, 2021.](#)

Advertising recommendation/ action 5: Ensure that vulnerable customers are not targeted by marketing

- 3.45** We want to limit the risk posed to consumers who are showing signs of potential harm, including the risk of receiving marketing and offers. [Our remote customer interaction consultation](#) proposed a number of measures to achieve this, via the customer interaction requirements and guidance for operators. Following consultation, we implemented the changes proposed.

The Commission has recently published the [outcome of our customer interaction consultation](#) which included a new requirement that operators must not market to or offer bonuses to customers who are displaying strong markers of harm. This change came into effect in February 2023.

Advertising recommendation/ action 6: Monitor the impact of recent stronger controls for High Value Customer schemes

- 3.46** We introduced new rules on the treatment of high value customers and specified that High Value Customer (HVC) schemes must be offered in a manner which is demonstrably consistent with the licensing objectives. Where licensees cannot apply effective controls including effective due diligence, senior oversight, clear accountability, and a culture of responsibility around these schemes, they must not be operating them. The industry published a [new industry code of conduct](#), which included a number of actions and related guidance specific to HVC and identifies a number of positive and negative behaviours to ensure operators are not acting in a predatory or exploitative manner.
- 3.47** We consider the new stronger requirements and associated code and guidance restrict the circumstances in which incentives are offered to consumers and has given a clearer basis to raise standards. We have been and continue to monitor the effectiveness of the guidance through our ongoing compliance and enforcement work. Our initial work has identified that there has been a significant decrease in the scale of HVC schemes. Some operators have discontinued them altogether, and those that remain are applying more robust controls, for example, stringent due diligence checks and having direct oversight of the schemes.

We will continue to monitor the impact of the changes made to HVC schemes, and if this approach fails to deliver the outcomes required, we will revisit the need to impose more prescriptive requirements for specific licensees or general requirements. In the meantime, the industry could take steps to further mitigate any potential risks associated with HVC schemes.

Advertising recommendation/ action 7: Restrictions on the cross-selling of products

- 3.48** We consider more should be done to give customers of online gambling businesses the power to control the marketing they receive. We consider there is a case to extend the principles of [Privacy and Electronic Communications Regulations](#) (which require a very high bar, and granular level, of consent to send direct acquisition e-marketing) to new and existing customers. Customers should be given more control over the marketing they receive by having to pro-actively opt-in to receive marketing by channel (for example e-mail, SMS, in-app) and product type (for example betting, bingo, casino).
- 3.49** [Data on free bets and bonuses from the Commission's quarterly online survey](#) shows that, on average, across all gambling activities, consumers had received seven incentives to gamble within the last seven days. The activities which respondents who reported receiving an incentive were most likely to report receiving them for online betting activities (73 percent), with online activities such as slots (39 percent), bingo (37 percent) and casino (30 percent) being most frequently incentivized after that.
- 3.50** Almost two thirds of gamblers had received some form of gambling incentive in the last 12 months, with the most common being for Free Bets/Spins, closely followed by Sign Up Offers. The research also shows that some consumers (39 percent) liked receiving free bets/bonus offers, but 41 percent did not. Qualitative evidence from LEAP also indicates that consumers who sign up to one product, very quickly receive offers for riskier products, such as casino games. Our data also suggests that young adults take up offers more than other age groups, and also spend more than they intend to due to direct emails from gambling companies. This is more prevalent for those in the moderate to high-risk categories within this age group.
- 3.51** The data also shows that 28 percent of respondents started to gamble on a new activity as a result of receiving a bonus offer. Although this may demonstrate a successful marketing campaign, we would be concerned if this has a negative impact on people who are vulnerable.
- 3.52** Finally, our data shows that 77 percent of problem gamblers (according to the PGSI) were prompted to spend money on gambling when prompted with a free bet or a bonus, compared with 14 percent of non-problem gamblers.
- 3.53** Currently, there is a gap in research on the impact of cross-selling and the potential impact on vulnerable adults. With that in mind, we consider further exploration of protections is required and to giving greater power to customers on the types of marketing they receive.

Therefore, we will explore the case for restrictions on the cross-selling of products, such as requiring an opt-in consent from customers before different products can be promoted to them via direct marketing.

Evidence assessment

- 3.54** There is a high level of evidence, [summarised at Annex D](#), that supports our recommended changes and support for further research; from the ASA, academic research, our advisory groups, and our own in-depth qualitative research. Whilst the evidence base in this area is strong, we do recognise that there remains a lack of longitudinal evidence of the impact of advertising on consumers' experiences of

gambling-related harm. We also support the recommendation for further research, particularly exploring cross-selling.

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4 The Gambling Commission's powers and resources

Key recommendations and actions

- The Gambling Commission must have a more flexible and effective funding mechanism that allows us to deliver our statutory functions to meet current and future regulatory challenges.
- There is a need for significant investment, particularly in data systems in order to apply big data approaches to understanding consumer behaviour and operator compliance. We recommend that the Commission's funding is extended to support these big data approaches and to make available further regulatory data in an open data approach.
- The Commission requires additional powers to tackle illegal gambling through disruption activity. We also recommend that there are changes to primary legislation making it clearer what constitutes an illegal lottery, free draw, prize competition or betting prize competition.
- In a world of increased business complexity and internationalisation, change is needed to make it simpler to take the appropriate action to safeguard consumer interests quicker, for example where there are changes of corporate control and licence surrender.

Resources

Resources recommendation/ action 1: Funding to deliver effective regulation

The Gambling Commission must have a more flexible and effective funding mechanism that allows us to deliver our statutory functions to meet current and future regulatory challenges.

- 4.1 In 2020, the [National Audit Office's \(NAO\) report on the Gambling Commission and gambling regulation \(PDF\)](#) noted that: *'the way people gamble is changing, with new risks emerging in online and mobile gambling and other technological developments. The Commission's ability to ensure consumers are protected from these new risks is constrained by factors outside its control, including inflexible funding and a lack of evidence on how developments in the industry affect consumers.'*
- 4.2 In September 2020, the Government confirmed that it agreed with the [Public Accounts Committee's \(PAC\) recommendation on gambling regulation](#) that *'The Department should also set out details on how it will ensure the Commission has the funding and the flexibility it needs to regulate effectively in a legal situation in which currently fewer, larger firms means less funding for regulation.'* The Government confirmed that the

Review of the Gambling Act 2005 would be the vehicle for implementing this recommendation.

4.3 We therefore work on the basis that there is acceptance that the current fees model is no longer fit for purpose:

- There is a serious mismatch between the current and future demands on the regulator and the resources available to it.
- There is a need for greater flexibility in the legislative structure for fees, in line with that provided to other regulators.

4.4 Having conducted a review of the resource frameworks of a number of regulators, it is our consideration that the case has been made for a new framework involving the following key elements:

- The Gambling Commission should set its fee categories and fees, based on full cost recovery and associated with a fully costed corporate plan.
- Annual fee reviews should be carried out by the Commission, with appropriate consultation.
- More tailored fees - reflecting the complexity of work associated with the true costs of licensing and regulation for different categories of applicants and licensees; and avoiding cross-subsidy between categories.
- Appropriate checks and balances to be built in, including a robust and transparent performance framework.

4.5 The Government's Review of the Gambling Act 2005 could bring new or extended remits for the Commission – these must have accompanying funding mechanisms which also meet the principles including flexibility to respond to challenges. This also applies to legislative change which is happening outside of the Review of the Gambling Act 2005, such as the approach that has been taken in respect of the role to be attributed to the Commission to collect the Economic Crime Levy.

4.6 We have confirmed that there are five key areas of investment needed, some of which are explored further as part of additional recommendations in this section of our Advice:

- Increased financial resilience
- Investment in infrastructure - particularly in data to support regulation
- Greater ability to respond to the challenges of regulation of the market, including through application of the right skills
- The Commission should take an increased role in research and evaluation
- Invest in knowing what works.

Resources recommendation/ action 2: Investment in regulatory data

There is a need for significant investment in data for regulatory purposes. The Gambling Commission resources are not currently sufficient to deliver and implement an effective data strategy. Alongside increasing our big data approach for regulatory purposes, we commit to an open data approach (where appropriate).

- 4.7** Our key area of focus is understanding consumer behaviour and patterns in a timely manner. This should involve more timely and granular data to enable quicker assessment of the risks to consumers to inform policy and enable regulatory action to be taken more swiftly where necessary. Subject to resources, we would seek to build on our data approach, in particular through:
- big data collection in a manner similar to the smaller one-off analysis of [Patterns of Play data](#), commissioned by GambleAware and based on industry-provided data.
 - building on the flexibility offered by [our approach to improve our participation and prevalence statistics](#), which will also introduce harms monitoring (in pilot phase).
 - measuring industry compliance in a meaningful way. We seek to increase the scale and adapt our approach to measuring the industry's compliance significantly.
- 4.8** Alongside increasing our big data approach **for regulatory purposes, we commit to an open data approach (where appropriate)**. We support the sharing of data/ research on the [UK Data Service](#), the nationally funded research infrastructure provided by ESRC for curating and providing access to social science data; and we would explore an expansion of both making data directly available and expanding our contribution to projects such as the UK Data Service.
- 4.9** We envisage that an open data approach to our regulatory data would significantly contribute to the ability of researchers and academics to use player behaviour data for wider research purposes.
- 4.10** The scale of options for a regulatory data repository varies widely. Multiple options exist, with technological solutions ranging from internally managed web-portals and file-shares to data lakes, hosted by contracted third party providers.

However, we do not consider it appropriate for the Commission to take on ownership of a data repository which would be responsible for holding wider gambling-related data, especially where it is generated outside of our regulatory role.

- 4.11** The concept of a data repository to provide access to gambling data for researchers has been discussed for many years and it was referenced in the [National Strategy to Reduce Gambling Harms](#) in April 2019 as a joint goal for partners to the Strategy. A scoping study followed in August 2019 (commissioned by GambleAware).
- 4.12** A wider data repository would enable the research community to access large volume data sets from other sources, for example self-exclusion scheme providers, Alternative Dispute Resolution providers, NHS and third sector treatment providers and others. This would include data from gambling licensees (of play, transaction and customer account data) and would be used to conduct research into the types and causes of gambling-related harm, accelerating development of our collective evidence base.

- 4.13** Whilst we support data sharing to accelerate understanding of gambling harms, a large data repository from multiple sources would be a project on a massive scale – it would involve collating, cleansing, linking and being responsible for data which does not relate directly to our regulatory role.
- 4.14** Whilst there are examples of data repositories in other fields, they typically involve:
- Self-generated data (such as academic institutions pooling data over time from longitudinal studies).
 - Public research bodies like ESRC with significant long-term resources and capacity.
- 4.15** Therefore, the Commission recommends to Government that the Commission is key to expanding access to regulatory data through an open data approach, but we do not consider it appropriate for the Commission to take on ownership of a wider data repository.

Powers

Background and key principles of an effective legislative framework

- 4.16** We consider that there are five key principles that explain what we want to see in a gambling regulatory and legislative framework. These principles take account of the licensing objectives, the needs of consumers, and the evidence we have gathered about our work. They also consider how our resources are prioritised and what we need to ensure we can prioritise in the future. To be the regulator we need to be, we need a regulatory framework that:
- facilitates the protection of consumers through the promotion of fair & proportionate outcomes.
 - is future-proof, allowing us to be agile and responsive to emerging issues and sufficiently flexible to cope with future developments and innovations.
 - assists us to prevent unsuitable operators and individuals from operating in the British market, ensures unlicensed operators are unable to provide services to consumers in Great Britain, and keeps crime out of gambling.
 - enables us to properly assess the behaviour of our regulated operators and take robust and effective action when things go wrong.
 - allows for effective partnership working with our regulatory partners and is effective at a local and national level.
- 4.17** Alongside the changes already in train to improve regulation and raise standards, we have considered how our powers under the Act might need to change to support our work and the increased challenges and complexity of regulating in a global market. We have considered changes that might need to be made to the Act to enshrine these principles within the regulatory framework.
- 4.18** We have also considered the emergence of ‘novel’ products, as in those that blur the boundaries between the definition of gambling in the Act and products that are regulated by other regulators (for example financial products/investments that may be regulated by the Financial Conduct Authority (FCA)) or not currently subject to any regulatory regime. We have recently updated our licensing, compliance and enforcement risk assessment framework to take more account on assessing the novelty of a product when considering whether to award a licence. Our recent [consultation on changes to our Licensing Compliance Enforcement Policy Statement](#) included proposals to make explicit that we will not normally grant a licence where a product appears to be an investment rather than a gambling product, or where some

element may also fall to be regulated by the FCA or other regulators. The Commission's regulatory remit extends as far as the statutory definition of gambling, and we are making changes to make it more transparent to operators and consumers where the boundaries lie.

Our regulatory function

- 4.19** The Commission is taking steps to enhance the delivery of our core regulatory function. Our current approach is set out in our [Statement of Principles for Licensing and Regulation \(PDF\)](#), our [Licensing, compliance and enforcement statement](#) and our [Statement of Principles for determining financial penalties \(PDF\)](#). We plan to strengthen our approach to financial penalties and other sanctions, including making broader use of conditions and increasing the quantum for persistent or egregious breaches. We will also explore expanding the requirement to hold personal management licences to other senior leaders in gambling operators through consultation.
- 4.20** However, our current resources only allow for a risk-based, intelligence-led programme of assessment. This resource is further consumed by repeat assessments of previously non-compliant operators, so the scope for assessment on any kind of routine basis is very small.
- 4.21** We have identified that we need to move to a regular audit of all operators, with the frequency determined by risk. This will require a significant increase in resources, but the frequency and nature of intervention would be informed by greater use of data and the opportunity for the industry to drive up standards through independent third-party audit as part of a recognised standard. This would mean the cost of regulation would be directly related to more contemporaneous assessment of data and the adoption of meaningful standards, transparent to the regulator.
- 4.22** In addition, we want to move to an enhanced account-based approach where operations team members are dedicated to each major operator on a permanent, full-time basis. In having dedicated team members focussing closely on the operators, there will be a much greater knowledge and understanding of these operators and the ability for much earlier intervention.

Challenges of regulating a global market

- 4.23** The British gambling market structure is becoming increasingly global and complex, with more licensed operators having complicated organisational/ownership structures, and/or providing services in a number of international markets. An increasingly globalised sector means some of the key risks the Commission faces (including money-laundering, betting integrity and so on) are global in nature and require global measures in response. Whilst there has been a long track record of us working with international regulators, we consider that there are opportunities to further strengthen those arrangements. We will be seeking to reach agreements with gambling regulators in other jurisdictions to take more effective action when an operator licensed in one jurisdiction operates illegally in another. This would mean that an operator licensed overseas would face regulatory action in that jurisdiction for operating without a licence in Britain. Similarly, operators licensed in Britain would face regulatory action by us where they were found to have operated illegally in the jurisdiction of one of our international partners.
- 4.24** In addition to commitments outlined above, the Commission will continue to:

- apply national and international best practice through the effective implementation of the Money Laundering Regulations, Proceeds of Crime Act and associated legislation and guidance.
- work closely with sport bodies and law-enforcement partners to achieve regulatory and criminal outcomes relating to betting integrity issues.
- develop our relationships with overseas jurisdictions and international bodies to support effective collaboration and information sharing.
- ensure our licensing processes remain robust and we are equipped to manage the risks associated with the increasing complexity of corporate structures.

Our recommendations and actions

Powers recommendation/ action 1: New powers required to tackle illegal gambling

The Commission requires additional powers (through legislation) to tackle illegal gambling through disruption activity and the ability to streamline some regulatory actions.

4.25 We consider changes to the Act such as the following would help to further mitigate risks to consumers and the licensing objectives and improve our ability to take action:

- A change to our powers to enable the Commission to require third party providers/facilitators to remove advertisements for, or stop supplying services to, unlicensed online gambling sites that we can demonstrate are targeting consumers in Great Britain. At present we can request that third parties, for example, remove adverts but we have no tools to compel this. This would be similar to the business disruption orders which are envisaged to be used to tackle online harms by Ofcom. It is our view that it would be appropriate to explore whether the Commission should be able to impose this requirement without having to seek a court order, unlike the arrangement in the Online Safety Bill. This is because the issue of whether an entity is offering unlicensed gambling is a binary issue, compared to the assessment of harms which is a more complex issue as set out in the Online Safety Bill.
- Changes to make clearer what constitutes an illegal lottery, prize competition, betting prize competition or free draw to make it easier for people to understand whether the game they are playing or setting up is legal or not, and for us to take any required action.

4.26 Our primary focus on reducing gambling harms is on the regulated market, but we also place significant emphasis on tackling illegal gambling. We have already committed to take further action around the black market as part of our response to the consultation in 2021 [Proposals for changes to Gambling Commission fees from 1 October 2021](#).

Illegal gambling

4.27 The black market poses a number of risks to consumers, though evidence about the size and scale of the black market is limited. Our regulatory work has shown us that the risks to consumers include the following.

Advertising illegal sites

4.28 Our intelligence work has shown that there is an increase in online advertisements that purport to direct consumers to gambling websites not licensed by us. These adverts

are sometimes presented as a means to circumvent self-exclusions via GAMSTOP. The gambling websites are not required to offer the consumer protections we expect from licensed operators, and any consumers using these sites could be at greater risk of gambling related harms and unfair treatment.

Advertising to vulnerable consumers

- 4.29** A separate concern is the risk that consumers who are in a vulnerable situation, particularly those who have recently self-excluded via GAMSTOP may be targeted with direct marketing via SMS or email directing them to unlicensed gambling sites. There are existing controls in place to deal with this risk. Firstly, the [Privacy and Electronic Communications Regulations](#) (PECR) rules, which are enforced by the ICO, apply where unlicensed gambling sites send direct electronic communications (for example spam via text, emails and so on) to British consumers. Secondly, the Commission has powers to take action on provision of illegal gambling to British consumers and we make recommendations in this advice on how to strengthen those powers.

Unlicensed online gambling sites

- 4.30** Unlicensed sites themselves pose an increased risk to consumers, which includes risk of harms from less safe gambling as well as risk of unfair treatment and of crime. Consumers have no assurance that the sites meet the same standards of fair treatment that we require of licensed sites. Nor can consumers be assured that the site is run as a legitimate business and not involved in crime. There are limitations in any estimate of the scale of the unlicensed market as sites can appear, disappear and change without warning (known as 'phoenixing'). It is when they target or are accessible by consumers in Great Britain that they become a risk. Our evidence of this risk is informed by complaints we receive from consumers. However, consumers often only complain to us about a site when something goes wrong, for example, when they are unable to withdraw funds from their account. We are also aware that in some cases, consumers will seek out ways to access sites that do not intend to offer facilities to consumers in Great Britain, to find better odds or to continue to gamble after self-excluding. This presents ongoing challenges to assessing the size and the nature of the black market.

Illegal lotteries, prize competitions and free draws

- 4.31** The 2005 Act was written before social media became such a large factor in daily life. We now see illegal prize draws and lotteries on a regular basis - our evidence is largely drawn from complaints made to us. For example, from January to August 2021, [actions taken on Facebook lotteries](#) already showed a 48 percent increase when compared to the entire year total for 2019. Following an investigation, a number of illegal Facebook lotteries were shut down this year. These events often do not have safeguards to prevent minors from taking part. We have also seen some examples of criminals using minors and vulnerable people as a front for an illegal lottery.

Unlicensed online gambling sites

Our current disruption framework

- 4.32** We use an intelligence-led approach to tackle the issue of illegal gambling. We assess information gathered from multiple sources and work closely with partner agencies to prevent consumers in Great Britain accessing websites that we do not licence. We employ an escalating approach:

- Initially we issue a Cease and Desist letter to the offending website, requiring them to cease offering services to or permitting access by consumers in Great Britain
- If the Cease and Desist letter is unsuccessful, we employ further disruption techniques, using our partnerships or relationships with other agencies, such as:
 - Asking web hosting companies to suspend or 'block' (IP block) consumers in Great Britain from accessing the websites
 - Contacting payment providers to remove payment services
 - Liaising with technology companies to prevent websites appearing on search engines or being hosted.
- If these methods prove unsuccessful, then a criminal prosecution may be authorised.

4.33 Under our current framework, we cannot compel third party providers to take action such as to block British access to the website, remove payment services or prevent websites from appearing in search engines. Moving to criminal prosecution has had limited effect, largely because websites can immediately disappear and reappear with a different identity (a phenomenon known as 'phoenixing'), and their ultimate owners and lines of responsibility are very difficult to fully trace. This also makes it very difficult to accurately scope the size of the black market.

Our activity in the last year

4.34 As noted, an unlicensed website only poses a risk to consumers in Great Britain if it is offering gambling facilities to them. When we receive a complaint or information about an unlicensed website, we first must investigate to establish whether such facilities are offered.

4.35 In the financial year 2021-22, we identified 89 instances of unlicensed remote operators transacting with consumers in Great Britain (this figure includes multiple reports on the same operator). As outlined in our 2021-22 [impact metrics](#), the resulting actions were:

- 14 operators prevented players based in Britain from gambling by removing GB registration
- 23 instances of Geo IP (internet address in a geographical location) blocked
- 2 instances where the website was suspended.

4.36 In addition, we continue to support police forces within the United Kingdom with their criminal investigations and provide advice through stakeholder engagement with the National Police Chief's Council. We also engaged with 15 international regulators, sharing information and learning to help raise prominence of this issue internationally. Our international engagement ensures we continue to refine and focus our own approach in relation to our tactics and disruption activity, understanding what works best in tackling this problem.

Approaches taken by other regulators

- 4.37** A number of European regulators maintain lists of blocked online gambling domains ('blocklists'). Blocklists can vary in type but tend to be lists of domain names that are offering unlicensed gambling facilities within a jurisdiction. Different jurisdictions may use blocklists in different ways, for example, requiring such domains to be barred by internet service providers and/or payment processors. Where this is enforced under local law, it provides additional tools for the regulator. By way of comparison and as previously mentioned, we can currently request a provider to take down a domain but have no powers to compel this.
- 4.38** Although blocklists can have some immediate impact, they can also become very large, and rapidly out of date as operators 'phoenix'. It can also take some time to achieve the necessary clearances to block a domain, which also allows an operator time to 'phoenix'. For example, in June 2002 Poland issued a new regulation seeking to streamline the process for blacklisting. Consumers are also able to circumvent blocked sites by using virtual private networks (VPNs) which can hide the consumers IP address and make it appear that they are not in a blocked jurisdiction.

Further detail on powers recommendation/ action 1: New powers required to tackle illegal gambling

- 4.39** Because of the speed at which blocklists can become outdated and the ease with which blocked domains can be circumvented, we consider it is more efficient to tackle the issue from a wider perspective. Blocking an individual site may prevent some individuals from accessing it for a short time. However, other disruption activities such as preventing sites from being able to advertise their products with or accessing other services from third party providers can both prevent the site from being able to reach consumers in Great Britain and also reduce consumer awareness that the site exists.
- 4.40** We are therefore proposing a change to our powers to enable us to require third party providers to cease offering services, including advertising, to unlicensed online gambling sites where we can demonstrate that these sites are targeting consumers in Great Britain. As noted above, we can currently request that third parties remove adverts or cease to provide services, but we have no powers to compel this.
- 4.41** We note the [Online Safety Bill](#) proposes business disruption orders which are envisaged will be used by Ofcom to tackle illegal online activity. The Bill proposes to establish a duty of care on third party providers of user-generated content, or facilitators of interaction between service users, including search engines. Ofcom will oversee and enforce this duty.
- 4.42** Ofcom will have a suite of enforcement powers available to use against companies who fail to fulfil the duty of care, including issuing directions for improvement, notices of non-compliance and civil fines. As a final resort where companies continually fail to comply, Ofcom will be able to block the company's services from being accessible in the UK, by requiring the withdrawal of services by key internet infrastructure third party providers. Ofcom will be required to obtain a court order to apply these sanctions.
- 4.43** Determining exactly how a company is in breach of the online safety bill is likely to be a more complex process that may have to account for many differing factors. We consider that the question of whether gambling products are being offered to consumers in Great Britain or not is a much more binary judgement, and relatively easy to demonstrate. We also note that in many cases, the speed with which we can act can make a great difference to the risk of harms that consumers are exposed to. We therefore recommend that it would not be proportionate that the regulator be

required to seek a court order to employ this power. The costs of such court order processes are significant.

- 4.44** Direct application of powers in this issue of clear provision of illegal gambling would include a published standard of evidence that the business is accessible to consumers in Great Britain before we could take action. It would also include an appeals route. However, it would be more effective to employ, as an online site could simply 'phoenix' while the court order process was being followed.

Further detail on powers recommendation/ action 1: illegal lotteries, prize competitions and free draws

Regulatory framework and rules

- 4.45** The 2005 Gambling Act aimed to continue previous permissions for small scale lotteries or lottery type products and competitions that could be lawfully promoted without the need for regulatory oversight. Some products – such as incidental, private and customer lotteries – were provided for in the Act under Schedule 11 (Exempt Lotteries). Others were deemed lawful because they could be distinguished from licensed lotteries under definitions of payment to enter (Schedule 2) and the application of skill, knowledge or judgement (Section 14(5)). 'Others were deemed to be lawful due to lacking one of the elements set out in the definition of a lottery. Such as payment to enter (defined by Schedule 2) or an outcome determined by the application of skill, knowledge or judgement (Section 14(5)) rather than chance.
- 4.46** Private and customer lottery requirements in Schedule 11 restrict the promotion and advertising of these lotteries to physical premises only and make no provision for virtual space, thus limiting their size and scope. These definitions were fit for purpose at a time before the internet became such a large part of daily life, and before social media sites such as Facebook were used for anything other than connecting remotely with friends.
- 4.47** We now see prize competitions, free draws and illegal lotteries on a regular basis across social media, television and radio and in pop-up advertisements on the internet. The events we see often do not have safeguards to prevent minors from taking part and offer incentives such as multi-buy or early purchase offers. These encourage people to join quickly and purchase more tickets rather than limit spend on entering. We have also seen examples of criminals using minors and vulnerable people as a front for an illegal lottery. There are no restrictions on when or to whom these adverts are directed, and no easy way for consumers to block them.
- 4.48** Prize competitions and free draws operate in a very similar space to regulated lotteries. However, they are unregulated, have no limits for prize values have no requirements to return an amount to good causes. This creates a tension between the products that can look identical, but one may only be run for non-commercial purposes while the other is usually predominantly for private or commercial gain. Following the expansion of digital television channels and growth of the internet, these products can reach the whole nation rapidly and have created difficulties when evaluating whether a competition truly tests 'skill, knowledge or judgement' in order to determine whether or not it should be regulated.
- 4.49** The phrasing of Section 14 paragraph 5 and Schedule 2 of the Act is such that determining whether something is a prize competition or free draw is subjective, dependent on whether a question is considered likely to prevent a significant proportion of people entering or getting the answer right, or if the information about entering the competition by sending a communication rather than paying is likely to come to the attention of someone intending to participate.

- 4.50** As a result, prosecutions are difficult to bring. Our policy on deciding whether to take criminal enforcement follows the Code for Crown Prosecutors' two-stage test. First: review the evidence and assess whether there is a realistic prospect of conviction; second: if there is sufficient evidence to indicate a realistic prospect of conviction, assess whether it is in the public interest for a prosecution to take place. We have not yet found a case that has met those two tests to bring a prosecution.
- 4.51** Likewise, we have seen issues regarding betting prize competitions. Section 11 of the Gambling Act 2005 defines where schemes purporting to be prize competitions will fall to be licensed as betting. Products that do not meet the full definition are distinguished from betting and lawful without a licence. This includes for example, where there is no payment to enter. Schedule 1 provides the definition of payment to enter for betting prize competitions. The phrasing of this mirrors the wording of Schedule 2 and carries the same problems regarding subjectivity.

Key contextual evidence

- 4.52** We have no regulatory remit over prize competitions and free draws, so our evidence is limited to the complaints made to us:
- Intelligence gathered on the reports we have seen/actioned over the last few years shows complaints about free entry routes take up the largest proportion of reports.
 - For Prize draws, 39 reports regarding concerns over the test of skill, knowledge, or judgement in 2021 (up to August) compared to 16 in 2020 and 24 in 2019.
 - Reports regarding free entry routes showed an increase - 57 (2021 to August), 44 (2020) and 42(2019).
 - Since 2019, there have been 549 reports about 386 entities, with Raffall, Elite Competitions, Bounty Competitions, Raffle House and Omaze being the most common.
 - Some entities have responded to intervention by making their products compliant, but others have been creative with how they interpret the requirements of the Act, including adding additional free draws to prize competitions for early response (disadvantaging postal entries), highlighting a free route but making it more difficult to find out how to use it, limiting the number of postal/free entries and completing the drawing of winners minutes after the competition or draw has closed to online entrants.
 - Whilst these actions test our position with regards to Section 14(5) and Schedule 2, legally most of them are not a clear breach of the Act - this would be a matter for the courts to determine on a grey piece of legislation. The legal teams of entities offering such products have often delivered advice that puts the likelihood of a successful court case in doubt, so resource is deployed instead repeatedly engaging with the promoters to change the products.
- 4.53** We recommend that there are changes to primary legislation making it clearer what constitutes an illegal lottery, free draw or prize competition. We also recommend that consideration is given to clarifying the requirements for betting prize competitions. This would provide a definitive basis for advice to consumers so they could understand whether the product they were entering or setting up is legal or not. It will also provide a stronger legal clarity for us to use in taking action against entities that appear to be in breach of the Act.
- 4.54** Government may wish to consider introducing regulation for unregulated draws operating within the current rules to provide for consumer protection from harm.

- While it would be preferable to make changes to primary legislation on these points if possible, there is some flexibility existing within the Act to change what is regarded as a lottery, as well as what is regarded as payment to enter, through the secondary powers in s14(7) –

The Secretary of State may by regulations provide that an arrangement of a specified kind is to be or not to be treated as a lottery for the purposes of this Act; and—

- (a) the power in this subsection is not constrained by subsections (1) to (6) or Schedule 2, and*
- (b) regulations under this subsection may amend other provisions of this section or Schedule 2.*

- This could look at size and scale in a similar manner to exempt (small society) lotteries.

Powers recommendation/ action 2: Legislation to streamline regulatory action

In a world of increased business complexity and internationalisation, change is needed to make it simpler to take the appropriate action to safeguard consumer interests quicker. We recommend that legislation is amended to allow for streamlined regulatory action in a number of areas. These include the process for change of corporate control applications, options for investigations and licence surrender, and flexibility on penalties imposed on licensees.

Further detail on powers recommendation/ action 2: change of corporate control

- 4.55** We recommend that Government make it simpler for us to take the appropriate action to safeguard consumer interests quicker when a business undergoes a change of corporate control.
- 4.56** Since the 2005 Act was introduced, business structures have become increasingly complex, often spanning jurisdictions. Evidence from our casework has shown us that these structures obstruct our ability to identify the people who are ultimately accountable for and benefiting from licensed entities. This makes it increasingly difficult to ensure that the licensing objectives are being met, in particular that a business has not come under a criminal influence that will then pose a risk to consumers. Under the current framework, Section 102 of the Gambling Act 2005 outlines when a Change of Corporate Control is deemed to have taken place. Such changes must be reported to the Commission within five working days, and the licensee must either surrender the licence or apply for it to continue to have effect within five weeks of the change. The onus is on the licensee to provide the required proof of ownership.
- 4.57** Currently, we can make a binary decision on applications for changes of corporate controls – to accept or reject. It is becoming increasingly common that we have to pause applications to consider significant suitability concerns (often for previously un-notified Changes of Corporate Control) or to open licence reviews to consider wider elements of concern that the Change of Corporate Control process cannot consider. The current process requires considerable resource. We therefore propose making changes to the Act to improve our ability to manage the Change of Corporate Control process.

- 4.58** The volume of Change of Corporate Control cases we have seen over the last few years has not increased dramatically, as shown in Table B. It is, however, the complexity of each case that consumes resource.

Table B - Number of Change of Corporate Control Applications by financial year

Financial year	Number of Change of Corporate Control applications
2016/17	135
2017/18	160
2018/19	200
2019/20	162
2020/21	192

Case study – Change of Corporate Control

- 4.59** The following case study illustrates some of the complexity associated with change of corporate control applications, and the additional steps that must be taken to work around the inability to attach licence conditions as part of this process. The ‘work-around’ also incurred additional cost to the licensee.

Case study - the application for change of corporate control

The Commission received an application for a change of corporate control to an existing operating licence, for a company with four new controllers.

- The first controller was a newly formed company owning 100 percent of the licensee.
- The second controller owned 100 percent of the first controller.
- The third controller owned 71.6 percent of the second controller. The remaining 28.4 percent ownership of the second controller related to individuals owning from 0.021 percent to 7.194 percent of the shares. Therefore, none of these qualified as a new controller.
- The fourth controller owned 100 percent of the third controller. The fourth controller was listed on the NASDAQ Stock Exchange with ownership linked to investment houses and one personal shareholder.

The issues

At the time of the change of corporate control application, all owners and controllers were clearly identified. However:

- 28.4 percent of the shares linked to the 2nd controller are held by individuals and subject to fluctuations.
- The NASDAQ listing of the fourth controller means that shares are subject to fluctuations and impacted by the consolidation of shares owned by the investment houses.

- The US Security and Exchange Commission (SEC) only requires information on shareholders holding 5 percent or more shares of listed companies. However, the Gambling Commission's threshold is 3 percent to identify ownership.
- Once licensed, the Gambling Commission needed to be assured that licensee would be able to comply with the [LCCP requirement to report key events \(15.2.1\)](#). However, we had concerns about how we would be informed of changes to shareholdings so that we can identify new 3 percent owners and 10 percent controllers.

The outcome

- Full evidence of ownership and controllers was established at the point of the change of corporate control application, so the Commission's decision was to grant the change.
- However, once licensed, we needed to be assured that any new 3 percent owners and 10 percent controllers would be identified and notified to the Gambling Commission once changes/fluctuations in shareholdings happen.
- As there is no option to add a condition as part of a change of corporate control application, we agreed with the applicant that a condition on the licence would be required to manage the risks around this.
- We agreed the wording of the condition with the applicant and requested that they submit an application for a variation to their existing Operating Licence, so that the condition could be added to the licence, in order to then proceed and grant the Change of Corporate Control.
- The applicant submitted an Operating Licence variation, at additional cost to the licensee, which was then also assessed and determined by the Gambling Commission's Licensing team.
- The process would have been much more streamlined with the ability to add conditions as part of the change of corporate control application.

We therefore recommend amending the Act to remove the binary nature of the Change of Corporate Control decision, to allow for the possibility of granting the licence provided certain conditions were in place and to empower us to impose such conditions on the continuance of the licence. These conditions would be case specific.

Decisions under s102(5) and 102(6) are not appealable to the First Tier Tribunal (FTT) and therefore the only route available is a judicial review. We therefore also recommend an amendment to s141 to add a subsection (3A) *'where the Commission refuses an extension of time under section 102(6) the applicant may appeal to the Tribunal'*.

We also recommend introducing the ability to apply a financial penalty for submission of Change of Corporate Control applications outside the reporting window. This would require an express power to impose such a penalty as a condition of extending the five-week period for the application.

Further detail on powers recommendation/ action 2: Legislation to enhance our options to take action during investigations and in particular, around licence surrenders

4.60 Evidence from our casework has shown us that during an investigation, licence holders are currently able to take action – which may or may not be deliberate – that can hinder or frustrate the investigation. For example:

- When a licensee surrenders their licence, we no longer have regulatory authority over them. This means that if we are investigating a potential problem, a surrendered license leaves us unable to protect consumers or take further regulatory action to hold the licensee accountable for their actions. This is particularly relevant where we are considering a penalty rather than imposing a lesser sanction such as a warning or a licence condition, in which case a licence surrender might be considered an appropriate outcome anyway.
- We have increasingly seen both Personal Management Licence (PML) and Operating Licence surrenders whilst a review is in progress. The surrenders are often presented as an operator closing the business for unrelated business reasons, or a PML holder unconnected to the ongoing review no longer requires a licence. It has been our published policy to reserve, in cases where a licence is surrendered during a review, to make findings of fact and for these findings to remain on file and be capable of being referred to on any relevant future application. This builds in some consumer protection for the future although it does not enable the imposition of a financial penalty for past licence breach.
- Licensees may move finances during, or in anticipation of, an investigation. As officials are required to take into account the state of a licensee's finances when issuing a fine, this can consume significant resource and a forensic accounting review to establish whether the activity has taken place to avoid full payment of a fine. Any considerations about increasing the size of penalties to act as a greater deterrent could increase the scale of this issue. As far as is possible we manage this issue through the requirements in our Statement of Principles for determining Financial Penalties.

We recommend that a change to the Act is considered to permit the Commission to refuse a licence surrender under certain circumstances when an investigation is taking place.

4.61 Potential options could include:

- a new subsection which provides that no licence may be surrendered without our consent when we have given notice of our intention to commence a review, have commenced but not concluded a review, have given notice of a proposal to require payment of a penalty, or an appeal against a requirement to pay a penalty has not been finally determined. Consideration alongside this of interaction between this and the automatic revocation following failure to pay annual fee.; or
- a new subsection to section 121 and amendments to s113 (Financial penalty) such that in this section a 'holder of an operating licence' and 'licensee' respectively include a person who was the holder of an operating licence which lapsed or was surrendered at any time within the period of [x] months [from x point]. DCMS may want to consider whether to repeal section 114(2)(b) which would delay lapse of a licence until dissolution in all cases. That would, of course, leave a liquidator with an asset (the licence) of potential value which might enable sale of the company in liquidation to a buyer who was prepared to pay enough to discharge all the

company's debts and who considered they would be able to satisfy the Commission on a change of corporate control application.

- c. Government may also want to consider that in order to circumvent any changes made, a licence holder could trigger a mandatory licence revocation under section 119(3) by failing to pay their annual licence fee. Therefore, if introduced, there may be consequential amendments to the Act required.

Further detail on powers recommendation/ action 2: Legislation to provide more flexibility around the penalties that can be imposed on licensees

4.62 Our casework has demonstrated that it is important that the penalties we are able to impose on licensees in the event of finding a breach of the Gambling Act 2005, regulations or LCCP are flexible enough to be used properly and at the most appropriate time. Penalties such as fines can act as a deterrent to prevent regulatory breaches. They can also ensure that consumers feel secure that a business will be properly held to account for any breaches that are uncovered.

4.63 At the time of the 2005 Act, gambling businesses were generally less complex and more local entities. Now, as outlined above, licensees are increasingly larger, more complex and internationally based. As a result, we have found that investigations can take significantly longer than was originally envisaged and consume considerable resource. We are proposing some amendments to the Act in this area.

Greater flexibility in the time limits for bringing prosecutions

4.64 At present we are able to lay charges within twelve months of the date of the last offence. This means that where establishing a breach is particularly complex, that time limit may have already passed. This has resulted in cases where we have been unable to prosecute. In one instance, we were unable to pursue the most appropriate charges (fraud offences) because the time the matter came to our attention did not allow us sufficient latitude to see whether the Crown Prosecution Service would take the matter up. Examples of how this has impacted on our work include:

- An operator that we could not prosecute because of the time limits involved.
- Prosecution of an individual – The time the offence came to our attention made us very time-limited, giving us only a matter of weeks to charge. At a sentencing hearing, a judge expressed his displeasure at the fact we had not pursued fraud offences, given the scale of the offending. However, officials had no option but to proceed without including fraud offences as there was insufficient time remaining to see if the Crown Prosecution Service would take the matter up.

Exploring extending the cut-off period for the imposition of a financial penalty

4.65 Similar to previously mentioned, the increasing complexities of gambling businesses make establishing a breach in some cases very complicated. Extending this cut-off period would help to ensure our investigations can take place as thoroughly as required and still result in a financial penalty. Examples of the impact of this include:

- A case where, at the time the Panel decided to impose their fine, this was limited to those breaches which were not older than two years, limiting the penalty in that case
- A case where we had to concede to Panel that a financial penalty would not be possible given the timescales involved.

Look at extending the scope of financial penalties

- 4.66** Financial penalties currently only apply to breaches of licence conditions or non-compliance with social responsibility codes. Extending the scope, for example, to encompass suitability concerns, would give us more opportunity to take action. At present, because the Gambling Act does not align with the Magistrates Court Act, the courts can only impose a maximum sentence of six months imprisonment, even though the Gambling Act itself allows for a maximum of 51 weeks. This is because the offence can only be tried in the Magistrates court. Nor does the Act distinguish between the level of offending in such cases - the maximum sentence remains at six months regardless of the scale of the offence.
- 4.67** Every case of a financial penalty has also included suitability concerns that we have been unable to take into account when imposing the penalty.

Upgrading categories of offences so that courts have more sentencing powers

- 4.68** An individual wished to plead guilty to misusing c. £285k in lottery proceeds belonging to a charity. Under the Act, as this is a summary only offence, the courts could impose a maximum of 6 months in prison – even though the Act itself allows for a maximum sentence of 51 weeks. As above, this is because the offence can only be tried and sentenced in the Magistrates court. When the Commission attended the sentencing hearing, the judge expressed his displeasure at the limited sentencing powers involved. This is because the Act doesn't distinguish between the level of offending in these cases – in this case, the maximum remained at six months despite the large sum misused.
- 4.69** Government may want to consider whether relevant offences should be re-categorised to either-way offences (transferred to the Crown court). Offences at the Crown Court carry heavier sentences. DCMS may want to consider the current offences we have and decide whether the sentence range needs to change. In addition, it may be appropriate to consider making the list of relevant offences (Schedule 7) a Statutory Instrument rather than a part of the Act. This would provide greater flexibility to make amendments to this list. For example, the following offences are not currently included on Schedule 7:
- Offences under the Bribery Act 2010
 - Offences under the Proceeds of Crime Act 2002 (money laundering offences)
 - Offences under the Licensing Act 2003.
- 4.70** This has meant that we cannot rely on spent offences in these areas under the Rehabilitation of Offenders Act 1974.

Minor amendments/clarifications

- 4.71** There are some minor amendments and clarifications to the Act which would make it simpler to understand and to update dated terminology or requirements. This includes for example, removing the requirements relating to physical copies of a licence or streamlining Commission processes under the Act. Depending on the relevance of details of such amendments on the legislative options open, the Commission can provide more detail at a future stage.
- 4.72** In deciding where changes might be needed, we have also considered where we might achieve the same end by changing our policies or procedures, rather than the Act. As a result, the list of proposed changes to the Act does not currently include

other internal work that we have separately in train to adapt our regulatory approach over time and to respond to new challenges. However, the resource we might need to implement such changes does play a role in discussions on our resource requirements. For example:

- we have looked at whether changes to the Act that include specific reference to other legislation with which licensees must comply are necessary. We have concluded that we have relevant cross-references to applicable legislation in LCCP and can achieve the same outcome via changes to our LCCP should we consider that further changes are necessary, following appropriate consultation. We will also consider and consult on changes to our compliance and enforcement approach to manage properly.
- we have considered the possibility of requesting the power to disapply or suspend certain provisions to permit licensees to 'step outside' the regulatory framework and trial or pilot new products, services or consumer protections. On balance, however, we decided that the resource required to enable us to use this power effectively would be prohibitive, as would balancing the requirements of the Licensing objectives and our aim to permit gambling alongside commercial considerations from licensees.

Evidence assessment

4.73 We have sound evidence from our regulatory experiential knowledge and casework which underpin our recommendations in this area. We recognise that the evidence from our casework and experience can have its limits. For example, we acknowledge that the evidence we have around free prize draws is limited in quantity. However, the overall evidence base is further strengthened by the recommendations made by the National Audit Office report in 2020 and the Parliamentary Accounts Committee recommendation.

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5 Funding for wider research, prevention and treatment

Key recommendations and actions

- The mechanism for funding research, prevention and treatment should no longer be based upon a system of voluntary contributions. Long-term, sustainable funding mechanisms are needed, though these may differ for each of research, prevention and treatment. This Review provides government with an opportunity to resolve the longstanding issues that are inherent with a voluntary system and implement more a robust approach that will deliver an effective, sustainable, and appropriately funded reduction in harms from gambling.

Background

- 5.1** There is a long history to the current voluntary system which first emerged more than 20 years ago following the report of DCMS's Gambling Review Body (also referred to as the Budd Report) in July 2001.⁶ The Budd Report, in addition to leading to the Gambling Act 2005, recommended the establishment of a gambling trust which was subsequently established and funded voluntarily by the gambling industry. The 2005 Act recognised this voluntary arrangement, but also provided a reserved power for the Secretary of State to introduce a statutory levy if required.
- 5.2** Under the current arrangements funding for RET is primarily generated through a voluntary funding system whereby licensed gambling operators are required by LCCP Social Responsibility Code 3.1.1 to make an annual financial contribution to one or more organisation(s) which are approved by the Gambling Commission. The nature of this voluntary system means that operators have discretion over the amount, and to some extent, the destination (by selecting from the list of bodies which meet the LCCP requirement) of their annual contribution. Under this system, even operators who contribute just £1 are technically compliant with LCCP, even though they are clearly not acting in the spirit of that requirement, or their wider obligations to social responsibility.
- 5.3** Over the years, there have been significant efforts by Government, the Gambling Commission and the charities involved in delivering RET programmes of activity to improve the voluntary system. This has included a variety of different governance and delivery models which have evolved over time. Most recently in 2018 the Commission published a [Review of the RET arrangements \(PDF\)](#), which concluded that the voluntary funding model had fallen short of its objectives and that there was a strong case for implementing a statutory levy. We were particularly concerned that RET contributions were disparate and uncoordinated and that some recipients had no clear link to either the research, prevention or treatment of gambling harms. As a short-term measure we committed to improving the transparency of the amounts and recipients of

⁶ The Gambling Review report, Sir Alan Budd, 2001.

RET funding, with a specific commitment in relation to LCCP which came into effect in January 2020. We also committed to publishing the [amounts and recipients of RET contributions](#) and the first tranche of data for the period January 2020 to March 2021 was published in October 2021, followed by data from April 2021 to March 2022 in August 2022. The data for April 2022 to March 2023 is currently being collated and will be published in due course.

5.4 Although we welcome the significant additional funding commitments the largest gambling operators have made in recent years, increased funding alone will not fully address the issues or achieve the principles of an effective RET system which we believe must be one that:

- delivers a system for collecting funds that (where it depends on operator contributions), covers all operators fairly and has a high degree of transparency,
- ensures a high degree of certainty about the level of funding available for a minimum 5-year timeframe to enable proper planning of services and programmes,
- generates a level of funding that matches need; and
- delivers a system for distributing funds and commissioning and coordinating activity that:
 - a. reflects national priorities and has clear measures of success,
 - b. generates a high level of trust, including by ensuring independence from the perception or reality of inappropriate influence by the industry and others, and
 - c. ensures that there is effective coordination of activity, stakeholder engagement and evaluation against success measures.

5.5 It is our view that a new, long-term, sustainable funding approach is needed, though this may differ for each of research, prevention and treatment. Any new approach to funding will bring with it risks and challenges, not least in terms of initial upfront investment and resourcing and while we offer some possible options below for consideration, our advice does not provide a detailed analysis of these options or the associated risks, nor attempt to determine or recommend the most appropriate approach.

Our recommendations and actions

The mechanism for funding research, prevention and treatment should no longer be based upon a system of voluntary contributions. Long-term, sustainable funding mechanisms are needed, though these may differ for each of research, prevention and treatment.

5.6 There have been improvements in recent years. However, as highlighted below, the current voluntary system does not provide long-term certainty of funding to support planning and commissioning, it does not impact on all operators fairly, and it is perceived as allowing gambling operators too much control over the availability and destination of funds.

5.7 The primary limitations of the current voluntary system are:

- a. **Equity of contributions** - operators have long argued that the current system does not impact fairly across all operators. The largest four operators in the betting sector and other big players in the gaming sector typically ensure that contributions meet the publicly committed levels, but small and medium operators do not always

deliver a proportionate share of contributions, and there is little action that can be taken unless the operator makes no contribution to RET.

- b. **Certainty of funding** - there needs to be a high degree of certainty about the level of funding available in a 5-year timeframe to enable proper planning of services and programmes. The industry's most recent commitments to RET funding should deliver a significant increase in contributions and they have sought to reassure that the agreed contributions will be sustained over time. However, charities and delivery bodies are unable to enter into formal agreements about spending without greater certainty of funding - this could be affected by personnel changes, changes in trade association arrangements, changes in the gambling landscape such as mergers and acquisitions, significant government policy or regulatory changes, and even wider issues such as economic downturns or consumer behaviour.
 - c. **Funding levels based on need** - the overall system for funding activity to reduce gambling harms must secure funding based on need, and this need must be defined by government and given appropriate prioritisation compared to other public health challenges. As we noted in our 2018 RET review: *'Health-related funding can come from a variety of sources, including private companies, charities, and the NHS/general taxation. Ultimately, decisions over how much should come from each of these sources is a matter for Ministers.'* There are some unknowns on total spend, such as NHS spend through primary care, mental health provision and further individual examples of research, prevention and education activity outside of the RET system. However, the available evidence indicates that there is significantly less spending on gambling research, prevention and treatment than there is for other comparable public health issues.
 - d. **Independence and perception of independence** - in order for research, prevention and treatment measures and findings to be applied across public policy and health communities, there is a need for both governance structures that are independent, trusted and perceived to be independent of influence. Historically, and persistently, there have been concerns from a vocal research and public health base that the current voluntary funding system does not deliver appropriate levels of trust. To address this a different approach is required whereby gambling research, prevention and treatment is commissioned and funded in a co-ordinated way in line with other areas of public health.
- 5.8** Any new funding arrangement will require more than just a sufficient quantum of funding in order to be successful. In the overall system for harm reduction, there are many partners and stakeholders so to have the greatest impact, available funds need to be distributed based on agreed national priorities, and in a manner that is independent, coordinated, and effective with clear roles for each of the organisations involved.
- 5.9** A statutory levy would be one way to remove the voluntary nature of the current system and would provide a guaranteed and predictable funding stream, allowing long-term strategic funding decisions to be made more easily. However, it should not necessarily be considered as the only route and even if a levy were to be implemented there are different approaches to how it might be treated. For example, one option could be for the levy to cover all three elements of research, prevention and treatment. Another option would be for a levy to treat each element separately, for example by passing the funds for gambling treatment directly to NHS bodies across Scotland, Wales and England, by investing more directly in the collection of longitudinal data, which is essential in understanding how people move in and out of harm, and by

working with education departments and existing third sector organisations on harm prevention activities. Alternatively, a statutory levy could cover just one element (for example treatment) and other funding approaches could be implemented either independently or in conjunction with a levy such as the use of general taxation and/or increases in operator license fees. Regardless of the approach, we are clear that should the reserved power for a statutory levy be brought into force, the Gambling Commission should not be responsible for determining the quantum nor for making any commissioning decisions (outside of any decisions around research).

- 5.10** Each of these options would require a full appraisal to understand the benefits and limitations, not least in terms of their ability to ensure consistency and fairness of funding, to allow for effective commissioning, and to enable trust in the system.

Recommendations

We recommend that should Ministers decide that a statutory levy should be part of any new funding arrangement, they should convene a working group of key stakeholders to help design the options for implementation. However, whilst we agree that the gambling industry is a key stakeholder in the decision of whether or not to introduce a levy, our view is that the gambling industry should not play any part in determining how such a levy is collected or how and where it is distributed.

We also recommend that Government considers the costs and benefits of the potential options referred to above and determine whether and what mix of a statutory levy, the use of general taxation and/or increases in operator license fees should be applied to create a more robust, long-term, and sustainable funding mechanism going forward.

Evidence assessment

- 5.11** There is limited research and evidence on the pros and cons of different systems to fund research, prevention, and treatment for gambling harm. Therefore, our recommendation is based primarily on our own evidence base and analysis, including the comprehensive review we undertook in 2018 of the voluntary RET arrangements. We also considered the funding systems in use in other gambling jurisdictions, as well as across other areas of public health.

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6 Consumer redress

Key recommendations and actions

- There should be a new single ombudsman scheme for consumer redress. The scheme would replace all current ADR providers and consider all disputes between gambling operators and consumers, including those relating to gambling harms.

The effectiveness of the scheme would depend on the following:

- The new ombudsman scheme should be demonstrably independent from licensees and operationally independent from the Commission.
- Legislative change is essential for it to be implemented effectively.
- The Commission should have a clear role to establish and oversee the scheme as regulators have done in other sectors.
- We recommend that the legislation ensures that the outcome of a dispute is final unless the consumer wishes to pursue it via the courts, with no route of appeal to the Gambling Commission or another body.
- Clearly defined funding arrangements, including the power for the Commission to set the fees payable by licensees.

Background

- 6.1** There is a clear gap in the current redress arrangements for gambling consumers that the Commission's powers do not permit us to address.
- 6.2** The Commission has powers under the Gambling Act 2005 to investigate complaints and there is a specific section that allows us to commence a licence review after receiving a complaint about a licensee's activities. However, there is nothing in the Act that gives us the power to **adjudicate** complaints or disputes. We have no legal powers to compel licensees to divest funds back to victims. Our enforcement powers enable us to commence a licence review and of the relevant sanctions that may result from that process, none entail divestment to a victim.⁷
- 6.3** The Commission sets requirements on operators for complaint and dispute handling, but the current regime of Alternative Dispute Resolution (ADR) is seen as cumbersome and confusing by many stakeholders.
- 6.4** We recommend that Government take steps in legislation to create one single ombudsman scheme.

⁷ Payments made in lieu of a financial penalty as part of a regulatory settlement can include an element of divestment in limited circumstances.

6.5 For convenience and clarity – to avoid confusion with existing ADR providers – from this point onwards we will refer to the future form of dispute resolution provider for the sector as the ‘ombudsman’.

6.6 We make the following recommendations to enable this gap to be filled:

Our recommendations and actions

Consumer redress recommendation/ action 1: A new single ombudsman scheme

6.7 The current arrangements for consumer redress are covered by our licence conditions and codes of practice. Complaints of any variety must be made first to the licensee. If a complaint has not been resolved to a consumer’s satisfaction within eight weeks, licensees must make sure there are arrangements in place for a dispute to be referred to an ADR provider.

6.8 ADR providers operate independently of us and licensees when deciding whether they can accept a dispute for adjudication. The [ADR Regulations](#), as set by Government, require only certain types of complaints to be eligible for ADR and states that they apply to ‘disputes between consumers and businesses concerning contractual obligations in sales or services contracts, both online and offline’. We cannot instruct an ADR provider to accept a dispute.

6.9 The ‘contractual obligations’ between consumer and licensee are set out in the licensee’s terms and conditions. When a consumer deposits money or places a bet, they are entering into a contract according to those terms. As a general rule, if an issue is covered by the terms and conditions, it is within the scope of ADR provision.

6.10 Licensees’ obligations around preventing harm that are found in the LCCP or our guidance are not generally part of licensees’ terms and conditions and so do not form part of the contract between a customer and licensee.

6.11 We have powers under the Gambling Act 2005 to investigate complaints and there is a specific section that allows us to commence a licence review after receiving a complaint about a licensee’s activities. However, there is nothing in the Act that gives us the power to adjudicate complaints. Following a licence review we can impose a financial penalty, but this money goes to the government. We have no powers to compel licensees to return money to victims, although a licensee may propose this as part of a regulatory settlement.

6.12 It is clear that a gap exists in current redress arrangements. Consumers that have been unfairly harmed by their gambling cannot get redress for what has happened to them. The redress they typically seek is the return of the money they have lost. There are examples from other sectors on how to maintain a clear distinction between matters of compliance and enforcement for the regulator to assess and action and the redress process.

We therefore recommend that there should be a new single ombudsman scheme for consumer redress. The scheme would replace all current ADR providers and consider all disputes between gambling operators and consumers, including those relating to gambling harms.

The gap in redress

- 6.13** If a consumer's complaint concerns alleged gambling harm, and is rejected by the licensee, they have no route to redress other than to attempt to pursue the matter via the courts. The central purpose of establishing redress schemes, via an ombudsman or other means, is to enable consumers to seek redress without the difficulty and cost of the legal route. The data below shows the scale of the issue in gambling:
- Regulatory return data tells us that around 200,000 complaints in total were recorded by licensees in 2021-22. Of those, around 5 percent ended up being referred to an ADR provider.
 - The ADR providers do not deal with the majority of disputes they receive about safer gambling/gambling harm issues. The provider IBAS handles around 80 percent of ADR disputes. In 2021-22, IBAS received 859 complaints (23 percent of the total number referred to it) about 'social responsibility/self-exclusion' (as classified by [IBAS' annual report figures on numbers and type of disputes \(PDF\)](#)). It refused 539 cases that were deemed to be a regulatory matter and outside its scope of work.
 - Our Contact Centre received 1,305 'Safer Gambling tools / customer interaction' complaints in 2020-21 (15 percent of total complaints) and 800 in 2021-22 (14 percent of total complaints).
- 6.14** We note that some responses to the Call for Evidence cite the relatively small numbers of consumers referring disputes to ADR as evidence that the current system works well enough, and therefore change is not needed. Our research suggests there is a need for dispute resolution that is not being met in the current framework. [Data from the Gambling Commission's quarterly online survey \(June 2021\)](#) showed that 8 percent of respondents said they had ever complained to a gambling operator. Half as many again (4 percent) had not made a complaint but wanted to. This is a higher proportion than those who said they had complained to us (3 percent), to an ADR provider (2 percent), or through a complaints handling tool such as Resolver (3 percent). While these percentages are quite small, as a proportion of the total gambling 'population' they would represent a significant number of people, bearing in mind that [statistics on participation and problem gambling for the year to Sept 2022](#) show overall participation in any gambling activity (in the last four weeks) was 44 percent.
- 6.15** We do not have data on overall awareness of gambling ADR, but a single provider would be able to effectively market and brand itself as a body that could look at a dispute concerning any licensee. As things stand, ADR providers are essentially relying on the licensees to do their 'marketing' for them and let consumers know they exist.
- 6.16** If, as we recommend, a single body is created to replace the existing ADR providers we could reasonably expect the total number of cases referred for adjudication to increase. This was the experience in the financial sector when multiple dispute resolution schemes were brought together under one roof – the [Financial Ombudsman Service \(PDF\)](#) – in 2000. While we would not necessarily expect gambling cases to increase to the same levels, it investigated and resolved over 31,000 cases in 2000-01. That figure had more than tripled to 98,000 by 2003-04. In 2020-21, it resolved over 249,000 (of which 85,500 related to PPI).

Single ombudsman scheme

6.17 We consider that a single provider is the optimum model for the following reasons:

- It is the simplest and most convenient for consumers. If they are unable to resolve a dispute with a licensee, there is one place to go next.
- Licensees and consumers should benefit from consistent decision-making. This would be more difficult to achieve with multiple bodies each potentially with differing rules of procedure and case precedents.
- Licensees could not 'pick and choose' between providers based on which they think might deal with their dispute(s) more favourably. There should be a higher degree of trust among consumers as a result.
- It would improve Gambling Commission regulatory intelligence and oversight as we would get a single, broad, consistent view of the issues that are driving disputes between consumers and licensees.
- The provider would be able to publicise its services itself, rather than relying solely on the licensee to do so on its behalf, leading to greater levels of awareness among gambling consumers.

6.18 There is considerable weight of evidence from other sectors that supports this approach, including:

- a. Having a single body would prevent companies moving between providers on the belief that they would get better treatment (for example, fewer cases upheld) at another body. This would also avoid the problem of consumer perception that a licensee had chosen that provider for that reason. The [Which? report 'Are alternative dispute resolution schemes working for customers?'](#) gave a pertinent example from aviation: EasyJet moved from the Aviation Adjudication Scheme to Aviation ADR. The number of cases involving EasyJet that were upheld fell from an average of 79 percent in the last six quarters it was a member of the Aviation Adjudication Scheme to 51 percent in the first six quarters it was a member of Aviation ADR.
- b. The Which? report recommends that consumers should have access to a single mandated ombudsman service in key sectors.
- c. [The Ombudsman Association's response to the \(Review of the Gambling Act 2005\) Call for Evidence \(PDF\)](#) cited the *Which?* report and also the [2017 Citizens Advice report 'Confusion, gaps and overlaps'](#) in support of its view that there should be one redress provider within a sector, and preferably an ombudsman. It notes Ofgem's Call for Evidence in 2018 on whether it should allow an additional redress provider to operate in the energy sector alongside the Energy Ombudsman. The response highlighted that both consumer representatives and the energy companies themselves said that having multiple redress providers did not benefit either consumers or businesses, and Ofgem decided not to allow an additional provider.

Gambling ombudsman handling disputes concerning alleged harm

6.19 ADR providers consider contractual disputes between consumers and licensees. To fill the current gap in redress the ombudsman will have to consider a different kind of dispute, those around whether the licensee should have undertaken checks to assess

whether gambling is harmful and acted appropriately where there were indicators of harm.

- 6.20** An ombudsman would need to make consistent and fair decisions on issues such as alleged harm, when its adjudication would necessarily involve a degree of judgement, or opinion, rather than an assessment against 'black and white' facts.
- 6.21** There is a helpful precedent from another sector on how an ombudsman might approach adjudicating disputes of this type and which clearly distinguish between the role of the regulator in assessing whether there has been a breach and the role of the Ombudsman to consider whether redress is appropriate. The Financial Ombudsman Service (FOS) sees complaints about irresponsible lending. Often, the borrower's complaint is that their credit was unaffordable and that they believe the lender acted irresponsibly in providing the funds. As with other kinds of disputes, it considers what's 'fair and reasonable' and takes account of relevant laws and regulations, regulators' rules, guidance and standards, codes of practice and what it considers to be good industry practice at the time.
- 6.22** The FOS would ask whether the lender had completed reasonable and proportionate checks to satisfy itself that that the borrower would be able to repay any credit in a sustainable way. If the checks were completed, was a fair lending decision made? There is no defined list of checks that lenders need to carry out. However, FOS would typically reach a view that such checks would need to be more thorough:
- The lower a customer's income
 - The higher the amount due to be repaid
 - The longer the term of the loan
 - The greater the number and frequency of loans.
- 6.23** There are some similarities here with the approach we expect licensees to take when assessing the form of action which is needed where it has identified consumers at risk of harm.
- 6.24** Both we and the Financial Conduct Authority (FCA) (and by extension, FOS) expect those we regulate to pay attention to possible signs of vulnerability in potential customers and act with appropriate care. FOS would look at whether a lender knew a borrower was vulnerable before lending to them. If it did, what steps were taken to make sure it didn't lend irresponsibly. If it didn't know they were vulnerable, it would investigate whether taking extra care would more likely than not have resulted in a different lending decision.
- 6.25** The [Financial Lives 2022 survey](#) conducted by the FCA has found that just under half (47 percent) of UK adults, aged 18 and over display one or more characteristics of vulnerability. A person being in a vulnerable situation may not have an impact on the role of gambling in their leisure activities. When adjudicating disputes, a future ombudsman would likely need to consider whether a licensee had acted irresponsibly if it had failed to undertake sufficient and proportionate checks to identify harm and to take action to reduce the risk earlier in cases where it knew a customer to be in a vulnerable situation.
- 6.26** Ombudsman schemes also have the ability to tailor the form of redress to take account of customers in a vulnerable situation, such as repayment of debt rather than a cash payment. These lessons on how to implement redress in a responsible manner may be useful for a future ombudsman.

Consumer redress recommendation/ action 2: The independence of the ombudsman

- 6.27** There is supporting evidence for making sure that an ombudsman is clearly and demonstrably independent.
- 6.28** Stakeholders with lived experience typically consider that any adjudication process on consumer redress should be operationally independent of the Commission. We agree with this position. Our role instead should be to consider any regulatory failings by gambling companies that have not followed the rules and allowed consumers to suffer harm.
- 6.29** The separation of regulation and dispute resolution is a standard model across regulated sectors:
- a. **Ofgem** does not have a direct role in dealing with individual disputes between customers and energy suppliers. A dispute with a *network operator* can be sent to Ofgem for determination subject to the circumstances set out in the Gas Act 1986, Electricity Act 1989 and licence conditions of the network companies.
 - b. **Ofwat** can only look at individual disputes where the Water Industry Act 1991 has given it a role to do so, for example it can make a determination regarding disputes over various aspects of water and sewerage connections. Areas where it does not have a power include billing disputes, these are typically dealt with by the Consumer Council for Water.
 - c. **Ofcom** does not have the power to resolve people's complaints about their phone or broadband service, instead these are dealt with via an ADR scheme (if not resolved by the company).
 - d. The **FCA** does not investigate individual complaints. Complaints can be referred to the Financial Ombudsman Service (FOS). This was established under the Financial Services and Markets Act 2000. The FCA sets out the rules that companies and FOS must follow when handling complaints. The FCA also appoints FOS' Board of Directors, and Chair with the approval of HMT.
- 6.30** Independence of the dispute resolution body is also a recognised [principle of good governance as set out by the Ombudsman Association](#). Several of the principles/features it identifies point towards clear separation between dispute handling and regulation:
- Independence – including freedom of interference in decision making on complaints, appointment and governance arrangements of the office holder consistent with ensuring independence.
 - Accountability – including being subject to appropriate public or external scrutiny and the existence of a robust mechanism for review of service quality. We would likely provide such scrutiny.
 - Clarity of purpose – including clear status and mandate of the scheme and clarity over the extent of its jurisdiction.
- 6.31** We also note that unless the body was able to show how it met the principles above (and others) it could not call itself an 'ombudsman' as this is a protected term.

The new ombudsman scheme should therefore be demonstrably independent from licensees and operationally independent from the Commission.

Consumer redress recommendation/ action 3: Need for legislation to implement ombudsman scheme

We consider that legislative change is necessary for an ombudsman scheme to be implemented in an effective manner. We consider legislative change will be needed for three main aspects: recovery of costs, to establish suitable powers, and to manage transition arrangements.

Recovery of costs

6.32 Enabling the recovery of the costs of establishing and running the ombudsman from licensees. This is discussed further under recommendation 6 in this section.

Establish suitable powers

6.33 We know that some stakeholders and respondents to the Call for Evidence had concerns about the scope of future redress arrangements and the potential for expansion into areas that had previously been seen as the sole preserve of the regulator. With that in mind, there is a clear need for certain powers regarding the establishment and running of the ombudsman to be defined in legislation to put them beyond doubt. These are explored further below. Establishing key powers this way would follow the precedent set by other sectors, such as finance and law. The alternative would be to attempt to change licence conditions and/or codes of practice and acquire such powers that way. This would require us to consult on the required changes, and given the potentially contentious nature of what's proposed, open an avenue for further challenge and delay. We would also need to be sure that our powers to issue codes under section 24 of the Act could be used in this way.

Transition arrangements

6.34 We currently have eight approved ADR providers. The framework we envisage would see them replaced with a single body. In our review of complaints handling in the sector in 2017, we set out an aspiration to have fewer ADR providers. However, the eight providers have all been approved under the framework established by the 2015 regulations. The framework only allows us to remove our approval from a provider if we are no longer satisfied that it meets one of more of the defined requirements, for example if we could demonstrate that it was no longer operating with sufficient expertise, independence or impartiality. We cannot arbitrarily remove approval from a provider(s) simply because we think there should be fewer of them. As well as enabling the creation of a single body, some form of legislation would be needed to remove the former providers from operation. We would work with Government to consider how best to achieve an orderly transition to the new arrangements for both providers and consumers.

Rejected options

- 6.35** Having considered a range of options we know there are two ways which could be seen, on the face of it, as methods to close the gap in redress provision without the need to make changes to the legislation. These are:
- Having the Commission take on a role in adjudicating disputes that cannot be handled by ADR providers
 - Expanding the remit of ADR providers to enable them to take on a wider range of cases.
- 6.36** We do not consider that either of these are possible, or desirable, for the reasons explained below.
- 6.37** We have powers under the Gambling Act 2005 to **investigate** complaints and there is a specific section that allows us to commence a licence review after receiving a complaint about a licensee's activities. However, the Act does not give the Commission the power to **adjudicate** complaints and we consider that such a power would have been necessary should the Commission be the appropriate body to do so. In any event, as explained above, we consider the appropriate model to be one where disputes are handled by an independent body and the regulator is responsible for enforcement action. This is the case in comparable sectors.
- 6.38** We have no legal powers to compel licensees to divest funds back to victims – the main driver we have is the power to commence a licence review and the relevant sanctions that may result, none of which entail divestment to a victim.⁸ Where we commence a review, but the review does not result in a settlement (which must be proposed by an operator, and will only be accepted in certain circumstances), a sanction on the operator still would not provide any redress to the consumer. A typical approach to redress is for the consumer to be 'put back' (in financial terms) to the state they were in before they experienced the problem. As things stand, the Commission does not have the appropriate mechanisms to do so.
- 6.39** We have considered whether ADR providers could take on a wider range of disputes within the current framework, for example those that might concern a licensee's customer interaction arrangements. We do not consider this would be legally viable because such aspects are covered by our licence conditions (and associated codes of practice), and the conditions are not contractual terms between the licensee and customer. Therefore, such an approach would be incompatible with the ADR Regulations.

Consumer redress recommendation/ action 4: Establishment and oversight of the scheme

We consider that the Commission should have a clear role to establish and oversee the scheme, set out in legislation as outlined above.

⁸ Payments made in lieu of a financial penalty as part of a regulatory settlement can include an element of divestment, but this is in very limited circumstances – for example divestment to a third-party victim of fraud.

- 6.40** This is a common role for regulators. For example, the FCA sets out the rules that companies and FOS must follow when handling complaints. The FCA also appoints FOS' Board of Directors, and Chair with the approval of HMT.
- 6.41** The aim of our role is to achieve the appropriate balance between:
- maintaining sufficient oversight to be sure that an ombudsman is performing its role effectively (and is empowered to do so), while
 - making sure it acts independently and is seen to be doing so.
- 6.42** There are some aspects of how the ombudsman would operate that we consider should be covered by legislation, so as to put them beyond doubt or challenge, and others that should be dealt with via scheme rules. We consider this balance should err on the side of only including those aspects in legislation that are essential to be there. Legislation, once passed, is very difficult to change. A new sector ombudsman would need to be able to adapt its policies and processes as it learned from experience.
- 6.43** We consider that aspects covered within legislation should include:
- a. Power for the Commission to establish the scheme in the first instance, and to oversee the scheme including setting scheme rules
 - b. Powers for the Commission to set the level of fees paid by licensees
 - c. Broad parameters for aspects the scheme would cover and a high-level definition of the types of disputes that would be within its jurisdiction
 - d. Powers that the ombudsman could use to effect redress, including financial powers
 - e. Powers for the ombudsman to require licensees to provide information to it
 - f. Rules on data sharing with other bodies (in particular, the Gambling Commission but also other regulators)
 - g. The binding nature of an adjudication, if accepted by the customer, and method(s) by which a failure to comply with an adjudication could be enforced
 - h. Linked to the above, that any adjudication is final and cannot be appealed (a consumer's right to take separate court action being unaffected)
 - i. Requirements around transparency, such as publication of an annual report and budget.
- 6.44** This is not intended to be an exhaustive list, but below are some aspects we would expect to see covered within scheme rules:
- a. Fee structure, including fees for different types of licensee and any mix between fixed and case fees
 - b. The types of disputes that the body can and cannot handle
 - c. Who can refer a dispute, for example whether a dispute can be raised by individual concerned, family member, appointed representative, solicitor, claims management company or other third party
 - d. Stages in the ombudsman's handling of dispute: initial assessment (leading to accept/reject decision), any stages of internal referral if specific/extra investigation needed, who the decision makers are, any process for a case to be reviewed or appealed.
 - e. Target times for stages of dispute handling to be completed
 - f. Time limits within which a case must be referred to be eligible, for example 12 months after completing any licensee dispute process

- g. Reasons the body may reject the dispute – licensee dispute process not completed, case outside min/max financial limits, case not referred within time limit, case is judged frivolous or vexatious, case not submitted within time limits
- h. When a dispute should be referred elsewhere, for example to a sector regulator, ombudsman or court
- i. Information and data about adjudications that must be published.

Consumer redress recommendation/ action 5: Dispute outcomes

We recommend that the legislation ensures that the outcome of a dispute is final unless the consumer wishes to pursue it via the courts, with no route of appeal to the Gambling Commission or another body.

- 6.45** One of the main reasons ombudsmen and ADR services exist across various sectors is to enable disputes to be resolved by sparing both the business and consumer the time and expense of pursuing the matter through the courts. Such schemes often provide for any adjudication to be binding on the business if accepted by the consumer. Providing an avenue for a decision to be appealed (by either party) would not be desirable because it would create the potential for the dispute to become protracted and would work against the aim of establishing the scheme in the first place.
- 6.46** Issues identified by the [Which? report 'Are alternative dispute resolution schemes working for customers?'](#) would caution against a regulator having a role in dispute resolution as some sort of appeal body. The CAA introduced rules that allowed airports and airlines to refer ADR cases they feel raise 'novel and complex issues' to the CAA and, if they don't agree with the CAA decision, challenge it in court. This gives companies the opportunity to frustrate and delay cases they have identified as problematic. Allowing licensees to refer disputes to the Commission after a decision has been made by an ADR (or other) provider would simply provide an opportunity to frustrate the process and delay resolution for consumers.

Consumer redress recommendation/ action 6: Clearly defined funding arrangements in legislation

We recommend that funding arrangements to support a single ombudsman scheme are clearly defined, with enabling legislation and the ability to flex funding over time.

- 6.47** In comparable sectors, the relevant regulator typically recovers fees from the businesses covered by the scheme and passes them on to the ombudsman. We envisage a similar arrangement in this sector. However, all fees that we can levy on a licensee (or licence applicant) are set out in secondary legislation that can only be changed by the government. The fees charged must relate to our statutory duties and we do not consider that scope could be extended to include the costs of an ombudsman.
- 6.48** The legislation will need to *enable* appropriate resourcing arrangements and cost recovery from licensees, but it should not seek to define the structure or level of fees. These aspects will need to flex over time. For example, in the early phase of its establishment and operations, the ombudsman would likely recover its costs primarily

via fixed fees. A proportion of its costs will be fixed regardless of how many cases it handles.

- 6.49** If case numbers were to rise, and it was clearer how volumes drove costs incurred, this could shift to a model where a greater proportion of costs were recovered via individual per-case fees. For example, for 2022-23 FOS has set a budget of £294 million. It expects to recover around £100 million via the fixed levy on financial services companies and the remainder from case fees.
- 6.50** We cannot say with any certainty what the annual cost of a future gambling ombudsman might be. However, looking at comparable bodies it appears that current costs to licensees from current ADR arrangements are low on a '£ per case completed' basis. Table C sets out the costs associated with ombudsman schemes in other sectors and an example gambling ADR service.

Table C - Costs associated with ombudsman schemes in other sectors and an example gambling ADR service

Ombudsman/ADR	Complaints completed (approximate)	Turnover/ budget	Cost per completion (rounded)
Financial Ombudsman Service (PDF)	210,500 (forecast 2022-23)	£294 million	£1,400
Parliamentary and Health Service Ombudsman (PDF)	36,614 (2021-22 'total complaint decisions')	£34 million	£930
Legal Ombudsman (PDF)	6,600	£14.5 million	£2,200
Housing Ombudsman (PDF)	2,618	£10.4 million	£4,000
Ombudsman Services (Energy and comms) (PDF)	65,500 (2020)	£27 million	£410
IBAS (PDF)	2,300 (202019-21)	£947,000	£410

- 6.51** Bodies such as FOS and the Legal Ombudsman handle cases that are much more complex and take longer to resolve than a typical dispute concerning a gambling transaction. A future ombudsman may find that cases concerning alleged gambling harm are more complex than those currently handled by ADR providers, and we might reasonably expect the 'cost per case' to rise.

Evidence assessment

6.52 We referred to a wide range of research and evidence to inform the recommendations in this section, [summarised at Annex E](#), and there is a considerable weight of evidence from other sectors that supports this approach. Our view on the existence of a 'gap' in redress is informed by our analysis of the 2015 ADR Regulations and the Gambling Act 2005. We have referred to three key evidence sources in forming our advice; regulatory return data, ADR reports, and data from our Contact Centre. In addition, we have considered research on consumer complaints conducted in 2021 as part of the Commission's Consumer Voice programme, supported by data from the Commission's quarterly online survey. These sources bring together robust quantitative data which is nationally representative, and in-depth qualitative insights from gamblers who have previously made a complaint to an operator or wanted to complain.

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7 Age limits and verification

Key recommendations and action

- The legal age for society lotteries, football pools and category D slot machines should be raised to 18.
- The Commission has strengthened the requirements for online age and identity verification and is taking steps to strengthen age verification testing and assurance in premises.
- We would not recommend any increase to the number of gaming machines that alcohol-licensed premises are automatically entitled to site (currently two) until there is robust evidence that the alcohol-licensed sector can demonstrate its ability to manage the risks to children and young people from accessing age-restricted machines.
- Government should strengthen the powers in the Act to enable provisions on the prevention of underage gambling to have binding effect on alcohol licences, subject to the Commission consulting on changes to its code of practice.

Summary data about gambling among under-18s

7.1 Our [Young People and Gambling Survey 2022](#) provides detailed insights into the gambling habits of 11 to 16 year olds:

- 31 percent of 11 to 16 year olds have been actively involved (i.e. they have spent their own money) in gambling in the last 12 months.
- 22 percent of 11 to 16 year olds have been actively involved in playing arcade gaming machines in the last 12 months.
- 15 percent of 11 to 16 year olds have been actively involved in placing private bets for money between family and friends in the last 12 months and 5 percent have played cards for money.
- 3 percent of 11 to 16 year olds report being actively involved in playing on fruit or slot machines in the past 12 months
- 1 percent of 11 to 16 year olds have been actively involved in playing National Lottery scratchcards and 1 percent said they had played National Lottery online instant win games in the last 12 months.
- Half of all 11 to 16 year olds surveyed have experienced gambling in the last 12 months, which is taking part in gambling but not necessarily with their own money.
- The research highlights the difference between experience of gambling in the last 12 months and active involvement. This is most notable for arcade gaming machines, where over one third (35 percent) reported experience of play, but less than one quarter (22 percent) spent their own money doing so, and National Lottery scratchcards, where 8 percent reported play, but only 1 percent used their own money.

- Young people were typically with someone when they played on arcade gaming machines (89 percent) or fruit and slot machines (80 percent), and typically this was a parent or guardian (57 percent and 60 percent respectively). The most common type of machines young people have played are penny falls machines (73 percent) or claw/crane grab machines (72 percent). The majority of 11 to 16 year olds who have played machines, have not played them in an adults only area (81 percent).

Age limits and verification recommendation/ action 1: Consistent minimum age limits for gambling

We recommend that the legal age for society lotteries, football pools and category D slot machines should be raised to 18.

- 7.2** The current minimum age for participation in a society lottery or in football pools is 16, while Category D gaming machines can be played at any age. This currently includes both slot-style machines, and machines such as cranes and pushers. We recommend that the legal age for all society lottery activities, football pools and for Category D slot machines is raised to 18. For society lotteries, this would bring them into line with National Lottery products.
- 7.3** In principle, we consider there should be a clear, and understandable, divide between products that can be legally accessed by children and those that are only for adults. This recommendation would achieve that aim.

Further detail on age limits recommendation/ action 1: Lotteries

- 7.4** Children are permitted to participate in certain kinds of lotteries: incidental lotteries, private society lotteries, work lotteries and residents' lotteries. To be clear, where a lottery can currently be played by someone of any age, we are not recommending that an age limit be introduced. Where a lottery currently has an age limit of 16, we are recommending that this be increased to 18.
- 7.5** This recommendation captures large society and local authority lotteries as well as customer lotteries and small society lotteries. We do not license all of these, although anyone running the latter is required to register it with their local licensing authority. This means we do not have data to assess the potential impact, either to businesses or good causes, from making such a change. Responses to the Call for Evidence suggest such a change would, in many cases, simply reinforce a change many operators had already made and would have limited impact.
- 7.6** While we have not seen evidence linking under-18 society lottery play with harm, we are aware of the appeal of scratchcard play to children. The [Commission's consumer research exploring the gambling journeys of young people](#) found that almost two thirds of participants had gambled while they were under 18, primarily on scratchcards (34 percent). There is some research to show that scratchcard play is a particular risk factor for young people. In particular, the [secondary data analysis report 'Examining lottery play and risk among young people in Great Britain'](#) analysed combined 2012, 2015, and 2016 data from Gambling in England and Scotland: Health Survey for England and the Scottish Health Survey. Results from that work showed that among 16- to 24-year-olds, gambling problems are predicted by scratchcard play. The strength of this relationship is reduced by other factors such as wellbeing, mental

health disorders, general health and playing other gambling games, but persists once these have been accounted for.

- 7.7** To the extent that these licensees offer scratchcards along with other society lottery products, increasing the age limit would help mitigate that risk.
- 7.8** The main benefit from this change would be consistency. Both consumers and those running lotteries would know that if it is age restricted, the age limit is 18 and not a different age.
- 7.9** [Section 52 of the Gambling Act 2005](#) currently requires any person selling society lottery tickets to be at least 16. On 1 October 2021, the minimum age to buy and sell National Lottery products was raised to 18. [The government decided to allow an 'approved sale' mechanism for the sale of these products by 16 and 17 year olds.](#) Such a system is already in place for alcohol in England and Wales and for tobacco in Scotland. It allows either for 'dual authorisation' where an over-18 employee authorises a sale on behalf of a younger colleague as needed, or for under-18 employees to be 'pre-approved' to sell age-controlled products.
- 7.10** In considering the proposed change for lotteries, Government would need to decide whether to increase the age to sell society lottery products to 18 too. If the age to sell was increased, it may then wish to introduce an approved sale mechanism for these products by 16 and 17 year olds, similar to the one for the National Lottery.

Further detail on age limits recommendation/ action 1: Football pools

- 7.11** Football pools can currently be played by anyone who is 16 or over, unlike other forms of pool betting where the age limit is 18.
- 7.12** We note that the main provider of football pools has already made playing football pools over 18s only – in line with the other casino and betting products on its website.
- 7.13** Play on football pools does not feature in our surveys on gambling among young people and there is no available evidence of it causing harm. However, for reasons of consistency with other pools betting and other gambling products, we recommend that the limit is raised from 16 to 18.

Further detail on age limits recommendation/ action 1: Category D slot machines

7.14 All forms of Category D gaming machines can currently be played at any age unless the premises in which they are located is age restricted. Category D covers different combinations of stake and prizes, including non-complex machines such as ‘crane grab’ machines⁹ and coin pusher or penny falls machines.¹⁰ Category D ‘money prize’ machines have a maximum stake of 10p and maximum prize of £5. This latter type typically has the appearance of slot-type ‘fruit’ machines. Different types of Category D machine, other than a crane grab, can pay out a maximum non-money prize of £8 from a stake of 30p. The form of the non-money prize may be a ticket that can be redeemed to claim a toy, for example.

7.15 Table D sets out the stakes and maximum prize values for different types of category D gaming machines

Table D - Stakes and prizes for Category D machines

Type of Category D Machine	Stake	Maximum prize
Money prize	10p	£5
Non-money prize (other than crane grab machine)	30p	£8
Non-money prize (crane grab machine)	£1	£50
Combined money and non-money prize (other than coin pusher or penny falls machines)	10p	£8 (of which no more than £5 may be a money prize)
Combined money and non-money prize (coin pusher or penny falls machine)	20p	£20 (of which no more than £10 may be a money prize)

7.16 These machines can be sited in a variety of premises, including betting shops and casinos, although their use in premises other than adult gaming centres (AGCs), family entertainment centres (FECs), pubs and travelling fairs is unusual. Where these machines are sited in AGCs, the premises as a whole are for over 18s only. Machines sited in FECs and elsewhere can be accessed by anyone.

7.17 There is limited data on how the numbers and types of Category D machines has varied in response to changing demand over time. The [data we have \(from licensed](#)

⁹ Maximum stake £1, non-money prize worth a maximum of £50.

¹⁰ Maximum stake 20p, maximum prize of £20 of which no more than £10 can be a money prize.

[premises only](#)) suggests overall play has declined over time, with the GGY from these machines declining since 2016/17. Looking particularly at children, data from our [Young People and Gambling Survey 2022](#) suggests that the proportion of 11 to 16 year olds actively involved in playing fruit or slot machines in the last 12 months is low at 3 percent.

- 7.18** As noted in our [evidence to the House of Lords Select Committee on the Social and Economic Impact of the Gambling Industry \(2020\)](#), there has been very little research about the long-term impacts of play on these machines. There is limited longitudinal research on gambling habits in childhood through to adulthood, and what there is does not specifically cover this form of gambling. Therefore, our recommendations in this area are not driven by clear evidence of harm relating to this product, but primarily on the principle of maintaining a clear distinction between adult only products and those available to children. We recommend the minimum age for play on all Category D slot machines is set to 18 for the following more detailed reasons:
- a. As stated above, to make sure there is a clear dividing line between products for adults and those for children. Many Category D machines are very similar in appearance to Category C machines that are for adults-only. Due to the lack of a clear distinction between them, this could lead to confusion for staff and parents in knowing which machines can be played by children.
 - b. To achieve consistency – almost all commercial gambling is prohibited for under 18s. Other types of Category D machines, such as crane grabs, are visibly different and function in a different manner from typical reels-based gaming machines.
 - c. [Bacta agreed to bring in a voluntary ban on children playing ‘cash out’ Category D slot machines in its members’ premises](#). This means that for some operators, making a change in the law would not have a significant effect financially because they have already restricted play for cash out machines. There will be operators outside of the trade association which have not made the change and our recommendation is that non-cash out machines would also be age restricted.
- 7.19** We consider that an age limit for Category D machines should apply equally to both ‘cash out’ and ‘ticket out’ machines. Where category D ‘ticket out’ machines share a similar appearance to adult machines and mirror the mechanics of those machines, they should be limited to those aged 18 and over.
- 7.20** This is based on the principle that there should be a clear dividing line between products for adults and those suitable for children. Machines that look like and have functions that are similar to adult gaming machines should not be played by children.
- 7.21** We are not aware of any research that would indicate that these two types of machines should be treated differently. Where they operate in the same way (as in, reels-based gameplay) they are likely to include aspects that mimic game features on adult-only machines.
- 7.22** We do not recommend that other forms of category D machines, which are not similar in appearance and functionality to adult machines, have an age limit introduced - this means that we recommend that machines such as crane grabs and coin pushers should continue to be available to all ages.

Age limits and verification recommendation/ action 2: Strengthening age verification assurance in premises

The Commission has strengthened the requirements for online age and identity verification and is taking steps to strengthen age verification testing and assurance in premises.

- 7.23** We require online operators to verify the age and identity of customers before permitting them to gamble - this requirement was strengthened in 2019.
- 7.24** Since 2015, we have required most non-remote licensees to undertake test purchasing to check that their procedures to prevent underage access are effective - this covers all casinos; plus betting premises, AGC, licensed FECs and bingo premises that are fee category C or higher. Smaller operators were at the time exempted from the requirement ‘... *recognising the costs and additional financial burden that test purchasing might present for smaller businesses* ...’, although many do conduct test purchasing on a voluntary basis or have it carried out on their behalf by a trade body.
- 7.25** While the method of assigning a fee category has since changed to Gross Gambling Yield, at the time this measure was brought in non-remote fees were based on numbers of premises. Setting the requirement at category C or above meant that licensees with up to 15 separate premises were not required to carry out test purchasing.
- 7.26** The results of licensees’ own testing are the main way we gauge the risk of underage gambling across different types of premises. The most recent comparative data we have on test purchasing performance of licensed gambling venues versus shops selling age-restricted products suggests that some gambling venues compare favourably with shops, with the following pass rates:
- Casino – 98 percent
 - Betting – 87 percent
 - Bingo – 83 percent
 - AGC – 80 percent
- 7.27** Serve Legal market data highlights testing pass rates in 2020 for the sale of alcohol at supermarkets and convenience stores of 79 percent and 81 percent respectively.
- 7.28** While the results for the gambling sector as a whole compare well with others, the exemption for licensees in fee categories A and B means we have an incomplete picture of risk from underage gambling in those premises. While many would be covered by testing provided as part of membership of a trade body, this does not cover them all. As things stand, the test purchasing requirements cover a minority of the total number of licensees but, due to the size of those licensees (for example high street bookmaker chains), over 80 percent of premises are covered by compulsory testing.
- 7.29** While there is a cost to testing, it is relatively low. Information we’ve seen suggests the cost of an individual test can be well under £50. The risks to children who play underage do not differ depending on the licensee’s Gross Gambling Yield. We consider it is reasonable that licensees should see the cost of age testing as a cost of doing business in a sector where their product is age restricted. It is also in their own interests to make sure players are over 18 because it is a criminal offence if they permit someone underage to gamble, and in many cases, under 18s are not permitted

to even enter the premises. Operators are also required by law to return the stakes from any underage play.

- 7.30** For the reasons set out above, we intend to consult on extending the duty in our Licence Conditions and Codes of Practice (LCCP) to conduct test-purchasing to smaller licensees (those in fee categories A and B). No legislative change would be required to support this change.

Age limits and verification recommendation/ action 3: Gaming machine numbers in alcohol-licensed premises

We recommend there should be no increase to the number of gaming machines that alcohol-licensed premises are automatically entitled to site, until the alcohol-licensed sector can demonstrate its ability to manage the risks effectively.

- 7.31** In 2018 and again in 2019, the Commission worked with licensing authorities, trading standards and the police to deliver test purchasing exercises in pubs, to test whether under 18s would be prevented from playing Category C gaming machines. The [2018 test purchasing exercise for pubs](#) indicated that 88 percent of the tested pubs in England failed to prevent an under 18 from accessing age-restricted gaming machines. In the [2019 test purchasing exercise](#), 84 percent of pubs tested in England and Wales allowed the under 18 to play machines. The failure rate was uniform across large pub chains, independent operators, rural and urban premises. In most retail environments (including for example alcohol sales as well as licensed gambling premises), one would expect a failure rate of around 15 to 25 percent (based on data supplied to us by industry and third-party testing).
- 7.32** The Commission's Young People and Gambling Survey 2022 identified that 6 percent of 11 to 16 years olds have some experience of playing fruit and slot machines in the last 12 months and 3 percent have spent their own money playing on them either in an arcade, pub or social club. This demonstrates there may be a risk that some young people seek to access gaming machines in pubs. As alcohol-licensed premises themselves are typically not age-restricted, it is important that licensees take action to prevent minors from accessing age-restricted gambling products.
- 7.33** Pubs and certain categories of clubs are able to provide limited gambling facilities, such as gaming machines, without holding an operating licence. The Act aimed to remove 'ambient' gambling, such as gaming machines in restaurants or taxi ranks, whilst restricting 'harder' forms of gambling to specified licensed gambling premises, which a consumer would make a conscious decision to enter in order to gamble. The intention was that certain forms of commercial gambling should be restricted to regulated gambling environments, to protect the licensing objectives. Pubs and specified clubs were given only limited gambling entitlements beyond this general principle.
- 7.34** We would not recommend any increase to the number of gaming machines that alcohol-licensed premises are automatically entitled to site - currently two machines. This should remain the position, certainly until there is robust evidence that the sector can demonstrate its ability to manage the risks to children and young people from accessing them. It is also important that licensing authorities have knowledge of applications from pubs for gaming machines and be able to determine whether they consider more machines should be permitted in any particular premises.

Age limits and verification recommendation/ action 4: Requirements on alcohol licensed premises

We recommend that the Government strengthen the powers in the Act to enable provisions on the prevention of underage gambling to have binding effect on alcohol licences, subject to the Commission consulting on changes to its code of practice.

- 7.35** The Commission issues a [code of practice on the provision of gaming machines in clubs and alcohol-licensed premises](#). That code is issued under Section 24 of the Gambling Act 2005. Sections 282 and 283 of the Act specify that compliance with such a code about the 'location and operation of a gaming machine' is a condition of an alcohol licence (or relevant Scottish licence) and a licensed premises gaming machine permit.
- 7.36** The code also includes provisions concerning the prevention of access to gambling by children and young persons. However, because access by children and young persons is not mentioned in the relevant parts of either Section 282 or 283, these provisions are therefore **not** a condition of a relevant licence or permit. As things stand, they are not enforceable by licensing authorities and just represent our view of best practice.
- 7.37** Given the weaknesses demonstrated by test purchase results, Government should consider strengthening the powers in Sections 282 and 283 to enable these provisions to have binding effect as conditions. One way to achieve this would be to amend sections 282(3) and 283(3) to add explicit references to 'access to gambling by children and young persons.'
- 7.38** Subject to consultation by the Commission on any changes to its code of practice, this could provide licensing authorities with greater powers in respect of alcohol permits in the event of underage gambling. Where a licensee breaches a condition of an alcohol licence or gaming machine permit in respect of underage gambling, the licensing authority would have greater powers to, for example, cancel the entitlement to additional gaming machines, vary the permit to change the number of machines allowed, or even remove the automatic entitlement to site gaming machines where there is a breach of the steps the code sets out as mandatory to prevent underage gambling. The changes to the code of practice for clubs and pubs would also be reflected in Guidance to Licensing Authorities.

Evidence assessment

- 7.39** Our recommendations are based on a range of evidence sources, [summarised at Annex F](#), led by official statistics from our Young People and Gambling Survey 2022, as well as qualitative and quantitative research from 2021 which explored the gambling journey of young people. We have also consulted secondary analysis of combined Health Survey data and test purchasing results and have made some recommendations to ensure regulatory consistency.

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8 Protections for young adults

Key recommendations and actions

- Adults may be in a vulnerable situation at any age, and young adults may be additionally vulnerable to gambling harms due to a combination of biological, situational, and environmental factors.
- Protections for consumers online should apply at each stage of the customer journey, and these protections should be equally effective for young adults. Gambling operators are already required to consider vulnerability because of age, and we will reiterate this in the next stage of our customer interaction work and our forthcoming statement on vulnerability.

Summary of our recommendations

A number of recommendations in our advice would provide additional protections or particular benefits for 18 to 25 year olds. These are:

- We recommend that actions to implement stronger controls on identifying customers at risk of harm should be tailored to ensure they are equally effective for young adults
- We will review the effectiveness of other online controls, including in-session information to customers, and information and messaging on the features and risks of products
- There is a need to extend the role of player-centric controls, in particular the role of deposit limits and the extent to which such gambling management tools should be encouraged or mandated. Working with Government, we will consult further on this issue. We recommend that Government take forward work across departments and with public health organisations to develop appropriate public health messaging to be adopted by all bodies with a part to play in reducing gambling harms
- We will undertake a review of incentives such as free bets and bonuses and consult on further measures to ensure that they are constructed in a socially responsible manner and do not encourage excessive or harmful gambling.
- We recommend Government should require social media platforms to introduce clear, transparent, 'one click' opt-outs from gambling advertising
- We recommend that any move towards debit card payments (or payments via interfaces like Apple Pay) directly on gaming machines would need to strike an appropriate balance between regulation applicable to modern payment methods, consumer benefits and protection of the licensing objectives. Young adults in particular may benefit from robust player protection measures designed to prevent unintentional over-spending. Conversely, without any such measures, any relaxation of the current rules may create disproportionately higher risks of harm for young adults.

Background

- 8.1** This section sets out the need for protections for young adults and how the recommendations set out in our advice would apply to or provide benefits for 18- to 25-year-olds. The recommendations are each explored more fully in the appropriate sections of our advice: *Online protections, players and products*; *Advertising, marketing and sponsorship*; and *Land-based gambling*.
- 8.2** There are points in the customer journey when protections for all consumers may need to be adapted in order to be effective to protect young adults, or when consumer protections may offer added or enhanced benefits to young adults. As with older adults, it is important that one individual measure is not seen in isolation but as part of the overall package of measures.
- 8.3** While rates for gambling participation (including on certain products) and prevalence of problem gambling in the 16 to 24 age group are generally higher than for 'all adults', prevalence rates for each level of severity are not consistently the highest in comparison with other age groups. (Gambling Commission quarterly [telephone survey \(year to Dec 2022\)](#), and [Health Survey for England 2018](#))

Table E - Problem gambling prevalence rates according to PGSI among adults in England, by age

PGSI status	Aged 16 to 24	Aged 25 to 34	Aged 35 to 44	Aged 45 to 54	Aged 55 to 64	Aged 65 to 74	Aged 75 plus	Total
Non-problem gambler/non-gambler	93.7%	93.2%	95.2%	96.9%	97.2%	98.9%	98.9%	96.1%
Low risk gambler	4.1%	5.0%	3.5%	1.9%	1.8%	0.7%	0.9%	2.7%
Moderate risk gambler	1.2%	1.2%	1.1%	0.9%	0.7%	0.2%	0.2%	0.8%
Problem gambler	1.0%	0.6%	0.2%	0.3%	0.3%	0.2%	-	0.4%

- 8.4** Different sources also report variances within the 18 to 25 age group. The [Commission's consumer research exploring the gambling journeys of young people](#) found that problem gambling rates peak at age 20 to 21, and rates are broadly similar at age 18 and age 25. [Public Health England's Gambling-related harms evidence review](#) analysed Health Survey data to conclude that more than 10 percent of men in this age group are considered 'at risk', as are 3.1 percent of women.
- 8.5** Young adults are vulnerable to gambling harm due to a combination of biological, situational, and environmental factors, and are more likely to have limited gambling experience and low motivation to adopt protective behaviours. In addition to biological and cognitive development factors, evidence to support protections for young adults is linked to the onset of gambling and the occurrence of 'life events', which would typically occur within this age group.

- 8.6** There is wide acceptance in the field of developmental psychology that children's development through adolescence into adulthood continues into the mid-twenties. In terms of how that may relate to the risks of harmful gambling, a [study published in 2020 in the journal Developmental Cognitive Neuroscience](#) suggested that young adults may be less likely to see a need to take action to protect themselves from harm and may not easily identify signs of risk in their own behaviours.
- 8.7** The [Commission's consumer research exploring the gambling journeys of young people](#) found that case studies and accounts of lived experience may have limited impact in encouraging protective behaviours, unless they are known to the individual. A [2015 study examined adolescence as a sensitive period of brain development](#), and found that significant harm experienced at this age could have a longer lasting impact and take longer to recover from. However, the adaptability of the brain at this age means that good habits may be longer lasting.
- 8.8** Problem gambling behaviours are more closely linked to the availability and accessibility of gambling at age 18, than to problematic gambling in childhood. Problems appear to develop quickly, before starting to ease. In a [2018 analysis of the Avon Longitudinal Study of Parents and Children \(ALSPAC\) \(PDF\)](#), the majority of 17 year olds experiencing at least moderate harm were found to recover by age 20, but prevalence within the age group studied (up to age 24) tripled between 17 and 20, suggesting high incidence of new onset problem gambling from 18.
- 8.9** During this period young adults achieve greater freedom and control over their finances, but have fewer priority demands on their income than older adults. At around 18 to 20 they have more discretionary income (although 16 to 24 year olds do still have less disposable income on average than older age groups) and more financial independence than they are used to having. The [Commission's consumer research exploring the gambling journeys of young people](#) found that at 18, more than half of young adults no longer rely on parents as their main source of income, and at 19 fewer than half of young adults live with parents.
- 8.10** According to [the Financial Conduct Agency's 2017 Financial Lives Survey](#), young adults are less confident and knowledgeable about finances, and less satisfied with their financial circumstances than older adults. They have the lowest levels of financial resilience, and 11 percent of young adults are 'in difficulty' or regularly miss payments. 18 percent of people with payday loans are young adults, but apart from student loans, 68 percent of young adults are free from unsecured debt, compared with the UK average of 62 percent. However, 36 percent of 18 to 24 year olds have or have had student loans, with an average debt of £23,000 outstanding.
- 8.11** The [Commission's consumer research exploring the gambling journeys of young people](#) found that young adults' gambling is mostly influenced by friends, followed by parents, then advertising. For young adults who are experiencing at least moderate levels of harm, more than half of their gambling takes place with friends. The significant influence of peers and parental gambling means that protections through regulation alone may have a very limited impact in isolation.
- 8.12** [Public Health England's Gambling-related harms evidence review](#) identified a series of risk factors which may be associated with gambling and harmful gambling in young people, including impulsivity, substance use, gender and mental health problems.
- 8.13** This evidence reinforces our view that regulatory actions will need to be taken forward as part of a public health approach, involving multiple government departments, agencies, and bodies, to be most effective.

Summary of our recommendations on protections for young adults

- 8.14** The recommendations in this section are each explored more fully in the appropriate sections of our advice: *Online protections, players and products*; *Advertising, marketing and sponsorship*; and *Land-based gambling*. Here we set out how each of those recommendations apply to young adults and how they gamble.

Online protections recommendation/ action 2: Stronger controls to identify harm

Stronger controls on identifying customers at risk of harm and taking action should be tailored to ensure they are equally effective for young adults.

This recommendation is explored more fully in our section on [Online protections, players and products](#).

- 8.15** In comparison with older age groups, [NatCen's Patterns of Play research](#) found that spend by young adults on gambling (online) is relatively low, and the [Commission's in-depth look at online gambling in 2020](#) found that young adults they have more accounts and show less brand loyalty than older adults. This means that protections linked to or triggered by spend or loss thresholds may not be effective in preventing harm in this age group, because losses may be too low to be identified by an individual operator, and/or spread across several accounts.
- 8.16** [NatCen's Patterns of Play research](#) also found that in terms of online gambling, young adults contribute a relatively low percentage of online GGY (8.8 percent) in comparison with accounts held (20.7 percent). For gaming-only this is lower – 13.2 percent of the adult population are young adults, they hold 18.9 percent of gaming accounts, which generates 6.4 percent of GGY. Mean spend on gaming increases by age.
- 8.17** The [Commission's in-depth look at online gambling in 2020](#) found that young adults hold more accounts (4.7) on average than other age groups. The average for all adults is 3.2 accounts, 25 to 34 year olds hold 3.8 and 35 to 44 year olds hold 3.9. However, the number of accounts used *regularly* (in last 12 months/at least once a month) varies little across these age groups.
- 8.18** Therefore, to ensure that potential harm at relatively low spend levels by young adults does not go undetected by gambling operators, we recommend that spend thresholds applied to online accounts to prompt a safer gambling (or financial vulnerability) check be set at a comparatively lower level for customers up to the age of 25.
- 8.19** Gambling operators are already required to consider vulnerability because of age in identifying and supporting customers. This recommendation would not restrict gambling by young adults or create a process which unintentionally disadvantages older vulnerable adults but should ensure that measures to protect vulnerable consumers are able and fit for purpose to protect this age group from financial harm.
- 8.20** We will consult further on this issue in the next stage of our customer interaction work and will include age as a factor in our forthcoming statement on vulnerability.

Online protections recommendation/ action 1: Safer products

Safer products which improve the quality, consistency and accessibility of product information and risk warnings may have particular benefit for young adults.

This recommendation is explored more fully in our section on [Online protections, players and products](#).

- 8.21** Problem gambling behaviours are more closely linked to the availability and accessibility of gambling at age 18, than to problematic gambling in childhood. A [2018 analysis of the Avon Longitudinal Study of Parents and Children \(ALSPAC\) \(PDF\)](#) suggests that problems develop quickly from the onset of gambling, with problem gambling rates peaking at around age 20, then declining.
- 8.22** Although the evidence is limited, it is reasonable to expect that improving the quality of information about products and risk may have additional benefits for consumers at the onset of all forms of gambling, such as young adults, due to having limited experience of how gambling works. While [the Commission's Young People and Gambling Surveys](#) show that some children and young people were gambling illegally under 18, as you would expect participation increases significantly at 18 when gambling becomes legal. According to the [Commission's consumer research exploring the gambling journeys of young people](#), participation then increases throughout this age group and peaks at 26 to 34.
- 8.23** To follow on from the package of measures to make online slots safer by design we brought into force in October 2021, we will consider the effectiveness of existing controls and how they are communicated, including in-session information to customers on the features and risks of products.

Online protections recommendation 4: Further empowering consumers

Further empowering consumers through encouraging or mandating the use of gambling management tools such as deposit limits may have particular benefit for young adults.

This recommendation is explored more fully in our section on [Online protections, players and products](#).

- 8.24** Significant harm experienced at this age could have a longer lasting impact and take longer to recover from. Similarly, the adaptability of the brain at this stage means that good habits formed at this age may be longer lasting, which over time may reduce higher levels of harm in the next age group.
- 8.25** There is wide acceptance that cognitive development continues into the mid-twenties. Functional changes in control to the brain naturally occur during adolescence into adulthood, and a lack of cognitive control has been linked to problem gambling. Cognitive control improves with age, and a [study published in 2020 in the journal Developmental Cognitive Neuroscience](#) found that during adolescence the ability to engage optimally in inhibitory control can be undermined, and it is during this period that significant maturation of perspective taking takes place.

- 8.26** A [longitudinal analysis of gambling predictors among adolescents, published in 2020](#), found that negative influences and/or traumatic experiences can delay this development and strongly affect behaviour, due to high neural plasticity. A [2015 study examined adolescence as a sensitive period of brain development](#), and concluded that the brain's ability to adapt to internal and external changes is most prevalent during adolescence and early adulthood, making this a sensitive time for development, where environmental and social influences can have a lasting effect. This includes both negative and positive experiences and influences.
- 8.27** The [Commission's 2021 research into how consumers engage with safer gambling opportunities](#) found that this age group already has the highest uptake of safer gambling tools, with 26 percent of gamblers using tools compared to 16 percent of all online gamblers and 20 percent of engaged gamblers. Financial limits were the most popular tool.
- 8.28** We will consult on options to increase the take up of gambling management tools such as deposit limits, to encourage young adults to develop and embed safer gambling behaviours at the onset of gambling and when they have the best chance of developing into long-lasting habits.

Messaging recommendation 1: Public health messaging

We recommend that Government take forward work across departments and with public health organisations to develop appropriate public health messaging to be adopted by all bodies with a part to play in reducing gambling harms. Young adults are a priority group who would benefit from tailored, selective messaging.

This recommendation is explored more fully in our section on [Safer gambling and public health messaging](#)

- 8.29** As the industry regulator, we will make full use of our regulatory powers to ensure that gambling operators engage with and embed appropriate messaging in their own advertising and communications with consumers, and fully integrate this messaging into the customer journey, by consulting on changes to the current regulatory framework.
- 8.30** Groups such as younger adults may benefit from tailored messaging, because they may respond differently to more generic safer gambling messaging and be at increased risk of, or vulnerability to, gambling harms. The [Commission's consumer research exploring the gambling journeys of young people](#) has shown that for young adults in particular, case studies and accounts of lived experience may have limited impact in encouraging protective behaviours, unless they are known to the individual.

Advertising recommendation/ action 4: Ensure that only socially responsible incentives are permitted

We will undertake a review of incentives such as free bets and bonuses, and consult on further measures to ensure that they are constructed in a socially responsible manner and do not encourage excessive or harmful gambling. This may have particular benefit for young adults.

This recommendation is explored more fully in our section on [Advertising, marketing and sponsorship](#).

- 8.31** Evidence from [the Commission's 2021 insight into consumer experiences and attitudes to free bets and bonuses](#), suggests that this age group take up offers more than some older age groups and spend more than they intend to due to direct emails from gambling companies. This is more prevalent for young adults who are already in the moderate to high-risk categories within this age group.
- 8.32** We are committed to ensuring that the right protections are in place throughout the customer journey, and we will undertake a review of incentives such as free bets and bonuses to ensure they are constructed in a socially responsible manner and do not encourage excessive gambling. We will also explore the case for further restrictions on cross-selling and to giving greater power to consumers on the types of marketing they receive.

Advertising recommendation/action 3: Reduce exposure to online advertising

We recommend that Government should require social media platforms to introduce clear, transparent, 'one click' opt- outs from gambling advertising. This may have particular benefit for young adults.

This recommendation is explored more fully in our section on [Advertising, marketing and sponsorship](#).

- 8.33** The [Commission's consumer research exploring the gambling journeys of young people](#) found that young adults' gambling is mostly influenced by friends, followed by parents, then advertising in third place. For young adults who are experiencing at least moderate levels of harm, more than half of their gambling takes place with friends.
- 8.34** The way young adults respond to advertising and offers follows the same lines as older adults, and the likelihood of responding differs due to risk rather than between age groups. The [Commission's consumer research exploring the gambling journeys of young people](#) found that young adults who are at a higher risk of harm are more likely to be prompted by operators to gamble than low risk gamblers (48 percent of 'high-risk' young adults vs 14 percent of 'low-risk' in response to emails, and 55 percent of 'high-risk' young adults vs 19 percent 'low-risk' in response to offers/free bets).
- 8.35** There is limited evidence that directly links marketing and advertising to harm, and while the link between social media use and gambling harm is not clear, it is possible that incentives promoted via social media could be contributing disproportionately to harm, due to high social media use and engagement among this age group. Data from

[the Commission's online tracker \(Year to December 2020\)](#) shows that 31 percent of 18 to 24-year-olds who have gambled in the last 12 months have been prompted to spend money on gambling by advertising on social media, and this decreases with age, and according to [statistics on activity on social media sites and apps in 2020](#), young adults are more likely than older adults to be active on social media more generally.

- 8.36** Therefore, measures to provide greater consumer control and reduce the volume of advertising via social media may be additionally effective in preventing harm to young adults, and we therefore recommend Government require social media platforms to introduce clear, transparent, one-click 'opt outs' from gambling advertising.

Land-based recommendation/ action 3: Cashless payment technologies

We recommend that any move towards debit card payments (or payments via interfaces like Apple Pay) directly on gaming machines would need to strike an appropriate balance between regulation applicable to modern payment methods, consumer benefits and protection of the licensing objectives. The onus should be on the industry to demonstrate how any developments can be offered in a manner which does not increase the risk of gambling harm or gambling-related crime. This may have particular benefit for young adults.

This recommendation is explored more fully in our section on [Land-based gambling](#)

- 8.37** The current prohibition on using a debit card directly on a gaming machine exists to enable breaks in play and prevent over-spending. There are also deposit limits for cash-based machine play which, by limiting the rate at which funds can be transferred to the machine's meters after cash has been inserted, aim to require consumers to take regular decisions before making further payments to the machine.
- 8.38** We know that consumers are moving towards cashless payments for purchases, and the [Commission has published consumer views on cashless payments in land-based gambling](#). Findings included that consumers considered that cash provided a better way than cashless methods to maintain control over gambling spend, and that using cashless methods (for general purchasing) was considered to lead to consumers exceeding planned spend.
- 8.39** Importantly, the research also found that while 18 to 34 year olds had a relatively high preference for cashless payment methods over cash, that age group also placed relatively low importance on sticking to a budget during gambling sessions. According to the [Financial Conduct Authority \(FCA\) financial lives survey 2017](#), younger age groups are more likely than older adults to engage with cashless payments (70 percent of young adults), meaning that any relaxation on cashless payments for gambling is likely to impact more on young adults. This could potentially increase harm, unless mitigating controls were also built in.
- 8.40** We note elsewhere in our advice that app-based cashless payment wallets could provide a means for the user to monitor their own gambling spend and provide friction in the payment journey. Reported in the [FCA financial lives surveys](#), young adults' use of mobile wallets rose from 27 percent in 2017 to 51 percent in 2020, which suggests that this age group in particular is accustomed to smartphone-based payment technology.

- 8.41** However, in the absence of additional protections such as spending limits, any relaxation on cashless payments in gambling venues may carry an additional or increased risk of excessive spend among young adults, due to the relatively high use of cashless payments among this age group and the lower importance attached by them to gambling spend budgets.

Evidence assessment

- 8.42** A range of evidence from robust sources underpins our recommendations in this area, [summarised at Annex G](#), including analysis of operator data, representative survey data, and in-depth qualitative research with young adults. The evidence base is strengthened further by the availability and analysis of longitudinal data from the Avon Longitudinal Study of Parents and Children, and extensive academic research from the field of psychology on cognitive development in young adults.

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9 Land-based gambling

Key recommendations and actions

- The Commission has previously advised that account-based play could have an important role in protecting consumers of land-based products – Government should continue to push operators to make progress to identify customers at risk of harm using such technology, subject to a proportionate approach taking account of available means and the risks of consumer harms associated with different land-based products.
- We are supportive of amending land-based controls to take account of changes in technology and consumer behaviour, ensuring that such amendments include appropriate safeguards for consumers, avoid unintended consequences and have due regards to the original intentions of Parliament. The Commission and local licensing authorities would also need to be resourced to monitor operator compliance with, and the impact of, any such changes.
- It would be appropriate for some restrictions currently in the Act or in regulations to be removed, and allow technological changes to be reflected in requirements more easily over time. This may, for example, apply to areas such as cashless payment technology for gaming machines.
- App-based digital payment technology could be one way of delivering cashless payment solutions in the land-based sectors, and may be one of the more effective ways for also delivering improved safer gambling and anti-money laundering controls. Alternatively, any move towards allowing debit card payments (or payments via interfaces like Apple Pay) directly on gaming machines would need to strike an appropriate balance between regulation applicable to modern payment methods, consumer benefits and protection of the licensing objectives. In this context the onus should be on the industry to demonstrate how any developments can be offered in a manner which does not increase the risk of gambling harm or gambling-related crime.

Background

- 9.1** Our advice on land-based gambling relates principally to two aspects of the customer's gambling journey: their *active search* for available gambling products and opportunities in premises, and their *play experiences* including in particular the provision of safer gambling measures. Our recommendations, including those made in respect of local, licensing and responsible authorities, relate to the promotion of the licensing objectives in those contexts.
- 9.2** In view of the specific questions posed by Government in its call for evidence, our advice includes recommendations on certain areas of land-based gambling regulation that we consider should be addressed or augmented to enable better protection of the licensing objectives. We also provide recommendations on a certain number of proposals submitted to the call for evidence by licensees or representatives of the gambling industry, where DCMS has asked for our advice on those specific proposals.

Land-based recommendation/ action 1: Account-based play

The Commission has previously advised that account-based play could have an important role in protecting consumers of land-based products – Government should continue to push operators to make progress to identify customers at risk of harm using such technology, subject to a proportionate approach taking account of available means and the risks of consumer harms associated with different land-based products.

- 9.3** The call for evidence asked what changes to the rules on land-based gambling would support the Government's objectives. The capacity of non-remote operators to protect the licensing objectives is somewhat limited by the anonymous nature of land-based gambling environments, whereby most players, some of whom will be experiencing harm, can interact with gambling products without being identified by the operator. Our 2019 call for evidence on Category B gaming machines showed that some progress had been made on account-based play, but limitations in gaming machine networking and software meant that in some sectors only limited machine-based safer gambling facilities were likely to be achievable.
- 9.4** While there are some consumer concerns around the information that is available to operators about their spend (more details on consumer attitudes are provided later in this chapter) which, along with the limitations in current technologies, must be taken into account, there is a strong case in principle to make progress on land-based player protection measures given the rates of harm associated with certain land-based gambling facilities and the developments in technology. Better visibility of player behaviour should enable operators to be better equipped to prevent harm and crime, including to support anti-money laundering measures, self-exclusion and customer interaction.
- 9.5** Operators will be best placed to identify the means by which account-based or similar protections could be improved, and consideration should be given to trialling and evaluating the impact of different measures. A proportionate approach may involve trials being focussed on gambling products associated with the highest risks of consumer harm. While increased understanding of gambling behaviour through account-based play or similar could be trialled without changes to legislation, a coordinated approach by Government and the Commission would support progress.

Further detail about land-based recommendation/ action 1: account-based play

- 9.6** Data from the [combined Health Survey for Great Britain \(PDF\)](#) shows that for some land-based gambling products there are relatively high associations with gambling harm risks. For example, 6.4 percent of slot machine players were classed as problem gamblers and a further 7.2 percent of slot machine players were at a moderate risk of harm. 7.4 percent of casino table game players were classed as problem gamblers and a further 8.1 percent at a moderate risk of harm.
- 9.7** For context, [our industry statistics for the period April 2021 to March 2022](#) (which was after the B2 stake cut and after the majority of Covid restrictions has been lifted) show that 35 percent of gambling industry GGY excluding all lotteries (£3.49 billion) was generated by premises-based gambling operators (arcades, bingo, betting shops, and casinos) and racecourse bookmakers. Of that amount, around £1.8 billion was generated from gaming machine play, £1.0 billion from betting (including self-service

betting terminals) in betting shops and £0.5 billion from casino table games (including electronic gaming terminals in casinos).

9.8 Account-based play could enable gambling businesses to have a more holistic view of a customer's gambling, for example by linking their play across multiple sessions or visits, with the aim of using customer data to minimise harm and reduce the risk of crime. It could also enable the provision of better information to players about their own gambling activities. This would require some form of player-specific account which captures gambling data across play sessions.

9.9 The [Commission's research 'How do machine gamblers feel about tracked play?'](#) showed that gaming machine players had some concerns around account-based play (referred to as tracked play in the research) but that, overall, they believed it would be a useful measure to help those whose play is becoming harmful.¹¹ The concept of tracked play was perceived to be useful, transparent, and informed, but there was also a sense it may be intrusive.

9.10 The research found that:¹²

- Problem gamblers were more likely than non-problem gamblers to perceive tracked play as **useful**.
- Non-problem gamblers were more likely to think tracked play is **intrusive** in its nature, whereas problem gamblers thought tracked play *could* be intrusive but were less certain of this.
- Only a limited number of problem gamblers would avoid using a gaming machine if tracked play were to be introduced.

9.11 The research also explored machine gamblers' preferences as to which features of a gaming machine they would find most and least appealing when choosing a machine to play.¹³ It found:

- Problem gamblers were more likely to find tracked play appealing when choosing a gaming machine than non-problem gamblers.
- Highly engaged gamblers were significantly more likely to find tracked play to be an appealing feature when choosing a gaming machine game.
- Casual gamblers were however significantly less likely to find tracked play to be an appealing feature when choosing a gaming machine.

9.12 Tracked play was also perceived as potentially problematic in some aspects:

- Machine gamblers were concerned about the **registration process**, in particular about what personal information they would need to provide during registration, and also the hassle of registering for an account.
- There were concerns about how **personal data** would be stored once tracked play is introduced, and indications that consumers may lack trust in gambling

¹¹ 64 percent of the machine players participating in the survey played in multiple venues (in bookmakers, bingo clubs, adult only arcades and/or casinos, at least once a month).

¹² Based on implicit response tests, which captured the immediate reactions of participants to tracked play as a concept.

¹³ Using Maximum Difference Scaling (MaxDiff) as a way of evaluating the importance (or preference) of a number of alternatives. It is a discrete choice technique where respondents are asked to make simple best/worst choices. Participants were asked which of 13 different features of a gaming machine they would find most and least appealing when choosing a machine to play. Such features included, for example, jackpot size, bonus features, game theme, and availability of tracked play.

companies to handle this data (for example, 71 percent of machine gamblers would be concerned that the operator would use their data to target marketing and advertising).

- Machine gamblers were fairly sure that in order for tracked play to work it would need to be **mandatory across all gambling operators**.

9.13 The research team recommended that a live trial should clearly explain the details and potential usefulness of tracked play, to reassure machine gamblers and build trust amongst them. While we have confidence in the evidence available to date, we agree that a live trial could strengthen the evidence base on player tracking. As noted above, operators will be best placed to identify the means by which account-based or similar protections could be improved, and consideration should be given to trialling and evaluating the impact of different measures. A proportionate approach may involve trials being focussed on gambling products associated with the highest risks of consumer harm.

9.14 We re-ran some of the core questions of this tracked play research in our participation tracker survey in March 2021 and found similar responses to those identified in the 2018 work.

Land-based recommendation/ action2: Flexibility of land-based regulation

We are supportive of amending land-based controls to take account of changes in technology and consumer behaviour, ensuring that such amendments include appropriate safeguards for consumers, avoid unintended consequences and have due regard to the original intentions of Parliament. The Commission and local licensing authorities would also need to be resourced to monitor operator compliance with, and the impact of, any such changes.

It would be appropriate for some restrictions currently in the Act or in regulations to be removed, and allow technological changes to be reflected in requirements more easily over time. This may for example apply to areas such as cashless payment technology for gaming machines.

9.15 It is appropriate for some requirements currently on the face of the Act to be placed either in secondary legislation or for primary or secondary legislation be placed in licence conditions or codes of practice. Such an approach would allow technological changes to be reflected in requirements more easily. However, careful consideration of any measures the Government is considering would be appropriate at the next stage of providing advice.

9.16 We recommend there is also scope for Government to consider updating certain measures in respect of land-based gambling on forms of payment, in line with technological developments and changes in consumer behaviour, while ensuring that appropriate safeguards are delivered.

9.17 Both of these issues - about flexibility and updating land-based provisions - could be relevant in the areas of casino premises gaming machine allocations and cashless payment technologies.

9.18 We advise that any changes must be subject to measures or controls first being introduced, or otherwise that the industry demonstrates that changes can be delivered without detriment to the licensing objectives.

Land-based recommendation/ action 3: Cashless payment technologies

App-based digital payment technology could be one way of delivering cashless payment solutions in the land-based sectors, and may be one of the more effective ways for also delivering improved safer gambling and anti-money laundering controls. Alternatively, any move towards allowing debit card payments (or payments via interfaces like Apple Pay) directly on gaming machines would need to strike an appropriate balance between regulation applicable to modern payment methods, consumer benefits and protection of the licensing objectives. In this context, the onus should be on the industry to demonstrate how any developments can be offered in a manner which does not increase the risk of gambling harm or gambling-related crime.

- 9.19** We welcome the use of cashless payment technology in gambling premises where such technology can be used to improve safer gambling measures and reduce money laundering risks.
- 9.20** In recent years the gaming machines industry has developed app-based digital payment systems that enable payments to be made, indirectly, from a bank account or a debit card to a gaming machine, and where the app acts as a wallet to capture the player's spend across gaming machines sessions and enables users to set their own limits. We would encourage the continued trial and evaluation of these systems to understand their value to consumers and their effectiveness for minimising harm.
- 9.21** Importantly, where a debit card (or an alternative payment interface (API) like Apple Pay) is used to make a payment *directly* to a gaming machine, [payment data security standards \(PDF\)](#) might prevent the operator from capturing and using any data that could identify the cardholder. As such, unless there is some other means of linking the payment to an identified player, debit card and API payments in gambling premises would likely in most instances be anonymous. This may present challenges for delivering effective safer gambling measures for such types of cashless payment. Given that the [FCA and payment systems now permit contactless card payments up to £100 per transaction](#), the use of debit cards in gambling premises could pose serious risks to the licensing objectives unless appropriate controls are put in place. Any move towards debit card and API payments *directly* on gaming machines would therefore need to strike an appropriate balance between regulation applicable to modern payment methods, consumer benefits and protection of the licensing objectives.
- 9.22** Industry stakeholders have suggested a two-stage approach to deregulation in this area whereby the prohibition on debit cards for gaming machine payments is firstly removed from the [Circumstances of Use Regulations 2007](#) (and is instead temporarily enshrined in the Commission's regulatory framework), and secondly that the industry works with the Commission to develop appropriate controls to govern the use of cashless payments. On this point we note that:
- a. the onus should be on the industry to demonstrate how any developments on cashless payments can be offered in a manner which does not increase the risk of gambling harm or gambling-related crime, particularly in circumstances where debit card payments might be permitted directly on gaming machines (and that, under a two-stage approach as described, appropriate controls would need to be developed and deployable *before* the Commission considers amending relevant provisions transferred to it from regulations). Industry trade bodies have been

developing prospective codes of conduct for electronic payments in gambling premises.

- b. there are various other controls in the Circumstances of Use Regulations which aim to protect consumers, such as by limiting the rate of loss they might experience on a gaming machine (for example, payment limits). Consideration should be given to whether any other controls in secondary legislation should instead be captured within the Commission's own codes of practice or technical standards.
- c. should a change be considered appropriate, certain provisions in those Regulations would, in any case, need to be reviewed to ensure they remain appropriate for the provision of cashless technology while also continuing to deliver player protections. These include, for example, the definitions of 'money' and 'money's worth' in relation to payment limits, and the potential need to introduce definitions of digital payment methods or payment instruments, to future-proof provisions.
- d. time may be required to consult on any changes that might result in the Commission creating general conditions.

Further detail about land-based recommendation 3: cashless payments

- 9.23** The call for evidence asked for evidence on the potential benefits or harms of permitting cashless payment for land-based gambling.
- 9.24** The government's regulations (the Gaming Machine (Circumstance of Use) Regulations 2007) currently prevent the use of debit cards to make payments directly in connection with gaming machines. In [our advice on cashless payments](#) we note our view that 'debit cards' also includes the use of alternative payment interfaces like Apple Pay and Google Pay which tokenise a debit card and enable relatively frictionless payments that are charged to the debit card.
- 9.25** That advice also outlines certain risks associated with cashless payments in gambling, as identified by research. For example, non-cash payment methods in gambling can lead to consumers over-spending, as such methods require less thinking about the actual cost and affordability implications of a transaction compared to cash payments.
- 9.26** [Consumer views on cashless payments in land-based gambling](#) showed that a large proportion of land-based gamblers would prefer to use cashless payment methods in gambling premises (with 68 percent of 18 to 34 year olds and 54 percent of 34 to 54 year olds preferring cashless). While changes to the rules on debit card payments could be one way of meeting consumer demand in this area, it would be important to ensure that any changes strike an appropriate balance between consumer benefits in relation to modern payment methods and protection of the licensing objectives.
- 9.27** That survey, conducted as part of our Consumer Voice research, also demonstrates that consumers themselves hold some concerns about the risks associated with cashless payments. For example, even among those who would *prefer* to use cashless methods to pay for land-based gambling, 81 percent agreed that cashless would make it easy to end up spending more *money* than they intended, and 75 percent agreed cashless would make it easy to end up spending more *time* gambling than they intended. For context, 55 percent of all respondents said it was very important to only spend on gambling what they had budgeted to spend (with 43 percent saying this was somewhat important).

- 9.28** The research also identifies that preferences for cashless methods skew towards those at a greater risk of harm. 68 percent of moderate risk and higher risk gamblers in the survey had a preference to use cashless compared to 41 percent among non-problem and lower risk gamblers.
- 9.29** The [Commission's money laundering risk assessment](#) of the gambling industry also recognises cashless payments as an inherent risk, in particular where they are used anonymously by players (for example due to the risks of stolen debit and pre-paid cards, lack of real-time monitoring by operators, and smurfing (where multiple low-level transactions are undertaken to avoid suspicion)).
- 9.30** Our advice note outlines our view that cashless technology presents opportunities for stronger player-focussed safer gambling measures, alongside delivering more choice for players in available payment methods. For example, if technology is deployed in such a way that it captures player-specific data, this could assist operators in collecting better data on their customers' gambling behaviour and help to inform an assessment of those who may be at risk of harm. It might also enable better player-led controls to support self-management of the customer's gambling, for example by enabling customers to set their own limits. Work by Gainsbury and Blaszczynski outlines that cashless gambling systems can also be leveraged to improve age verification, self-exclusion, breaks in play,¹⁴ time-outs and the provision of play information.

Land-based issues explored in the call for evidence

Gaming machine allocations in gambling premises - General principles applying to all land-based gambling premises

- 9.31** Since the inception of the Gambling Act 2005, the Commission has observed how the market has responded, and continues to respond, to different regulations aimed at limiting the availability of Category B gaming machines in gambling premises relative to other gambling products and machine categories. Such regulations have led to some contrived business models which, conversely, attempt to maximise Category B machine numbers in premises, sometimes with very few other gambling facilities genuinely being made available to consumers. The Commission has had to commit significant resource in developing policy responses to each of these business models. The types of commercial responses to regulations that have emerged over the years are outlined in Annex I of this Advice.
- 9.32** The emergence of such artificial premises models demonstrates that if Government intends to limit gaming machine entitlements or ensure a balanced product offering in any type of licensed gambling premises, it is important to ensure that regulatory provisions are robust enough to prevent operators circumventing them.
- 9.33** One option that Government could consider is to limit the number of Category B machines that can be made available on bingo or AGC premises by reference to *both* the percentage of the overall number of gaming machines on the premises (as at present) *and the floor space area* taken up by Category B machines. Such an approach might be a hybrid of the options proposed in the [consultation on category B3 gaming machines by DCMS in 2010 \(PDF\)](#). Additionally for bingo premises, and to

¹⁴ [Breaks in Play research by Sally Gainsbury and Alex Blaszczynski, 2016 \(PDF\)](#) notes that, in isolation, breaks in play can generate counterproductive increases in urges to gamble. They suggest that an optimal strategy ought to combine breaks in play with concurrent displays of dynamic safer gambling messages.

ensure a greater substantive provision of bingo, Government could consider a *minimum* percentage of floor space being designated only for bingo facilities.

- 9.34** Separately, the Commission will conduct a review of gaming machine technical standards to include assessment of the role of session limits across category B and C machines and the role of safer gambling tools, for example when app-based systems that enable cashless payments to machines are deployed more widely. This will also consolidate the progress made so far by the industry on a voluntary basis where we consider that appropriate.

Casino gaming machine ratios

- 9.35** A ratio of gaming machines to gaming tables is preferable to a fixed machine number entitlement, as this ensures a balanced offering of different products. While there is little evidence to suggest what direct impact any changes to machine numbers in casinos might have on gambling-related harm, there is evidence to suggest that a significant number of casino machine players may be experiencing harm. This is detailed in Annex I of this Advice.
- 9.36** Our view, as per the [advice we provided to Government in 2018 on the specific matter of casino gaming machine allocations \(PDF\)](#), is that 1968 Act casinos should not simply be granted the same machine entitlements as 2005 Act casinos without the same overall requirements being imposed. Our preferred mechanism would be for 1968 Act casinos to be required to convert to 2005 Act premises. Alternatively, as a minimum, increased machine entitlements should apply only to those 1968 Act casinos meeting the gaming and non-gaming area minima set for 2005 Act Small casinos.
- 9.37** If entitlements between 1968 Act and 2005 Act Small casinos were to be harmonised, by either mechanism, Government should ensure that the [mandatory conditions attaching to small casino premises licences](#) are applied to any converted (1968 Act) casino premises which acquires the same entitlements. Government should also extend the scope of Schedule 9 Paragraph 5 of the Act to ensure that all 1968 Act casinos granted the same entitlements as 2005 Act Small casinos are required, at the discretion of local authorities, to enter into written agreements.¹⁵ We also strongly recommend that machine entitlements (ratios) should only be calculated on the basis of multi-player live tables, and that casino operators should implement additional measures to manage the risk of gambling-related harm, for example by making progress on account-based play.

Licensing and local authorities

- 9.38** Local and licensing authorities themselves, and their representative bodies, will be best placed to advise Government on the adequacy of their powers in respect of gambling premises licences. Those local authorities with 2005 Casinos in their area will also be best placed to advise Government on the extent to which those casinos have delivered on the objectives of local economic regeneration, tourism and growth. However, we make a small number of recommendations, summarised below, in respect of local, licensing and responsible authorities.

¹⁵ Local authorities can enter into written agreements with competing applicants for a 2005 Act casino in relation to the provision of services within the local authority area. For example, an operator might commit to make payments to the authority to benefit local economic regeneration and fund harm prevention.

Cumulative Impact Policies and Assessments

- 9.39** We recommend that Government considers a provision, similar to that introduced by the Licensing Act 2003 in respect of alcohol licensing in England and Wales, to enable licensing authorities in England, Wales and Scotland to develop cumulative impact policies and assessments in respect of gambling premises licensing.
- 9.40** A number of licensing authorities submitted to Government's call for evidence that they would benefit from greater powers to take account of the risks posed to the licensing objectives, and to public health, by the density and cumulative impact of gambling venues in a locality. The adoption of a Cumulative Impact Assessment approach for gambling premises licensing may help licensing authorities to ensure that licence applicants mitigate the potential impacts on individuals and communities arising from an accumulation of gambling premises in localised areas.
- 9.41** We recognise that careful consideration would need to be given on the implementation. Subject to how Cumulative Impact Assessments might be implemented within the 'aim to permit' framework, they could provide licensing authorities with greater powers than their licensing policy statements, given that Section 153 of the Gambling Act makes such statements subordinate to the licensing objectives, LCCP and the Commission's Guidance to Licensing Authorities. However, we consider that cumulative impact assessments could be implemented in such a manner that would avoid undermining the 'aim to permit' principle of the Gambling Act 2005. They could enable authorities to take account of wider evidence-based factors in their decision-making with regards to the granting or refusing of additional gambling premises licences in certain areas, including for example socio-demographic factors.

Public Health

- 9.42** The current wording of Section 157 of the Act has left licensing authorities in doubt as to whether Public Health departments are a 'responsible authority' and therefore whether their evidence and advice should be considered in local decision making in respect of gambling. The Commission is aware of both Public Health authorities wishing to provide constructive input and licensing authorities wishing to engage in such dialogue.
- 9.43** In line with the position of the Local Government Association, we recommend that Government considers formalising the powers of local or national Public Health authorities. For example, and as suggested by the Institute of Licensing, ensuring that public health authorities across England, Wales and Scotland are designated status as 'responsible authorities' under Section 157 of the Act would enable them to have more formal input in the process of considering applications for gambling premises licences. They would also therefore be an authority that is consulted by a local licensing authority in England, Wales and Scotland during the production of the latter's three-year licensing policy statement (Section 349).

Clarification of powers afforded to authorities and licensing officers in Scotland

- 9.44** To remove any perception of ambiguities, and a significant blocker to progress in Scotland, we recommend that some clarifications are made to the Act to confirm that certain powers apply to authorities and/or licensing officers in Scotland as they do in England and Wales. We also offer a number of other points in respect of references made (or omitted references) to Scottish authorities in the Gambling Act 2005. A list of those clarifications and references is provided in Annex I of this Advice. While that list

may not be exhaustive, we recommend these issues are considered further by Government.

Other recommendations

- 9.45** To remove unnecessary burdens on local authorities and the Commission, we recommend that:
- A small number of changes are made to Schedule 11 of Act so that local authorities are no longer required to provide the Commission with details of small society lottery registrations; and
 - that the statutory duty to notify the Commission of the grant or rejection of a premises licence application, or the surrender of a premises licence, is transferred to the applicant or licensee rather than being incumbent on the licensing authority.

Proposals submitted to DCMS's call for evidence by the gambling industry

- 9.46** We summarise below our advice on a certain number of specific industry requests. For each of these areas, we provide further detail and evidence in Annex I of this Advice.

Land-based proposals from the industry

- 9.47** Allowing **sports betting** in casinos originally licensed under the Gaming Act 1968 is unlikely to have any particular impact on the licensing objectives given the regulated environment in which betting would be offered, and we note that some casinos have previously obtained general betting licences to offer sports betting.
- 9.48** The bingo sector has sought an amendment to the **default opening hours** for bingo premises to offer 'entertainment' bingo after midnight. We note that participation in these types of events can often centre around alcohol consumption and that participants tend to be of an age group that may be at a potentially higher risk of gambling harm due to life events (for example students and 18- to 25-year-olds). Noting the risks of harm from gaming machines, we would recommend that if Government were to permit a change in default hours, gaming machines should not be available during later hours when such entertainment bingo events are taking place.
- 9.49** Bingo and arcade sectors requested a change to the current requirements to site four Category C or D gaming machines for every Category B gaming machine, to instead allow **a greater proportion, or unlimited numbers of, Category B machines**. As detailed further in Annex I, we and local authorities have noted with concern the various artificial measures that some bingo and arcade premises have taken to maximise Category B numbers (for example providing Category C and D content on very small devices that are arguably not genuinely available for use by consumers). We recommend that Government instead strengthens regulation in this area to ensure a balanced offering between machine categories is genuinely offered in premises. A possible alternative regulatory approach in relation to floor space requirements is suggested in [paragraph 9.33](#) and in [Annex I](#).
- 9.50** Allowing **'side betting on numbers'** during bingo games may present a risk that other types of gambling that would be inappropriate for bingo premises, such as banker's games or other fixed-odds betting facilities, could potentially be made available. Consideration should first be given to whether the side-bet concept might instead be viable under equal chance gaming rules or prize gaming rules, to ensure consistency with the current framework within which bingo can be offered. If the regulatory framework were to permit side-betting in bingo premises, whether through

existing provisions on equal chance gaming or prize gaming, or otherwise through legislative change, it would be important to ensure that parameters were put in place for side-betting opportunities to minimise the risks of harm to participants (for example, to minimise the potential rate of loss from placing multiple stakes across a large number of bingo cards and sessions).

- 9.51** In our online games design work completed last year, we outlined the risks associated with being able to play two or more online slot games simultaneously. We would advise against the proposal to allow **terminals in bingo premises to simultaneously offer bingo games and gaming machine content**, due to the similarity of the risks.
- 9.52** Providing **bingo via Zoom** or similar platforms should only be considered under the permissions of a 'full' remote bingo licence and not a remote ancillary licence. The complexity of the associated regulatory issues would mean that the Commission's costs would not be covered by the fees payable for an ancillary licence and non-remote licence alone.
- 9.53** Appropriate safeguards to minimise risks to the licensing objectives would first need to be established before pursuing **any amendment to Section 81(2) which might allow casinos to provide credit** to high-net-worth individuals ordinarily resident overseas.
- 9.54** We would recommend that casinos provide more evidence of the safer gambling and Anti-Money Laundering controls that would be introduced before high-end casinos are allowed to site any **gaming machines with large maximum stake and prizes**. It will also be important to ensure that any such machine cannot be sited in casinos outside of the high-end market. The industry also proposes that all play on such machines would be cashless, and we recommend that the sector provides more evidence as to exactly what cashless payment mechanisms might be used, given that most customers in high-end casinos are overseas high net worth players and may not typically carry money with them.
- 9.55** We would not recommend that Government permits **new types of terminals** in casinos that offer games such as virtual Blackjack unless such options are sited only as gaming machines (for example Category B1 machines limited to £5 stakes). The industry proposal as described could essentially create unlimited stake and prize single-player terminals to which gaming machine regulations and technical standards would not apply, as the proposal seeks exemption from the Section 235 definition of a 'gaming machine'. Noting from the industry's submissions that the intention is to be able to offer virtual games at low stakes, it would seem appropriate for the concept to instead be made available on existing categories of gaming machine.
- 9.56** We advise against the proposal to allow a **new type of gaming machine** for arcade, bingo and alcohol premises that has a £10 stake and slower game speed, noting in particular that over 60 percent of sessions on B2 machines *before* the stake cut were played at (average) stakes of £10 or less, and such a product could attract former B2 players who experienced harm.
- 9.57** Research indicates that **linked jackpots** can be of particular risk to vulnerable consumers, and we recommend that the proposal to introduce linked machine jackpots in arcade, bingo and pub premises would need to be more fully explored, perhaps through controlled pilots, before allowing machines in these premises to link and create additional jackpots.
- 9.58** Before taking forward any of the proposals from industry to allow the **piloting of new gaming machines in a live environment**, Government would need to carefully consider which aspects of legislation it would be prepared to disapply in order to allow piloting, and it may need to be prepared to amend legislation upon the conclusion of any pilots. The proposals as described by industry would also introduce significant

resource implications for the Commission and challenges in ensuring ongoing consumer protection. Appropriate mechanisms for funding any pilots would need to be established.

Evidence assessment

9.59 Our recommendations are underpinned by a wide range of evidence, [summarised at Annex H](#), including analysis of operator data, academic research from Britain and other jurisdictions, and representative survey data. We also refer to evidence acquired from the Commission's published consultation work on several policy areas, in turn drawing on our experiences of operator compliance and our work with local authorities. However, only limited academic evidence has been available to inform our recommendations on many of the industry's proposals, largely due to the specificity of those requests. Our recommendations on such proposals are therefore based principally on our interpretation of existing primary and secondary legislation.

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Annexes

Annex A: Evidence assurance

- 1 Evidence Assurance is a process that aims to ensure that decisions are taken that lead to better outcomes by making use of the best available data and evidence. It is based on recognised principles, and forms part of the government functional standards for analysis.
- 2 As an evidence-led regulator we work with a variety of stakeholders and interested parties including researchers, academics, industry and those with lived experience, to gain insight and perspective about gambling behaviour in Great Britain. This helps to support our own commissioned research, statistics, regulatory casework and analysis, to build a large volume and diverse range of evidence.
- 3 This annex shows how our advice has been underpinned by a rigorous, consistent, and transparent evidence assurance process. It reflects how and why the evidence base has been collated, interpreted and assessed in terms of strength to inform the advice we are providing to Government.
- 4 Alongside the wider evidence base, we also considered advice which we sought from each of our three advisory groups: our Lived Experience Advisory Panel (LEAP), the Digital Advisory Panel (DAP) and the Advisory Board for Safer Gambling (ABSG). Each of these groups were asked to highlight their recommendations to the Commission on the issues from the Government's Call for Evidence and any other issues that were relevant to the legislative framework for gambling and the regulation of gambling. [The advice the advisory groups provided to the Commission is available on our website.](#)
- 5 Our evidence assurance approach has a governance framework behind it which forms part of the accountabilities, decision-making and signoff process.

Our approach

- 6 Our evidence assurance process is underpinned by a five-phase approach:
 - What is the question/ issue/ problem?
 - What would the ideal evidence base look like?
 - What do we have in reality and what are the evidence gaps?
 - What is our assessment (quality and quantity) and interpretation of the evidence base?
 - How does this inform our advice/position?

Our process

- 7 In the Call to Evidence, Department for Digital, Culture, Media and Sport (DCMS) set 45 questions. To be able to fully answer each question, we challenged ourselves ‘*What would we need to have a full understanding of this topic?*’. To answer this question, we considered the following:

Phase 1 – What is the question/issue/problem?

- What are the overarching questions that need to be asked to achieve that?
 - What themes or sub-strands may sit beneath the questions?
 - What would the ideal evidence base look like?
 - How many of those questions can we already answer, and how?
 - What are the gaps and how can they be filled?
- 8 Internal workshops were held to answer these questions, the outcome of which resulted in a sub-set of questions or themes sitting underneath the main 45 questions.

Phase 2 – What would the ideal evidence base look like?

- 9 The workshops worked on the principle that in order to achieve a balanced evidence base it would require a variety of evidence sources, including (but not limited to) –
- Consumers – quantitative and qualitative research on consumer behaviours and attitudes, consumer complaints, wider consumer feedback
 - Industry – operational data, research and feedback from stakeholder groups
 - Advisory and lived experience groups – ABSG, LEAP, DAP, professional expertise from practitioners, third sector
 - Academic research – empirical studies from academic journals
 - Our own data and research – experiential knowledge, regulatory casework, statistical analysis, jurisdictional scans and analysis, wider desktop research

Phase 3 – What do we have in reality and what are the evidence gaps?

- 10 We undertook an exercise to establish and collate existing evidence from a wide range of sources, mapping the evidence base to the 45 questions raised in the Call for Evidence.
- 11 A gap analysis of the collated evidence was then completed to identify where information was lacking or limited. Evidence gaps were then prioritised based on importance, ease of availability, complexity, and resource required. Where possible, opportunities were sought to fill these gaps via further desk research, engagement with stakeholders, and additional research.

Phase 4 – What is our assessment (quantity and quality) and interpretation of the evidence base?

- 12 The evidence base for each question was assessed for both quality and quantity. We considered the evidence base as a whole, and how well the available sources provided a robust basis for our advice. The evidence base was considered against the following:
- No evidence exists

- Some evidence exists but of average quality
 - A large amount of good quality evidence exists
- 13** We consider good quality evidence to be relevant (in other words recent, and in the context of the same or a similar regulatory framework to the UK), based on robust methodologies and, where appropriate, transparent of any limitations, based in real-life environments, with unbiased reporting of findings.
- 14** We continued to add to, and assess, the evidence base as new research and evidence came to light.
- 15** Despite the wide scope of evidence, we assessed and considered as part of the evidence assurance process, it is widely recognised that there are still significant evidence gaps in some areas of the gambling landscape. Two key areas are that of a large-scale longitudinal study, especially considering the impact of gambling, and evaluations of the effectiveness of interventions aiming to reduce gambling harms.

Phase 5 – How does this inform our advice/position?

- 16** The evidence assurance process enabled us to determine the strength of the evidence base and the weight that could be applied to the formulation of our policy position and recommendations.
- 17** Where there was a lack of or limited evidence, we took the position that this did not mean that action could not be taken. We set out that sometimes it would be appropriate to take a pre-cautionary approach where the potential for harm existed. This was only possible however where it was transparently set out what was being done and why.

Transparency in our evidence-base

- 18** To demonstrate transparency in our approach, we have:
- Published a [bibliography which lists the evidence and data sources that we have considered](#) as part of providing our advice to Government.
 - Continued to release any research, data/statistics that we have undertaken during the review.
 - Been transparent where there might be a gap in evidence, or where no evidence is available, and we are recommending a precautionary approach should be considered/taken.
 - Been clear and transparent where we are unable to make firm recommendations until there is sufficient evidence to support proposals.

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Annex B: Summary of key evidence sources – Online protections

- 1 We referred to a wide range of research and evidence to inform the recommendations in the online section. Key sources referred to are summarised below. We are confident that these sources and the way that we have reviewed the wider evidence base are robust and support the recommendations made in this section.

Online protections recommendation/ action 1: Safer products

- 2 Our recommendation on the risks associated with speed of play is an extension of the stance that we outlined in the [consultation on online slots game design in 2020](#) which led to the introduction of a [package of changes to make online games safer by design in 2021](#).
- 3 Building on our changes for online slots products, we are satisfied that the evidence base supports a review of product features regarding rules relating to intensity of play on online products. Relevant evidence sources that have informed this view include:
 - A [review of product-based harm minimisation by Parke J, Parke A and Blaszczynski \(2016\)](#) which found that problem gamblers tend to be more motivated to gamble because of the need to detach (in other words, relax or escape) or modify mood; and evidence suggests that faster, more continuous games best accommodate that need.
 - Academic studies have found that activities that permit high frequency participation are more likely to be associated with harm and more readily facilitate problematic behaviour, such as loss chasing.¹⁶¹⁷ On a simulated slot machine, it was also found that faster spins led to reduced response inhibition, suggesting greater impulsivity.
 - [Research into the risks posed by auto-play](#) supported by feedback from our Lived Experience Advisory Panel (LEAP). This evidence informed our decision to prohibit autoplay because it removes an element of decision making, time to reflect on the outcome and could act to increase the speed of play and contribute to creating a dissociative state.

Online protections recommendation/ action 2: Stronger controls to identify harm

- 4 Our recommendation to consult further in future on consumer interaction is primarily driven by casework evidence indicating that, whilst licensees had a duty to interact with those being harmed, they were not always doing so or acting quickly enough. For example, in a relevant case, a customer lost £4,000 in six minutes following sign-up.

¹⁶ [The Relationship Between Gambling Event Frequency, Motor Response Inhibition, Arousal, and Dissociative Experience, Andrew Harris and others, 2020.](#)

¹⁷ [The Impact of Speed of Play in Gambling on Psychological and Behavioural Factors: A Critical Review, Andrew Harris and Mark Griffiths, June 2017.](#)

- 5 In addition to casework, we refer to several sources which relate to gambling related harm and financial vulnerability. These include:
- Data from GamCare on the level of calls to the National Gambling Helpline that mention gambling debt or financial hardship.
 - The [Financial Lives 2022 survey](#) conducted by the Financial Conduct Authority (FCA), which is a robust, large-scale nationally representative tracking survey of UK adults' financial behaviour.
 - [Research by the Money and Mental Health Policy Institute \(MMHPI\) \(PDF\) into online gambling and mental health](#), which involved a nationally representative online survey, and surveys and focus groups with nearly 5,000 people with lived experience of mental health problems.

Online protections recommendation/ action 3: Online slots stake limits

- 6 Online slots games are products of interest due to the prevalence of high loss sessions, reported bingeing behaviour and associated problem gambling rates. Game design measures intended to reduce harm were introduced in 2021 but these did not include the imposition of a stake limit.
- 7 Staking at high values increases the potential of incurring financial losses quickly, a close correlate of gambling related harm. The introduction of a maximum stake could help to prevent the rapid escalation of losses in those instances, whilst the experience of the majority could be unaffected, depending on the stake level chosen. The impact is likely to be linked with the impact of the Commission's earlier changes relating to online slot games. Our rationale has been influenced by a range of evidence, including:
- The [research exploring online Patterns of Play](#) which highlighted that gaming accounts with losses greater than £1000, £2000 and £5000 in the year were far more likely to have incurred most of their losses on slots rather than casino products.
 - The [Commission's research on gambling typologies and why people gamble](#), a piece of in-depth qualitative research validated by quantitative analysis which found that online slots was the gambling product most associated with binge gambling amongst the respondents.
 - [Analysis of operator data which recorded the number of staking events in different cost bands](#) and the correlation between staking behaviours and operator safer gambling algorithm assessments. The data was requested from seven operators representing approximately one third of the market.
 - Previous [research into land-based machines play](#), which explored link between stake changes and changes in play behaviour amongst at risk groups.

Online protections recommendation/ action 4: Further empowering consumers

- 8 Based on our experience of regulating gambling and existing evidence on gambling related harm, we do not consider stake limits alone would be an effective way to prevent people from being harmed by gambling. Player-centric controls, for example, offer the means of targeting measures where they can have the most impact.

- 9 Future work in this area will consider research on the presentation of deposit limits. Reports from BIT on trials that they have conducted or evaluated (2018¹⁸, 2021¹⁹ evaluation and 2021²⁰ trials) includes a randomised control trial focussing on how the monetary values shown when choosing a deposit limit affect the size of the chosen deposit limit. The trials found that:
- The presentation of a deposit limit option at registration, the earliest stage of the customer journey, can increase take-up of the tool
 - Removal or reduction of pre-defined limits can result in lower limits being set by customers, and
 - Reducing friction to access gambling tools – by making them available at a single click – increased their uptake.

Online protections recommendation/ action 5: reinforcing expectations for third-party partnerships.

- 10 As a further follow-up to recent enforcement actions and queries raised within the Government's call for evidence, we consider it beneficial to reinforce our expectations in relation to third-party arrangements.

Online protections recommendation/ action 6: identity verification and the payment processing

- 11 This proposal is based on recent technological developments, namely the launch of the Second Payment Services Directive (PSD2) and Strong Customer Authentication (SCA), which may provide the foundations for even more robust age and identity verification tools.

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¹⁸ [‘Can behavioural insights be used to reduce risky play in online environments?’, Behavioural Insights Team, October 2018 \(PDF\).](#)

¹⁹ [Safer Gambling Messaging Project evaluation \(Phase 2\), Behavioural Insights Team, 2021 \(PDF\).](#)

²⁰ [Applying behavioural insights to design better safer gambling tools, Behavioural Insights Team, January 2021 \(PDF\).](#)

Annex C: Summary of key evidence sources – Safer gambling and public health messaging

- 1 We referred to a wide range of research and evidence to inform the recommendations in this section. Key sources referred to are summarised below. We are confident that these sources and the way that we have reviewed the wider evidence base are robust and support the recommendations made in this section.

Messaging recommendation/ action 1: Public health messaging

- 2 We consider that the development of independent and trusted public health messaging should be led by Government, drawing on the considerable expertise of public health bodies, and developed and tested in a way which reduces the risks of unintended consequences which may encourage unhealthy behaviour, particularly among individuals or groups who may have a heightened appetite for risk. This view is based on:
 - a. Evidence taken from [an extensive review of prevention and education \(PDF\)](#) which demonstrated that different population groups respond differently to more generic safer gambling messaging or approaches that have traditionally focused on risks and severity of harms. These groups include women who gamble or younger age groups.
 - b. The expertise and independence of public health organisations to lead the development and testing of messaging which covers all aspects of information required and which reduces the risks of unintended consequences, including:
 - General information about the risks associated with gambling, and specific gambling products,
 - Information about gambling to empower consumers in making choices,
 - Signposting to treatment and support tools, resources and services, and
 - alternatives to current approaches.
- 3 In addition, there is evidence of public health campaigns in isolation having a limited impact on behaviour change by at-risk consumers, but some success in raising awareness and reducing stigma (Young et al, 2017). However, this study focusses on alcohol and our wider review of the evidence base demonstrates a that there is generally a lack of high-quality evidence in this area.

Messaging recommendation/ action 2: Public health messaging in the customer journey

- 4 This will be delivered through the existing regulatory framework.

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Annex D: Summary of key evidence sources – Advertising, marketing and sponsorship

- 1 A wide range of evidence was used to inform this section, however a key piece relied upon is research by Ipsos on the [impact of gambling marketing and advertising on children, young people and vulnerable adults \(PDF\)](#). For the purposes of this research, children and young people were those aged 11 to 24, and vulnerable adults were defined as people living in constrained economic circumstances, people with limited capacity to understand information, people already experiencing problems with gambling, and people with experience of mental health problems. The study involved a consortium of academics and experts who used a range of different research methods including in-depth literature reviews, detailed analysis of advertising content across traditional and social media platforms, an analysis of sports sponsorship, online and telephone surveys, in-depth one to one interviews, focus group discussions and the development of online avatars to identify targeted marketing.
- 2 Given the focus on the impact of marketing and advertising on children and young people, our advice is also underpinned by the Commission's [Young People and Gambling Survey 2022](#). It provides detailed insights into the gambling behaviours of 11 to 16 year olds, with over 2,500 pupils participating across 60 secondary state schools across Great Britain. We consider it is the most accurate information source on children's gambling available to us.
- 3 We have also referred to the [Commission's research exploring the gambling journeys of young people](#), which involved in-depth qualitative research and an online survey with over 900 respondents aged 16 to 25 – the largest sample of young people that we have worked with.
- 4 Whilst the evidence base in this area is strong, we do recognise that there is a lack of longitudinal evidence to demonstrate a causal link between marketing and advertising, and gambling harms. This would strengthen our understanding, but we nevertheless believe that it is necessary to take a precautionary approach and targeted action in this area.

Advertising recommendation/ action 1: Appeal of ads to under-18s

- 5 This recommendation has been informed by the [Committee of Advertising Practice's \(CAP's\) work on further tightening the rules around the content and targeting of gambling ads](#), in particular, to further limit the appeal of gambling ads to under-18s and other vulnerable people, the decision of which was informed by the above research led by Ipsos.

Advertising recommendation/ action 2: Shirt sponsorship

- 6 This section recommends a ban of shirt sponsorship in elite sports and limits on the amount, and frequency, of gambling ads/sponsorships promoted within elite sports stadia. The CAP used research by Ipsos on the [impact of gambling marketing and advertising on children, young people and vulnerable adults \(PDF\)](#) to help inform rule changes to the advertising codes which introduces a ban on adverts that have a strong

appeal to under-18s. We consider it necessary for this to apply to shirt sponsorship and not just the advertisement itself.

- 7 To make these recommendations, and in addition to the key sources identified above we have also drawn on advice from the Commission's advisory groups, and academic research.²¹ This was a mixed methods study on the impact of gambling advertisements shown during sporting events on young people, with research conducted with 71 family groups (comprised of 99 young people (8 to 16 years) and 71 adults) recruited at in South London.
- 8 Although there is little direct evidence on the impact of sport sponsorship on gambling related harms, our recommendation to reduce levels of exposure, particularly in elite sports, is supported by the evidence on the levels of brand awareness in young people and the volume of gambling sponsorships within specific sports.

Advertising recommendation/ action 3: Social media

- 9 Recommendations around advertising on social media platforms are also underpinned by input from the Commission's advisory groups, along with data from the Commission's quarterly online survey of 2,000 respondents. In relation to targeting of adverts, we have referred to [monitoring work conducted by the ASA in 2019](#), which used child 'avatars' - online profiles which simulate children's browsing activity - to identify ads that children see online.

Advertising recommendation/ action 4 and 5: Socially responsible incentives

- 10 This section recommends actions on gambling incentives based a range of evidence, including examples arising from Commission regulatory casework and issues raised by Alternative Dispute Resolution providers. We also received advice from the Commission's Lived Experience Advisory Panel, which complemented [data on free bets and bonuses](#) collected via the Commission's quarterly online survey of 2,000 respondents.
- 11 We also referred to research which found that incentives with wagering requirements may represent a risk factor for developing or exacerbating gambling problems.²² The study used data from the French gambling regulator (ARJEL) where 9,306 gamblers who played poker, horse race or sports betting and 5,682 gamblers who played lotteries and scratch games completed an online survey. Although the findings apply to another jurisdiction, it has a robust sample size and sound methodology, and we consider it to have relevance to the British market and our work to ensure incentives are constructed in a socially responsible manner.

²¹ [Recall and awareness of gambling advertising and sponsorship in sport in the UK: A study of young people and adults, Nataile Djohari and others 2019.](#)

²² [Impact of wagering inducements on the gambling behaviors of on-line gamblers: A longitudinal study based on gambling tracking data, Marianne Balem and others, 2021.](#)

Advertising recommendation/ action 6: HVC schemes

- 12** We introduced stronger requirements and associated guidance to restrict the circumstances in which incentives are offered to consumers. Evidence from our compliance work has shown that there has been a significant decrease in the scale of High Value Customer (HVC) schemes. Looking at those schemes that remain, operators are applying more robust controls, for example, stringent due diligence checks and having direct oversight of the schemes. Therefore, our recommendation is that we continue to review the impact of the changes.

Advertising recommendation/ action 7: Restrictions on cross-selling of products

- 13** Currently, there is a gap in research on the impact of cross-selling and the potential impact on vulnerable adults. However, there is relevant research identified above in relation to incentives, free bets and bonuses which we have used to inform our advice in this area – but we recognise the need to improve our understanding of the cross-selling of products. With that in mind, we consider further exploration of protections is required and to giving greater power to customers on the types of marketing they receive.

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Annex E: Summary of key evidence sources – Consumer redress

- 1 We referred to a wide range of research and evidence to inform the recommendations in this section. Key sources referred to are summarised below. We are confident that these sources and the way that we have reviewed the wider evidence base are robust and support the recommendations made in this section.

Consumer redress recommendation/ action 1: A new single ombudsman scheme

- 2 Our view on the existence of a ‘gap’ in redress is informed by our analysis of the impact on ADR provision of the [2015 ADR Regulations](#) and the Gambling Act 2005. We have referred to three key evidence sources to try and give an idea of the scale of the gap in redress provision. While individually these evidence sources are helpful, we consider they can only provide a partial picture:
 - a. Regulatory return data - this is not currently categorised by complaint type. Its reliability also depends on accurate compilation by licensees and a high rate of licensee compliance in its submission.
 - b. ADR reports - we have a good level of confidence that these are compiled accurately. Categories in reports have been unchanged for several years and there has been a low level of staff turnover at providers. However, cases that eventually reach providers only account for, at most, 5 percent of those initially submitted to licensees.
 - c. Contact Centre data - staff can log calls and emails against a wide variety of types. This process is not automated – contact and logging software is not linked – and relies on the individual remembering to log every contact. They may also have to exercise a degree of judgement in choosing the category, a contact may cover multiple issues but can only be logged against one. Those contacting us are also likely to be a more informed subset of consumers that are aware of us and our role and feel sufficiently aggrieved to get in touch. They are unlikely to be typical of the customer base as a whole.
- 3 In addition, we have considered:
 - a. [Research conducted in 2021, as part of the Commission’s Consumer Voice research, on consumer complaints](#), supported by data from the Commission’s quarterly online survey. These sources bring together robust quantitative data which is national representative, and in-depth qualitative work with gamblers who have previously complained or wanted to complain.
 - b. Advice from a number of reputable consumer advocacy bodies including Which?, the Ombudsman Association, and Citizens Advice.

Consumer redress recommendation 2: The independence of the ombudsman

- 4 To make this recommendation, we have drawn on evidence from two different sources: comparative schemes in other sectors and the expertise of the [Ombudsman Association](#).

- 5 We can rely on the information about four sectors chosen – water, energy, communications and finance – as in each case information about the schemes is drawn from relevant legislation, scheme rules and the websites of the regulators and dispute resolution providers.
- 6 We are confident in the advice of the Ombudsman Association regarding good governance. Both Companies House and the Cabinet Office recognise the Ombudsman Association's membership criteria as representing best practice.

Consumer redress recommendation/ action 3: Need for legislation to implement ombudsman scheme

- 7 This section does not introduce any new evidence sources. The recommendation is based on our assessment of what would need to change (and how that change would need to be made) in the current framework.

Consumer redress recommendation/ action 4: Establishment and oversight of the scheme

- 8 This section refers largely to the [scheme rules for the Financial Ombudsman Service](#) that are published by the FCA. We are confident these are accurate as they are published on the FCA's website and constitute the 'rule book' for dispute resolution in the financial. It is our judgement that those rules are a relevant example to consider.

Consumer redress recommendation/ action 6: Clearly defined funding arrangements in legislation

- 9 This section explains our views over how arrangements for funding should be defined within legislation and scheme rules. The evidence sources include those already cited above.
- 10 The advice also covers the budgets and 'cost per case' of comparative bodies, to try and give a (very) rough assessment of costs of a future gambling ombudsman. The validity of the comparisons is a matter for our judgement, but we are confident in the data which is drawn from published annual reports.

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Annex F: Summary of key evidence sources – Age limits and verification

- 1 We referred to a wide range of research and evidence to inform the recommendations in this section. Key sources referred to are summarised below. We are confident that these sources and the way that we have reviewed the wider evidence base are robust and support the recommendations made in this section.
- 2 One of the key data sources for this chapter is our [Young People and Gambling Survey 2022](#). It provides detailed insights into the gambling behaviours of 11- to 16-year-olds, with over 2,500 pupils participating across 60 secondary state schools across Great Britain. We consider it is the most accurate information source on children's gambling available to us.
- 3 The study above was supported by the [Commission's research exploring the gambling journeys of young people](#) and how they retrospectively recalled their gambling experiences throughout childhood and into early adulthood. This research was conducted in two stages: a qualitative stage with 30 participants followed by a quantitative stage with over 900 respondents aged 16 to 25 – the largest sample of young people that we have worked with. This methodology and sample size means that the findings should be robust but will necessarily depend on the accuracy of participants' memories when asked about gambling activity when they were younger.
- 4 This research also included data on scratchcard play, which was complemented by [secondary analysis of combined health survey data \(PDF\)](#) which found that found gambling problems among 16 to 24 year olds was predicted by scratchcard play. The analysis report had the benefit of being able to draw on a very large and robust dataset made up of three years of NHS Health Survey data. However, the value of its size is partially diminished by the fact that the most recent data is from the 2016 survey and may not accurately reflect current habits. Nevertheless, it has allowed greater focus on this product.

Age limits and verification recommendation/ action 1: Consistent minimum age limits for gambling

- 5 The recommendations to raise the legal age for play on society lotteries and football pools were based on the advantages of consistency of rules and, in some cases, bringing the law into line with a change that licensees had already made themselves.
- 6 Our advice is clear that there has been very little research on the long-term impacts of play on category D machines by children. Instead, our recommendation to introduce an age limit is based on our expert opinion regarding regulatory consistency and the principle of having a clear dividing line between products for adults and those suitable for children.

Age limits and verification recommendation/ action 2: Strengthening age verification assurance in premises

- 7 In this section we note test purchasing results for other age-controlled products provided by the company Serve Legal and how those compare with results for gambling licensees. We can have a reasonable degree of confidence in the information provided, as it has an established track record in providing age testing services across several sectors, including gambling. The aggregate pass rates cited for each sector are based on data provided by the individual licensees or the relevant trade body for the sector. While the results are broadly around the level we might expect, we cannot ultimately check how accurately licensees are reporting them.
- 8 The evidence referred to above is primarily to provide background. We recommend that the requirement for age verification testing be extended to smaller licensees because we have an incomplete picture of the risk those premises might present. We are not aware of any evidence that suggests the risk of harm from underage gambling varies according to the number of premises a licensee operates.

Age limits and verification recommendation/ action 3: Gaming machine numbers in alcohol-licensed premises

- 9 This recommendation is based on the evidence from test purchase exercises carried out in 2018²³ and 2019²⁴. We can have a high degree of confidence in the results of the tests themselves, as they were carried out in partnership with licensing authorities, trading standards and the police. However, the results can only be seen as indicative of performance across the sector, as the tests (necessarily) only covered a very small fraction of the total number of alcohol-licensed premises.
- 10 In discussing the significance among young people of gambling in such premises, we cite the [Young People and Gambling Survey 2022](#) referred to above.

Age limits and verification recommendation/ action 4: Requirements on alcohol-licensed premises

- 11 This recommendation is based on our assessment of what would need to change in the [Gambling Act 2005](#); how that change would need to be made to enable us to consult on strengthening our code of practice for alcohol-licensed premises; and our judgement about the powers licensing authorities should have.

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²³ [Gambling Commission highlights failures to stop children playing on 18+ pub gaming machines.](#)

²⁴ [Gambling Commission calls for pub industry to take faster action to prevent under 18s accessing gaming machines in pubs.](#)

Annex G: Summary of key evidence sources – Protections for young adults

- 1 We have presented the evidence why young adults may be additionally vulnerable to gambling harms, and how the recommendations in our advice would provide additional protections for this age group.

Online protections recommendation/ action 2: Stronger controls to identify harm should be tailored to ensure they are equally effective for young adults

- 2 Our commitment to consult on lower spend thresholds for enhanced financial assessment for customers up to the age of 25 is based a range of evidence. This includes extensive analysis of [operator data exploring online Patterns of Play](#), which analysed gambling activity data from a sample of nearly 140,000 account holders from seven major online operators, as well as data from the [Commission's quarterly online survey](#) of 2,000 respondents, which found that in comparison with older age groups, spend by young adults on gambling (online) is relatively low, they have more accounts and show less brand loyalty, and so losses may otherwise be too low to be identified by an individual operator, and/or spread across several accounts.

Online protections recommendation/ action 1: Safer products may have particular benefit for young adults

- 3 This recommendation is based on evidence that problem gambling behaviours appear to be more closely linked to the availability and accessibility of gambling at age 18, than to problematic gambling in childhood, as evidenced through [analysis of data from the Avon Longitudinal Study of Parents and Children \(PDF\)](#) further supported by the Commission's research [exploring the gambling journeys of young people](#), which involved in-depth qualitative research and an online survey with over 900 respondents aged 16 to 25.
- 4 Although the evidence is limited, improving the quality of information about products and risk may have additional benefits for young adults, due to them being new to gambling. The Commission's consumer research into the gambling journeys of young people found that participation increases significantly at 18, increases throughout this age group and peaks at 26 to 34.

Online protections recommendation/ action 4: Further empowering consumers may have particular benefit for young adults

- 5 Significant harm experienced at this age could have a longer lasting impact and take longer to recover from. Similarly, the adaptability of the brain at this stage means that good habits formed at this age may be longer lasting. This is supported by a long-established academic evidence base on cognitive development and brain function. Our recommendation here is underpinned by a number of papers including:

- Evidence that functional changes in control to the brain naturally occur during adolescence into adulthood, and a lack of cognitive control has been linked to problem gambling. During adolescence the ability to engage optimally in inhibitory control can be undermined, and it is during this period that significant maturation of perspective taking takes place.²⁵
 - Evidence that negative influences and/or traumatic experiences can delay this development and strongly affect behaviour, due to high neural plasticity.²⁶ The brain's ability to adapt to internal and external changes is most prevalent during adolescence and early adulthood, making this a sensitive time for development, where environmental and social influences can have a lasting effect.²⁷ This includes both negative and positive experiences and influences.
- 6 [Data from the Commission's quarterly online survey](#) also supports our view that young adults may be more receptive to actions to increase the take up of gambling management tools, as this age group already has the highest uptake of tools.

Messaging recommendation 1: Public health messaging. Young adults are a priority group who would benefit from tailored, selective messaging.

- 7 This recommendation was informed by [an extensive review of prevention and education \(PDF\)](#) which found that groups such as younger adults may benefit from tailored messaging, because they may respond differently to more generic safer gambling messaging. This review followed a strong approach including extensive peer review.
- 8 The findings are also supported by [our consumer research into the gambling journeys of young people](#), which included a quantitative survey with a large sample of 16 to 25 year olds, found that case studies and accounts of lived experience may have limited impact in encouraging protective behaviours, unless they are known to the individual.

Advertising recommendation/ action 4: Ensuring that only socially responsible incentives are offered may have particular benefit for young adults

- 9 As outlined in earlier sections, this recommendation is supported by [data on free bets and bonuses collected via the Commission's quarterly online survey](#) of 2,000 respondents, which suggests that this age group take up offers more than some older age groups and spend more than they intend to due to direct emails from gambling companies. This is more prevalent for young adults who are already in the moderate to high-risk categories within this age group.

²⁵ [Influences of affective context on amygdala functional connectivity during cognitive control from adolescence through adulthood, Orma Ravindranath and others, 2020.](#)

²⁶ [A Longitudinal Analysis of Gambling Predictors among Adolescents, Botella Guijarro and others, 2020.](#)

²⁷ [Adolescence as a Sensitive Period of Brain Development, Delia Furhmann and others, 2015.](#)

Advertising recommendation/ action 3: Reduced exposure to online advertising may have particular benefit for young adults

- 10 As discussed earlier, while we recognise that there is a lack of evidence demonstrating a direct link between marketing and advertising (including via social media) and gambling harm, on balance we consider our recommendations in this area are justified, as we believe there is sufficient evidence indicating that incentives promoted via social media could contribute disproportionately to harm among young adults. This primarily is found in the Commission's research into the [gambling journeys of young people](#), [data on free bets and bonuses from our quarterly online survey](#), as well as [Ofcom data showing high social media use \(PDF\)](#) and engagement among this age group, who are more likely than older adults to be active on social media more generally.

Land-based recommendation/ action 3: restrictions on cashless payment technologies may have particular benefit for young adults

- 11 In the absence of additional protections, any relaxation on cashless payments in gambling venues may carry an additional or increased risk of excessive spend among young adults, due to the relatively high use of cashless payments among this age group and the lower importance attached by them to gambling spend budgets. This is based on:
- Research conducted in 2021 as part of the [Commission's Consumer Voice research on consumer views on cashless payments in land-based gambling](#) which provides a focussed analysis of consumer views, from an online survey with a sample of over 300 land-based gamblers.
 - Findings from the [Financial Conduct Authority's Financial Lives Surveys](#) in 2017 and 2020, which are nationally representative surveys of UK consumers, and have informed our view that due to higher engagement with cashless payments generally, any relaxation on cashless payments for gambling is likely to impact more on young adults.

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Annex H: Summary of key evidence sources – Land-based gambling

- 1 We referred to a wide range of research and evidence to inform the recommendations in this section. Key sources referred to are summarised below. We are confident that these sources and the way that we have reviewed the wider evidence base are robust and support the recommendations made in this section.

Land-based recommendation/ action 1: Account-based play

- 2 Our recommendation on account-based play is informed by our analysis of the anonymous nature of land-based gambling environments (and the consequent capacity of non-remote operators to protect the licensing objectives) and the limitations in gaming-machine based safer gambling measures identified in our 2019 call for evidence on Category B gaming machines. We base our advice on certain key evidence sources:
- 3 The [Commission's 2018 research, entitled 'How do machine gamblers feel about tracked play?'](#), which involved focus groups and in-depth interviews, as well as a good quality online survey of 1,000 engaged machine gamblers. The sample was biased towards those who had played more recently, rather than all machine gamblers, however it provided valuable insights into gamblers' attitudes towards account-based play.
- 4 Data from the [2018 Health Survey for England](#) and the [combined Health Survey for Great Britain \(2016\) \(PDF\)](#) show that for some land-based gambling products there are relatively high associations with gambling harm risks. The Health Surveys follow a gold-standard methodology and produce the most-robust estimates of gambling participation and problem gambling.
- 5 We also provide industry gross gambling yield (GGY) to demonstrate the volume of land-based gambling and the proportion of such gambling relative to online. Our industry statistics are based on regulatory return data submitted by operators and their accuracy therefore relies on the accurate completion of regulatory return data by licensees and a high rate of licensee compliance in submitting completed returns.

Land-based recommendation/ action 2: Flexibility of land-based regulation

- 6 Our recommendation on enabling greater flexibility in land-based regulation is based principally on the technological developments and changes in consumer behaviour in respect of cashless payments, and our analysis of the current framework for gaming machine regulation (where controls are currently enshrined across primary legislation, secondary legislation, and the Commission's gaming machine technical standards).
- 7 Our evidence base for cashless payments includes:
- 8 Research conducted in 2021, as part of the [Commission's Consumer Voice research, 'Consumer views on cashless payments in land-based gambling'](#) provides a

contemporary and independent analysis of consumer views in this area, from an online survey with a sample of over 300 land-based gamblers.

- 9 Our published [advice on cashless payment technologies](#), which in turn references two studies (published by Gamble Aware in 2014²⁸ and 2016²⁹) conducted by Jonathan Parke, Adrian Parke, Jane Rigbye and Alex Blaszczyński. These secondary research studies take account of thirty years of evidence on, for example, non-cash payment methods, cooling off periods and accessing additional gambling funds, while acknowledging methodological limitations in the sources used.
- 10 [Payment Card Industry Data Security Standards \(PCIDSS\) \(PDF\)](#), which provides information about the standards that merchants are expected to meet in respect of the protection and storage of cardholder data.
- 11 The [Commission's money laundering risk assessment](#) of the gambling industry, which was developed with input from a range of bodies, including the National Crime Agency, Financial Conduct Authority and HMRC.
- 12 We also recommend that the issues of flexibility and updating regulations could be relevant in respect of casino premises gaming machine allocations. While we note the limitations in the evidence base (as in, there is only a small quantity of evidence that specifically explores the relationship between machine numbers and gambling-related harm, and that that small evidence base is inconclusive as to whether greater or fewer machine numbers correlate with levels of harm), we also reference wider academic research which indicates that some Category B1 gaming machine players may experience harm from long play sessions on such machines and/or may lose significant sums of money.^{30 31 32 33}

Land-based recommendation/ action 3: Cashless payment technologies

- 13 Our evidence base for cashless payments is summarised above under land-based recommendation/ action 2. However, we also take account of our analysis of app-based digital payment systems that have been developed within the gaming machines sector. Our understanding of the functionality and capabilities of these apps is based on detailed demonstrations and explanations provided to us by industry representatives.

²⁸ [Operator-Based Approaches to Harm Minimisation in Gambling, Jonathan Parke, Adrian Parke, Jane Rigbye and Alex Blaszczyński, May 2014 \(PDF\)](#).

²⁹ [Key issues in product-based harm minimisation, Jonathan Parke, Adrian Parke, Jane Rigbye and Alex Blaszczyński, December 2016 \(PDF\)](#).

³⁰ [Evaluating the effectiveness of a limited reduction in electronic gaming machine availability on perceived gambling behaviour and objective expenditure, Paul Delfabbro, June 2008](#).

³¹ [Tracked play on B1 gaming machines in British casinos, David Forrest and Ian McHale, June 2016](#).

³² [Problem gambling in Leeds, Alexandra Kenyon, Neil Ormerod, David Parsons and Heather Wardle, July 2016](#).

³³ [Future-proofing the industry: towards the safer design and situation of games, Jonathan Parke, March 2020](#).

Other specific land-based issues on which we offer recommendations

- 14** In addition to our key recommendations above, we also provide recommendations on a number of other land-based gambling regulation issues. This includes the availability of gaming machines in bingo and AGC premises and strengthening or clarifying local authority powers.
- 15** In providing rationale for our recommendations, we note that there is no relevant academic research available on these subject matters. However, our advice is principally based on a) the Commission's own policy and compliance work, including our 'shared regulation' work with local authorities, as evidenced in various relevant published materials,³⁴ and b) independent publications from other reliable public sector sources including House of Commons Library briefing papers and Home Office Guidance on the Licensing Act 2003. We also refer to a number of submissions to Government's call for evidence made by local authorities.

Recommendations on certain industry requests submitted to Government's call for evidence

- 16** We provide recommendations on a certain number of specific and diverse proposals submitted to the call for evidence by representatives of the gambling industry, where Government has asked for our formal advice on those proposals.
- 17** Only limited academic evidence has been available to inform our recommendations in most of these areas, largely due to the specificity of the requests from industry. Our recommendations and rationale are therefore based principally on our interpretation of existing primary and secondary legislation,³⁵ and our application of current policy positions to the hypothetical concepts put forward by industry.³⁶ However, where applicable we refer to wider academic research on linked gaming machine jackpots, problem gambling statistics for land-based gambling activities, secondary analysis of survey and operator data which informed the Commission's ban on credit cards, and other sources industry and regulatory data.

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³⁴ The Commission's 2015/16 consultation work on controlling where gaming machines can be played; its published advice on when gaming machines are 'available for use' (updated 2019); and its published advice on authorised persons in Scotland (2015). We also obtained legally privileged expert advice from Scottish constitutional lawyers in respect of the powers of Scottish authorities and officers under the Gambling Act, which is reflected in our advice.

³⁵ The Gambling Act; the Mandatory and Default Premises Licence Conditions Regulations; the Categories of Gaming Machines Regulations; the Gaming Machines (Circumstances of Use) Regulations; the Operating Licence Conditions Regulations; and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations.

³⁶ Gaming Machine Technical Standards; LCCP provisions and guidance on high-value customers; Remote Technical Standards and associated research on online games design; our technical requirements for casino and bingo equipment; and our guidance on what constitutes 'bingo'.

Annex I: Additional evidence and detailed advice on land-based gambling

Gaming machine allocations in gambling premises - General principles applying to all land-based gambling premises

- 1 This section of the annex outlines the types of commercial operating models that have emerged over the years in response to regulations that aim to limit the number of Category B gaming machines available on licensed gambling premises.

Split premises

- 2 This concept appeared when bingo and AGC premises were originally only permitted a maximum of four B3 machines and betting premises offered up to four B2 machines at £100 stake. Many operators sought to double (or even treble or quadruple) their machine entitlements by applying to local authorities to re-licence one set of premises into multiple 'premises'. Each licensed 'premises' area was sometimes delineated by no more than a low barrier or even a different coloured carpet. This occurred in the betting, bingo and arcade sectors.

Converted AGCs

- 3 This involved, for example, AGC operators varying their operating and premises licences to change their AGC premises into Bingo premises. The Category B machine entitlement for bingo premises had been increased from four to eight machines and, in our view, the intention of such licence variations was to increase the number of such machines. Many AGCs that pursued such conversions offered very little in the way of bingo, leading to concerns that such premises were not consistent with the regulatory framework. Prior to the B2 stake cut we also saw AGCs pursuing contrived betting shop models to be able to offer B2 machines (which are not permitted in AGCs), often with limited supervision.

Electric casinos

- 4 This concept involves a second or even third 1968 Act Casino premises being utilised at a single bricks-and-mortar location, with the second or third licensed areas often being smaller than the adjacent 'live casino' (but in some cases they are standalone premises). The electric casino, or E-casino, typically has no live table gaming and instead sites gaming machines in reliance on limited automated gaming facilities as the only means of non-remote gambling within the licensed E-casino premises (fully automated roulette wheel(s) whereby the results of non-remote gambling are determined within that E-casino premises). There are around 25 licensed casino premises currently trading as an E-Casino model.

The Commission's position

- 5 The Commission has clarified its expectations of E-casino operators through Licence Conditions and Codes of Practice (LCCP) – for example there must be substantive non-remote facilities in order to site gaming machines, and appropriate supervision of

the premises. We have accepted that fully automated gaming should be treated as non-remote gambling and as a result it is acceptable for gaming machines to be made available (subject to the other parts of the code of practice provision being met). The E-casino model is nonetheless artificial in that it aims to increase gaming machine availability in an environment that otherwise provides only nominal non-remote gambling.

The 20%/80% regulatory model for bingo and AGC premises

- 6 Current regulations require that no more than 20% of gaming machines on bingo and AGC premises can be of Category B and a minimum of 80% of machines must be of Category C or D ('the 20/80 rule'), rather than having a specific cap on *overall* Category B machine numbers.
- 7 The explanatory memorandum³⁷ to the 2011 Order that introduced the 20/80 rule on machine allocations³⁸ explained that the policy change was '*intended to give operators of AGCs and bingo premises greater operational flexibility and freedom to take commercial decisions. This is to allow them to stabilise and develop certain revenue streams in order to prevent further closures of premises and job losses... The economic pressures of recent years have seen many AGC and bingo operators artificially splitting their premises and paying for two separate premises licenses in order to offer a higher number of Category B3 gaming machines. This is a perverse consequence of the current limits on machine numbers and is not conducive to the effective regulation of gambling. These measures are therefore also intended to reduce the incentive for operators artificially to split premises.*'
- 8 However, the Commission and some local authorities have noted with concern that the '20/80' regulatory model also appears to have been commercially exploited by operators, leading to contrived operating models at some bingo and AGC premises. This is explained further in the points that follow.

Category C and D game content provided in a 'space-saving' capacity

- 9 We have seen bingo and AGC operators seek to maximise Category B machine numbers by providing Category C and D games on small **hand-held terminals** or tablets or via '**in-fill**' **machines** (a very narrow device, only a few inches wide, supposedly offering up to four Category C or D player positions - therefore intended to 'count' as 4 machines - but physically inaccessible by more than one person in practice).
- 10 While these variants of gaming machines have been sited to meet the bare legal requirements of being 'available for use', insofar as they are switched on and are available if a customer wishes to use them, it is our view that they are not provided as

³⁷ [Explanatory memorandum to the Gambling Act 2005 \(gaming machines in adult gaming centres and bingo premises\) Order 2011 and the categories of gaming machine \(amendment\) regulations 2011 \(PDF\)](#).

³⁸ [The Gambling Act 2005 \(Gaming Machines in Adult Gaming Centres and Bingo Premises\) Order 2011](#).

a genuine commercial offering to the customer but rather used as an artificial means of maximizing Category B numbers on the premises.

- 11 We updated our [guidance on when we consider a gaming machine to be 'available for use'](#) in response to these developments. We advise that gaming machines should only be 'counted' as being available for use if each machine can be played simultaneously, by different players, without physical hindrance. As such, we advise that 'in-fill' machines can only be counted as one gaming machine for the purpose of calculating the total number of machines 'available for use'.
- 12 That guidance note reiterates our view that the current rules on machine ratios in bingo and AGC premises aim to ensure a balanced offering of gambling products and restrict harder gambling opportunities (a mixed machine offering weighted towards lower stake and prize machines). The market developments on space-saving devices threaten to undermine that policy.
- 13 Despite the move from a fixed number machine entitlement to a ratio-based entitlement, there are still premises licensed for bingo that could have the appearance to consumers of being AGC venues. These are principally high street premises that offer limited bingo opportunities and where Category B machines can take up most of the floor space (meaning Category B machines are the most predominant feature to the consumer when they enter the premises).
- 14 In their submissions to Government's call for evidence, the bingo and arcade sectors sought an amendment to, or the removal of, the current '20/80' regulation to instead allow a greater proportion, or even unlimited numbers, of Category B machines on bingo and AGC premises.
- 15 The Act limits the availability of 'harder' (potentially more intensive or higher stakes) gambling in premises, for example either by limiting the number of higher stake/prize gaming machines or by requiring lower stakes/intensity products to also be offered on the premises. This approach has been applied slightly differently to the variety of types of gambling premises. However, the key principle is consistent: while higher stake gaming machines can be made available in each type of premises, they should not be the dominant feature of the consumer's experience. The proposition of unlimited numbers of Category B machines in bingo and AGC premises, without any requirement for Category C or D machines, would undermine this approach.
- 16 We recommend, in view of the matters outlined above, that Government strengthens regulations on gaming machine permissions for AGC and bingo premises rather than removing the requirement, to ensure a balanced offering between machine categories is genuinely offered in these premises.
- 17 When [Government consulted on gaming machine entitlements for bingo and AGC premises in 2010 \(PDF\)](#) (the result of which was the introduction of the 20/80 rule, as described), it considered an alternative option based on floor space - one B3 machine per 16 square metres of licensed area floor space. While the 20/80 ratio approach was ultimately adopted instead of a floor space option, Government may now wish to consider alternative or additional regulatory measures in a similar vein for bingo and AGC premises, as a means of delivering a more balanced offering between the categories of machine available on such premises.
- 18 One option Government should consider is to *combine* the existing approach to category B machine numbers in AGC and bingo premises (based on a ratio or

percentage of total machine numbers) *alongside* measures that limit the availability of Category B machines based on premises floor space.

- 19 In addition, and to ensure a substantive offer of bingo in *all* premises licensed for bingo, Government should consider a requirement for a minimum percentage of the licensed premises area to be designated exclusively for bingo facilities.

The Commission's planned review of gaming machine technical standards

- 20 In [2019 we challenged industry to work together to consider responsible innovation in game design](#), for both online games and gaming machines. and our work with industry in respect of safer online games design led to the remote technical standards being strengthened. The land-based industry has also been making some progress on introducing a code of voluntary measures for safer gaming machine games design, and we have encouraged industry to implement the measures it has developed.
- 21 We welcome the commitment from trade bodies and machine manufacturers to introduce player-led limit setting facilities and default limits on B3 machines across all land-based sectors from June 2022. This will enable B3 players to set their own limits on the amount of time and/or money they spend on a machine; play will be paused and a message displayed to the player when their chosen limits are reached. The default limits will mean play is paused and a message displayed when a player has deposited £150 or spent 20 minutes playing. Progress has also been made by the casino sector in introducing limit setting on B1 machines and electronic terminals for players who are members of an operator's loyalty scheme, and default limits for uncarded play.
- 22 As noted above, we encourage the wider rollout of app-based systems that enable digital payments to gaming machines, with a view to understanding in particular their value to consumers and their effectiveness for minimising harm.
- 23 We will conduct a review of gaming machine technical standards to include assessment of the role of session limits across category B and C machines and the role of safer gambling tools, for example when app-based systems that enable cashless payments to machines are deployed more widely. This will also consolidate the progress made so far by the industry on a voluntary basis where we consider that appropriate.
- 24 The review would also incorporate, where necessary, any changes to reflect machine-based controls being transferred from Secretary of State regulations to the Commission's regulatory framework, and any changes required to technical standards that may result from a change to the minimum age for Category D machine play.

Gaming machine allocations in casino premises

- 25 The call for evidence asked for evidence that changes to machine allocations and/or machine to table ratios in casinos, to allow them to have more machines, would support the government's objectives.

Evidence base

- 26** A literature review of academic research shows that there is only a small quantity of evidence that specifically explores the relationship between machine *numbers* and gambling-related harm. That small evidence base is inconclusive as to whether greater or fewer machine numbers correlate with levels of harm^{39 40}.
- 27** However, wider research indicates that some Category B1 gaming machine players may experience harm from long play sessions on such machines and/or may lose significant sums of money. We also reference wider academic research which indicates 'while typical use of gaming machines is at a modest level, there are significant numbers of players who engage in visits with 'high' expenditures of money and time, where the notion that many of them may experience harm is more plausible.⁴¹ For example, more than 11 percent of machine visits include more than three hours of play on the machines and more than 7 percent of visits end up with the player losing more than £200' (with 3.3 percent of visits losing more than £300).
- 28** We note that several operators have provided evidence to demonstrate that some consumers play for longer on casino gaming machines during periods of high overall demand for machines. This means that average 'dwell time' on machines is longer when machine occupancy rates are higher, in order to 'save' a machine during busy periods. The operators therefore argue that the current limit of twenty Category B1 gaming machines in 1968 Act casinos is a factor that can encourage some consumers to play for longer periods without taking a break. The operators consider that this would be alleviated with greater machine numbers being available to match demand.
- 29** We would be concerned if the availability of gaming machines in premises were to have a detrimental impact on consumers, as the industry's information suggests. However, we would strongly caution against any assumption that simply increasing machine numbers would remove the risk of consumers playing for long periods on Category B1 machines. For example, some consumers may experience harm from long play sessions and/or relatively high expenditure during periods of otherwise *low* overall demand/machine occupancy in the premises. If operators were to make progress on account-based play it would enable them to achieve a better understanding of risks of harm to individual *players*, by focussing on the player rather than just situational factors such as machine numbers. It would also help operators to be better equipped to mitigate any harms to those players.
- 30** Our review of gaming machine technical standards will assess the role of session limits and other safer gambling tools on gaming machines, and this will include Category B1 machines in casinos. The review will also consolidate the progress made so far by the industry on a voluntary basis where we consider that appropriate.

³⁹ [Future-proofing the industry: towards the safer design and situation of games, Jonathan Parke, March 2020; Evaluating the Effectiveness of a Limited Reduction in Electronic Gambling Machine Availability in Perceived Gambling Behaviour and Objective Expenditure, Paul Delfabbro, 2008.](#)

⁴⁰ We would note that an ideal, or at least stronger, evidence base would include an exploration of the impact of machine numbers or machine availability on player behaviour and players' experience of harm, with such data perhaps being attainable through live trials.

⁴¹ [Tracked play on B1 gaming machines in British casinos, David Forrest and Ian McHale, June 2016 \(PDF\).](#)

- 31** [Data from the combined Health Survey for Great Britain \(2016\)](#) which, while not indicating the specific type of premises within which participants played, show that 6.4 percent of slot machine players were problem gamblers and a further 7.2 percent of slot machine players were at a moderate risk of harm.
- 32** We also reference wider academic research which indicates that greater opportunities for casino gaming could have different impacts across different geographic areas.⁴² It showed 'how gambling behaviour, and problem/at-risk gambling, are not equally distributed across England. Rates are higher across Britain for those living in more northern areas (and London), major urban areas, urban areas which are more densely populated, English Metropolitan boroughs, London boroughs, those living in wards classified as industrial, traditional manufacturing, prosperous and multi-cultural'.
- 33** The Call for Evidence sought to explore the extent that the new types of casinos created by the 2005 Act meet, or could meet, their objectives for the sector (supporting economic regeneration, tourism and growth while reducing risks of harm). Government should liaise with local authorities in respect of the questions of economic regeneration, tourism and growth, as these will principally be localised issues rather than national. The Commission's compliance and enforcement work with the land-based casino sector has historically identified systemic weakness in anti-money laundering controls (for example source of funds and wealth checks, due diligence procedures) and safer gambling measures among both 2005 Act and 1968 Act casino operators. Historically therefore, the Commission has not seen any fundamental or inherent differences between 1968 Act and 2005 Act casinos in terms of risk or compliance. We have tackled issues such as raising standards in anti-money laundering controls equally across both types of casino (full details of enforcement action are available in [our register of regulatory actions](#)).

Summary of the Commission's advice to government in 2018, relevant to the current review in respect of machine allocations in casinos

- 34** We consider that a ratio of gaming machines to gaming tables is preferable to a fixed machine number entitlement, as this ensures a balanced offering of different gaming products. This was the intention of the Act, implemented through the ratios set for the different categories of casino.
- 35** 1968 Act casinos should not simply be granted the same permissions as those for 2005 Act Small casinos without the same overall requirements being imposed.
- 36** Our preferred mechanism would be that, in order to attain those ratios and machine numbers, 1968 Act casinos would be required to convert to 2005 Act premises. This would help to deliver the original intention of the Act that 1968 Act casinos would eventually be phased out.
- 37** Alternatively, as a minimum, increased entitlements should apply only to those 1968 Act casinos meeting the gaming and non-gaming area minima set for 2005 Act Small

⁴² [Problem Gambling in Leeds Research Report for Leeds City Council, Alexandra Kenyon, Neil Ormerod, David Parsons and Heather Wardle, July 2016 \(PDF\)](#).

casinos, which would limit the increase in B1 machine numbers to a smaller number of larger premises. It would also ensure that the larger complement of gaming machines was available only in premises which were also required to provide non-gambling leisure facilities, so as to achieve a balance in the leisure provision beyond hard gambling.

- 38 Casino operators should also implement additional measures to manage the risk of gambling-related harm, for example by making progress on account-based play.
- 39 We would also note that applications for 2005 Act casino premises licences are subject to Schedule 9 of the Act which, inter alia, allows local licensing authorities to enter into a written agreement with an applicant, for example as to the provision of services within the local authority area. Consideration should be given to whether any 1968 Act casinos attaining similar entitlements to 2005 Act casinos should be subject to the same requirements.
- 40 The Gambling Act 2005 (Gaming Tables in Casinos) (Definitions) Regulations 2009 exclude 'wholly automated gaming tables' from the definition of a gaming table for the purposes of s172(3) to (5) of the Act. Wholly automated gaming tables therefore cannot be counted in determining gaming machine numbers by way of ratio. We are concerned that, should more casinos get an increased gaming machine entitlement linked to a ratio, there could be an increase in the use of automated devices (some of which may be sited on the basis that they are *partly* automated) aimed at increasing the number of gaming machines that can be offered. This would be contrary to maintaining a balance between gaming machines and table gaming. We therefore recommend changing regulations so that machine entitlements (ratios) can only be calculated on the basis of multi-player live tables.

Licensing and local authorities – cumulative impact assessments

- 41 There has been some public and Parliamentary interest and debate in recent years regarding the powers of licensing authorities under the Gambling Act 2005. One key issue is the opening of new gambling premises in areas where the authority considers there to be potential risks of harm arising from the cumulative or total number of gambling premises in a locality. This is particularly relevant when considered alongside the demographic profile of that locality which may be at a relatively high risk of gambling harm.
- 42 The Act requires licensing authorities to '*aim to permit the use of premises for gambling in so far as the authority think it* (in accordance with LCCP and Guidance to Licensing Authorities, reasonably consistent with the licensing objectives, and in accordance with their licensing policy statement)'. Authorities have raised concerns that they have very limited powers to prevent new gambling premises from opening and, in practice, the 'aim to permit' principle has meant that authorities consider that contesting gambling premises licence applications would be unsuccessful. For example, Westminster City Council suggested in its response to the call for evidence that the 'presumption in favour of allowing gambling (aim to permit) creates an extremely high level of burden on residents and responsible authorities who have concerns associated with a gambling operation within an area'.

- 43** The call for evidence asked for evidence on whether licensing and local authorities have enough powers to fulfil their responsibilities in respect of premises licences. Submissions from licensing authorities outlined, for example, that the current framework of the Gambling Act 2005 largely prevents them from taking account of the public health, or crime and disorder, impacts that an accumulation of gambling premises in localised areas may have (specifically, in areas of high deprivation or otherwise areas that the authority believes has a higher number of people who may be at risk to gambling-related harm). While this has historically been a concern principally around betting premises, submissions from local authorities note that, in recent years, many betting shops have closed and are now being re-opened as adult gaming centres and bingo premises, and therefore licensing authority concerns around accumulation remain.
- 44** The Local Government Association, and several individual licensing authorities, suggested in their submissions that authorities should have greater powers in gambling premises licensing to take account of the density of gambling venues in a locality and their proximity to vulnerable groups, citing the example of how ‘cumulative impact’ areas work for the Licensing Act 2003 (LA03).⁴³
- 45** This is ultimately a matter for local premises licensing, and one which does not directly relate to the Commission’s regulatory remit. However, as co-regulators of gambling alongside local authorities, and in acknowledging that those authorities have limited powers to address the risks of harm to local communities, we recommend that the Government considers introducing a provision, similar to that introduced by the Licensing Act 2003 in respect of alcohol and entertainment licensing in England and Wales, to enable licensing authorities to provide a [Cumulative Impact Assessment \(CIA\) \(PDF\)](#) for gambling.

Cumulative Impact Assessments and alcohol/entertainment licensing in England and Wales under Licensing Act 2003

- 46** There are provisions relevant to alcohol licensing that, if adopted for gambling premises licensing, could enable licensing authorities to have greater powers:
- 47** The aim of a Cumulative Impact Assessment under the Licensing Act 2003 is to limit the growth of licensed alcohol premises where, based on evidence acquired by the licensing authority and its assessment of risk, the promotion of the Licensing Act 2003 licensing objectives is likely to be compromised by a significant number of licensed premises concentrated in one area.
- 48** A Cumulative Impact Assessment area is a geographic area defined by a licensing authority where there is evidence to show that the number or density of licensed alcohol premises is having a cumulative impact and leading to problems that undermine the objectives of Licensing Act 2003.
- 49** Licensing Act 2003 requires a licensing authority to publish a statement of its alcohol licensing policy, at least every five years, which must take account of any Cumulative

⁴³ Cumulative Impact Assessments did not have a statutory basis until 6 April 2018 when [section 141 of the Policing and Crime Act 2017](#) came into force and amended the 2003 Act. Until that date, ‘cumulative impact’ and Cumulative Impact Policies (CIPs) were described in Home Office guidance on the Licensing Act.

Impact Assessment the authority has published. After publishing a Cumulative Impact Assessment, the licensing authority must, within three years, consider whether it remains of the opinion set out in the assessment.

- 50 The licensing authority must state in the Cumulative Impact Assessment that it considers the number of premises licences, in one or more parts of the Cumulative Impact Assessment area, is such that it is *likely that granting further licences would be inconsistent with the authority's duty to promote the licensing objectives*. If the licensing authority decides that any application should be refused, it will need to show that the grant of the application would undermine the promotion of one or more of the licensing objectives and that licence conditions would be ineffective in preventing the problems involved.
- 51 An applicant for a licence in a Cumulative Impact Assessment area will need to be able to demonstrate that it would not be adding to the cumulative impact, and it should set out the steps it will take to promote the licensing objectives.
- 52 A cumulative impact policy does **not** however lead to an automatic blanket ban on the grant of alcohol licences in the Cumulative Impact Assessment area, and the authority can only consider using a Cumulative Impact Assessment to refuse an application if relevant representations are made. If there are no representations, the licensing authority must grant the application in terms that are consistent with the applicant's operating schedule.
- 53 However, where relevant representations are received and a licensing authority decides to grant an application, the authority will need to provide its reasons for departing from its own Cumulative Impact Policy (CIP).
- 54 Before putting CIPs on a statutory footing via the [Policing and Crime Act 2017](#), Government noted in the [Briefing Paper on Alcohol licensing: cumulative impact assessment \(PDF\)](#), that not all licensing authorities were making effective and consistent use of CIPs for alcohol. The licensed alcohol trade also had concerns about the transparency of the process for putting a CIP in place, and the quality of evidence used as the basis for some. [Revised Home Office guidance issued under section 182 of the Licensing Act 2003 \(PDF\)](#) therefore clarifies that licensing authorities must have an evidence base underpinning their published CIAs. Licensing authorities must therefore set out their evidence of problems that are being caused or exacerbated by the cumulative impact of licensed premises in the area described, and this may include, for example, crime and health statistics and complaints.
- 55 The Home Office guidance views Cumulative Impact Assessments as a 'strong statement of intent' about a licensing authority's approach to alcohol licence applications, and the evidence underpinning a Cumulative Impact Assessment should generally be suitable as the basis for a decision to refuse an application or impose conditions. However, the publication of a Cumulative Impact Assessment does not change the way that alcohol licensing decisions are made. Applications for new licences or variations to existing licences must still be considered on an individual basis, and applications that are unlikely to add to the cumulative impact on the licensing objectives should be granted. Cumulative Impact Assessments cannot be used as a ground for revoking an existing licence when representations are received about problems with those premises. Further, Cumulative Impact Assessments must not impose quotas based on either the number of premises or the capacity of those premises. This is because quotas that indirectly have the effect of predetermining the

outcome of any application would have no regard to the individual characteristics of the premises concerned.

Gambling premises licensing

- 56** As some of the local authority submissions to the call for evidence indicated, the adoption of a similar Cumulative Impact Assessment/ Policy approach for gambling premises licensing may help authorities to reduce the risks to the licensing objectives of the Gambling Act 2005. In particular, the risks of crime and disorder (for example, from localised anti-social behaviour) and the risks of harm to vulnerable individuals in areas of high deprivation.
- 57** Licensing authorities are already required to produce licensing policy statements every three years (under s.349), and some authorities have sought to take account of local areas of higher deprivation, and public health issues, as part of their policy statements. However, s.153, which requires licensing authorities to aim to permit the use of premises for gambling, makes licensing policy statements subordinate to the LCCP, GLA and the licensing objectives in the authority's considerations of a premises licence application. Subject to how cumulative impact assessments might be implemented within the 'aim to permit' framework, they may provide licensing authorities with greater powers than licensing policy statements (noting for comparison that, in respect of alcohol and entertainment licensing, the powers of licensing authorities to produce and have regard to Cumulative Impact Assessments are *additional* to the authority's duties to produce statements of licensing policy. Licensing policy statements for gambling might similarly be required to take account of any Cumulative Impact Assessment the authority has published in respect of gambling).
- 58** If introduced for gambling, CIAs would not undermine the 'aim to permit' principle of the Gambling Act 2005. Instead, they could enable authorities to take account of certain evidence-based factors in their decision-making with regards to the granting or refusing of additional gambling premises licences in certain areas. The authority might be able to establish a policy presumption to refuse applications in certain localities, subject to the receipt of representations, but only if evidence supported that approach and the authority could demonstrate that granting the application would undermine the licensing objectives (and that conditions would be ineffective). As a Cumulative Impact Assessment would need to be risk-based and evidence-led, authorities could not take account of objections to premises based only on moral judgements. The obligation would still be on the authority to demonstrate risk.
- 59** The Home Office guidance notes that the commercial demand for pubs, restaurants or hotels is a matter for the planning authority and for the market, not a matter for a licensing authority in discharging its licensing functions. A Cumulative Impact Assessment for alcohol licensing therefore cannot include considerations of demand, and similarly a Cumulative Impact Assessment for gambling premises licensing would remain consistent with s153 of the Gambling Act 2005 which prevents an authority from having regard to expected demand.

Licensing and local authorities – clarification of powers afforded to authorities and licensing officers in Scotland, and other Gambling Act provisions relevant to Scotland

- 60** To remove any perception of ambiguities, and a significant blocker to progress in Scotland (particularly in respect of the first two items below), we recommend that some clarifications are made to the Act to confirm that certain powers apply to authorities and/or licensing officers in Scotland as they do in England and Wales. We also offer a number of other points in respect of references made (or omitted references) to Scottish authorities in the Gambling Act 2005.
- 61** While the list below may not be exhaustive, we recommend these issues are considered further by Government:
- a. As indicated in [our advice note on the role of 'authorised persons' in Scotland](#), our understanding is that the enforcement powers contained in the Act cannot be exercised 'as of right' by licensing standards officers (LSOs) in Scotland, as they are not 'authorised persons' in the Act. **We recommend that LSOs and Civil Licensing Standards Officers in Scotland are classed as 'authorised persons' and 'authorised local authority officers' in respect of gambling premises.** This would ensure that these officers in Scotland have the ability to conduct inspections of such premises and ensure compliance with the provisions of the Act. The ambiguity arises from s.304(1) and (2) as in Scotland, Licensing Boards do not employ staff and Licensing Standards Officers are appointed by local authorities rather than the Licensing Boards. This issue could be resolved by introducing a reference in s.304(2) to officers of a local authority in Scotland. We note from their call for evidence responses that the need to address this ambiguity is considered imperative by the Convention of Scottish Local Authorities (COSLA), and was also raised as a vital issue by the West Lothian Licensing Board and Glasgow City Council.
 - b. Following the above, and in respect of s.310, that officers in Scotland are authorised to enter premises licensed for the sale of alcohol (for consumption on the premises) for the purposes of ensuring that gambling facilities on the premises are being provided in accordance with the Act. This may require the introduction of 'relevant Scottish licence' into the definition of s.310(2) (per Section 277 definition).
 - c. Section 347 of the Gambling Act 2005 enables a magistrates' court to try an information for an offence under that Act provided the information was laid within *twelve* months of the offence being committed. s.347(2) therefore disapplies the *six* months' time limit provided in Section 127 of the Magistrates' Court Act 1980. However, it omits any reference to time limits for summary offences tried in Scottish courts. To ensure a consistent provision of a twelve-month time limit for trying information under the Gambling Act, s.347(2) may therefore also need to disapply s.136 of the Criminal Procedure (Scotland) Act 1995 (which provides that summary offences must be commenced within *six* months of the contravention).
 - d. That references in the Act to the 'High Court' (in respect of licence and permit forfeiture) should also include references to the corresponding civil court in Scotland (the Court of Session).
 - e. That 'Licensing Boards' and 'local authorities in Scotland' should be added as 'responsible authorities' in Section 157.

- f. That any references in the Act to *'the chief constable of the police force maintained for the police area comprising that area'* be updated to reflect the creation of Police Service of Scotland, and the abolition of separate police forces for different areas in Scotland, by the Police and Fire Reform (Scotland) Act 2012.
- g. That the reference in Section 318(6) to *'the sheriff or a justice of the peace'* should specify, per s.207(5), that this should be a sheriff or a justice of the peace *within whose sheriffdom the premises are wholly or partly situated*.
- h. That certain bodies are added to Schedule 6 of the Act, including 'Scottish local authorities' at Part 1 of Schedule 6, the Scottish Charity Regulator ('OSCR') at Part 2, and [various other Scottish sport governing bodies](#) at Part 3.
- i. That the Sexual Offences (Scotland) Act 2009 is added at Schedule 7, to reflect those legislative provisions.
- j. Schedule 14 paragraph 22 concerns the right of an applicant to appeal the rejection of an application for the issue or renewal of a prize gaming permit. It provides that an appeal must be instituted in the magistrate's court. There is a further sub-paragraph in Schedule 14 that seeks to make similar provisions in relation to premises in Scotland, but this appears at sub-paragraph 15(4). To remedy what appears to be only a drafting error, the provisions at Schedule 14 sub-paragraph 15(4) should instead be inserted as sub-paragraph 22(5) of that Schedule.
- k. To ensure consistency with the authority given to Scottish Ministers to prescribe fees for gambling premises licences and permits in Scotland, that certain minor omissions are rectified (Schedule 10 paragraph 1 should reference paragraph 11 in the definition of 'prescribed'; Schedule 12 paragraph 30 should reference prescribed 'annual fees' in respect of the provisions in paragraph 14; and Schedule 14 paragraph 1 should reference paragraph 12 in the definition of 'prescribed').

Other land-based recommendations and actions

Local authority notifications of small society lotteries

- 62** We propose that a small number of provisions in Schedule 11 of the Gambling Act ('exempt lotteries') are removed, to reduce a burden on local authorities and the Commission.
- 63** Schedule 11 provides that small society lotteries (for example, those that generate £20,000 or less per annum in proceeds) are exempt from the Commission's regulation and that such societies must instead register with a local authority.
- 64** Part 5 of that Schedule requires local authorities to notify the Commission of small society registrations, and cancellations of registrations by either the society or the local authority, and also requires the Commission to record the registrations it is notified of.
- 65** However, such information has little regulatory value to the Commission. The only relevant data we need from local authorities in this context is if the authority thinks that a small society lottery is instead a large lottery (as is already covered in Sch. 11 Part 5 para.40) and as such, may need to be regulated by the Commission.
- 66** We therefore recommend that the following paragraphs in Sch.11 Part 5 are deleted, to remove certain unnecessary requirements currently imposed on local authorities and the Commission:
- Paragraph44(c) – requires local authorities to notify the Commission of a small society lottery registration.
 - Paragraph45 – requires the Commission to record the registration of which it has been notified.
 - Paragraph53(c) - requires local authorities to notify the Commission of the cancellation of a small society lottery registration, where cancelled by the registered society itself.
 - Paragraph54(4b) - requires local authorities to notify the Commission of the cancellation of a small society lottery registration, where cancelled by the local authority.

Duties to notify the Commission in respect of premises licences

- 67** We recommend that some changes are made to primary and secondary legislation concerning duties to notify the Commission of premises licence information, to ensure that those duties rest with gambling operators rather than with licensing authorities.
- 68** Currently, operators (or applicants for an operating licence) have a duty under the [Premises Licence and Provisional Statements Regulations 2007](#) to notify the Commission, as a responsible authority, of an **application for a premises licence**. Applicants have similar notification duties in respect of **applications for a variation, transfer or reinstatement** of a premises licence, and applications for provisional statements.
- 69** However, a licensing authority has statutory duties to notify the Commission where it has **granted** a premises licence to an applicant, where it had **rejected** a premises licence application, and when a licensee has **surrendered** a premises licence.
- 70** We recommend that operators have the sole responsibility to notify the Commission of all such information in respect of premises licences. It is unnecessary for any such

notification duties to rest with licensing authorities given that operators are already required to report certain premises licence information to the Commission (and other responsible authorities) by virtue of the Gambling Act 2005 (Premises Licences and Provisional Statements) Regulations 2007. Further, the Commission has no regulatory powers to ensure that licensing authorities submit relevant information to it.

- 71** We would therefore recommend that the following sub-sections of the Gambling Act are amended, to place duties on the operator to notify the Commission of the relevant premises licence information, and to remove the current duties on the licensing authority:
- s164(1)(a)(ii) – duty to notify the Commission of a grant of a premises licence.
 - s165(1)(b) – duty to notify the Commission of the rejection of a premises licence application.
 - s192(2)(a) – duty to notify the Commission that the licensee has surrendered the premises licence.
 - s194(3)(a) – duty upon licensing authorities to notify the Commission of the lapse of a premises licence if the authority becomes aware of the lapse.
- 72** In delivering such amendments, the following would also be required:
- deletion of s.156(4) (b-d) of the Act – which currently require the Commission to maintain and make available a register of the information provided to it by licensing authorities about premises licences issued by them.
 - Amendment of regulations 17 and 18 (form of notice to be given on, respectively, the grant and rejection of a premises licence application) of the Premises Licences and Provisional Statements Regulations 2007, to reflect the notification duties being placed on operators rather than licensing authorities.

Proposals submitted to the Government's call for evidence by the gambling industry

Proposals relevant to the bingo sector

Amend the default hours for bingo premises licences to permit more entertainment style bingo after midnight

- 73** The [default conditions for bingo premises licences](#) prevent gambling facilities being provided between 00:00 and 09:00, but this does not apply to gaming machines (which can be offered 24 hours a day). The proposal refers to 'bingo-themed entertainment' models which, in the Commission's experience, are usually operated as bingo under exempt gaming rules in alcohol-licensed premises (with no bingo premises licence, meaning no participation fee can be charged). Bingo operating licence holders have however already conducted similar events on their licensed bingo premises. The proposal to change the default premises licence conditions is therefore to offer such facilities *post-midnight*. One attraction for bingo operators with bingo premises licences is that they could charge participation fees to make a profit from such events.
- 74** One of the Commission's key concerns with this type of offer is the potential availability of Category B3 gaming machines during such events, because participation centres around alcohol consumption and the participants tend to be of an age group that is at a potentially higher risk of gambling harm (students, 18 to 25 age groups). Data from the [combined Health Survey for Great Britain \(2016\) \(PDF\)](#) shows that the prevalence of

both problem gambling and moderate risk gambling for slot machine play are higher than for land-based bingo.

- 75** This request could therefore pose increased risks of gambling-related harm if held in licensed bingo premises and if B3 machines were to be available during (or between or after) sessions of ‘entertainment’ bingo. Under current legal provisions, bingo premises are allowed to make B3 machines available at all times, and the Gambling Act provides that neither an operating licence⁴⁴ nor a premises licence⁴⁵ can limit the number or availability of gaming machines.
- 76** For the risks of harm to be mitigated with this request, Government may wish to consider introducing premises licence conditions that prevent gaming machines being available for use during periods when entertainment bingo is being provided. This might, for example, be achieved by *reversing* the current bingo premises licence default conditions such that:
- If bingo is to be provided 24 hours a day, or in any case after 00:00 and before 09:00,
 - gaming machines should not be made available for use between 00:00 and 09:00 on those days that bingo is provided (this is an illustration only, the key point being that if a relaxation of default hours was to be permitted, consideration should be given to restricting machine availability in order to reduce the risk of harm to individuals who might otherwise play machines under the influence of alcohol).
- 77** One caveat however is that, while the form of bingo suggested in the proposal is essentially a form of main stage bingo (and one where the entertainment element often purports to be greater than the gaming element), if bingo were to be permitted 24 hours day there remains a possibility that much more intense forms of bingo could be provided (such as tablet-based, higher speed bingo games with unlimited stakes). The introduction of a legal definition of ‘bingo’ or bingo game variants may be helpful in order to frame certain permissions and therefore minimise harm.

Permit fixed-odds side bets on the main game of bingo, at low stakes

- 78** Bingo operators already provide some games such as double prize payout but do so as a form of *equal chance gaming*, sometimes with increased participation fees. However, what is described in the proposal as a ‘side bet’ could be defined as either ‘gaming’ **other than** equal chance gaming (gaming against a bank, with a house edge) or defined as ‘betting’. The concept as described may essentially operate as either a side game of banker’s gaming (with the operator retaining a margin) or betting on numbers. To illustrate, there may be no side-bet winners at all meaning all stakes would be retained by the operator. Neither gaming (other than equal chance gaming) or betting is permitted under a bingo licence.
- 79** We would therefore note that, if bingo operators were to be allowed to offer what are essentially banker’s games, this could lead to a wider range of similar games being made available, unless specific permissions were defined and limited by regulation (for example, to prevent other banker’s gaming such as roulette, or more substantive

⁴⁴ [Gambling Act 2005, Section 84, Premises.](#)

⁴⁵ [Gambling Act 2005, Section 172, Gaming machines.](#)

betting facilities for fixed-odds betting on numbers derived from a bingo game, being made available on bingo premises). The regulatory framework provides important delineations of gambling based on potential risk for example bingo operators can only provide bingo (equal chance games) and prize gaming on licensed bingo premises, but a Large 2005 Act casino can provide casino gaming, bingo and betting. The proposals for bingo side-bets, unless defined and limited, could in theory lead to a bingo premises offering the same facilities as a large casino.

- 80 Consideration should be given to whether the side-bet concept as described might instead be viable under equal chance gaming rules or prize gaming rules, to ensure consistency with the current framework within which bingo can be offered. There is no definition of 'bingo' in the Gambling Act but the [Commission's guidance note on what constitutes bingo](#), which was agreed with the Bingo Association at the time, provides background to what bingo operators can currently offer.
- 81 If side-betting was to be permitted in bingo premises, whether through existing provisions on equal chance gaming or prize gaming, or otherwise through legislative change, it would be important to ensure that parameters were put in place to minimise the risks of harm to bingo participants and to prevent side-betting opportunities becoming the main gambling feature of a bingo game (such that the participation element of bingo could risk becoming ancillary to the side-bet).
- 82 In developing any such parameters, it is important to note the different ways in which bingo can be played, and at different types of premises. There are factors which could influence the potential rate and overall extent of customer losses from side-betting. For example:
 - a. a player using an electronic bingo terminal (EBT) to participate can play far more bingo cards at a time than a player using paper, as the terminal assists them in marking multiple cards simultaneously. It would therefore be important to ensure that EBT players could not place multiple side bets across each card (with potentially very high cumulative stakes put at risk by them).
 - b. There can be several bingo games played across sessions throughout the day. Even where bingo is played via paper, there could therefore be opportunities for players to place side-bets on each game which could impact their potential cumulative loss over the course of the session(s).
 - c. Bingo cannot only be played in social settings in bingo halls but also in high street premises that mainly offer electronic forms of bingo. Some forms of electronic bingo enable frequent or rapid game play, and the availability of side-bet opportunities on each game could increase the potential rate of customer loss unless curtailed.
- 83 In recognition of these factors which could increase risks to consumers, the following are examples of parameters that might need to be introduced to mitigate such risks:
 - a. A maximum stake. This may need to be a maximum total stake *per player per game*, to prevent participants a) staking in excess of the maximum on multiple different outcomes and b) placing multiple stakes across multiple bingo cards. For illustration, if a £1 side-bet stake could be placed on each of five different outcomes across five different bingo cards, that would mean a total of £25 staked in one single game by one player.
 - b. A maximum prize, which may be with reference to the maximum stake permitted and the fixed-odds nature of the side-bet.

- c. To reduce the frequency of side-betting opportunities and to limit the potential rate of loss to participants, side bets might for example be limited to 'main stage' bingo games only and not permitted on interval games such as mechanised cash (noting however that some rapid play electronic bingo games are also main stage games).
- d. Preventing any other bonus or incentive opportunities being offered within the same game that side bets are available may help to ensure that the bingo game itself remains the main participatory aspect for players.

84 By way of comparison, the Gambling Act 2005 (Operating Licence Conditions) Regulations 2007 (amended in 2010 for bingo) attach conditions to bingo operating licences in respect of prize gaming. They prescribe maximum participation fees to be charged per individual per game and maximum aggregate participation fees that can be generated per game. They also prescribe maximum monetary prizes and aggregates prize values. As the explanatory memorandum to those regulations notes, the purpose of such limits was to ensure that prize gaming retained its essential character as a low level, low risk form of gambling (even when offered on licensed bingo premises and in circumstances where no person under the age of 18 years is permitted to be on the premises). As prize gaming on bingo premises has certain parameters, it would not seem appropriate for *fixed-odds betting* on bingo premises to have any less restrictive parameters than prize gaming.

Permit B3 gaming machine play alongside bingo, simultaneously on a tablet

- 85** Bingo operators have previously sought to make gaming machine content and bingo games available simultaneously on hand-held terminals ('split screen'). We and DCMS took the position that when such content is available simultaneously, the terminal must be treated as a gaming machine and as such, all games on the device (including bingo games) must be subject to the stake and prize limits pertaining to the highest category of machine games available on the device.
- 86** Our [online games design consultation](#) resulted in us prohibiting simultaneous play of multiple casino slots games from October 2021, due to the risks of harm from functionality specifically designed to encourage simultaneously play of two slots games via split screen. For consistency with that provision and given the potential risks of harm that might arise from simultaneous bingo play and Category B3 game play, we would recommend that this request is not considered further.

Amend the remote ancillary licence for bingo to permit games of bingo via social media or other remote communication platforms (to be used only when bingo premises are closed for example due to pandemic).

- 87** This concept would currently be caught as remote participation (via remote technology) and require a 'full' remote bingo operating licence because participants would not be on bingo premises (they would be participating via their own devices at home).
- 88** Extending the bingo remote ancillary licence to cover this scenario would subvert the current intention that bingo ancillary licences should only permit gambling in reliance on remote communication technology *within* premises. The bingo ancillary licence does not attract an annual fee as the regulatory costs should be covered by the non-remote bingo licence.

- 89** Importantly, there would be a question of how the settlement of results and payments would be achieved under the proposal as people would not physically be on the premises, there would need to be mechanisms both for paying participation fees and stakes to the operator and also for participants to receive their winnings at the end of the game.
- 90** For illustration, comparison could be drawn to 'live online roulette' which can be seen on some casino websites, whereby the results of gaming are determined by a live, mechanical wheel (without reliance on number-generating software, the wheel is spun by a real croupier and broadcast via camera feed on the website - *but* settlement of funds is done by remote software). If this bingo proposal would similarly need to rely on remote gambling architecture to fulfil transactions, then a full remote bingo licence would be more appropriate. The complexity of the overall gaming ecosystem would mean that the Commission's regulatory costs would not be covered by the fees payable for an ancillary licence and non-remote licence alone.
- 91** There is also a concern as to whether the proposal could a) become the predominant form of game delivery and used outside of a pandemic because it may be cheaper and more efficient than using premises, and/or b) whether the platform could be used beyond the description provided for example to link or facilitate players to other types of more intense gaming. The industry should expand further on this proposal and provide a fuller concept and architecture description.

Proposals relevant to the casino sector

The extension of credit facilities by casinos

- 92** Section 81(2) of the Act places a condition on non-remote casino and bingo operating licences which prevents such licensees giving credit in connection with gambling. The casinos in the Mayfair and Kensington districts of London have long argued a case to be able to extend credit facilities to the high net worth (HNW) non-GB resident customers who make up the majority of the client base in those venues. In their submissions to Government's Call for Evidence, the casinos argued that:
- most of those customers use foreign bank cheques to deposit funds for play, but British banks are no longer willing to process foreign cheques, and
 - as their customers play at markedly higher stake levels than the majority of casino players, this limits the payment options that such players are prepared to use (because they will not transact in cash to such high values, and debit card transactions at high levels may either be impossible where declined by the customer's bank, or are otherwise subject to foreign exchange fees which, the casinos argue, are prohibitive to their customers).
- 93** The casinos therefore seek reform of section 81 of the Act to permit them to extend 'short-term credit arrangements for overseas players in high-end casinos, subject to robust anti-money laundering and social responsibility controls'.
- 94** While the request to amend section 81 emanates from the high-end casino sub-sector, we are aware of the argument raised by other parts of the casino industry that HNW customers ordinarily domiciled overseas may also be patrons of casino premises outside of Mayfair, and indeed outside of Greater London.
- 95** We note that some non-Mayfair premises, including those operating a non-membership policy, may have relatively high levels of overseas tourist footfall which

might ostensibly introduce additional risks related to the potential scale of credit facilities that may be provided by the operator. However, the key risks associated with credit extension pertain to the individual customer rather than the geographical location of the casino premises. Importantly, if any amendment to the current statutory prohibition is considered in order to permit the provision of credit in casinos in certain circumstances, the primary regulatory concern is that **appropriate safeguards to minimise risks to the licensing objectives would first need to be established** before any casino operator was permitted to provide such facilities.

- 96 Therefore, there does not appear to be a policy rationale for enabling only certain premises to facilitate credit for such types of customers, to the exclusion of other premises.

Anti-Money Laundering and the prevention of crime

- 97 All casino operators have duties under anti-money laundering regulations,⁴⁶ the Proceeds of Crime Act 2002 and the Terrorism Act 2000 and other relevant legislation. However, the Commission is particularly concerned about the risks to the licensing objectives in respect of casinos that rely on the custom of HNW individuals who are ordinarily resident in jurisdictions that present higher risks of money laundering, terrorist financing and corruption. Indeed, one of the reasons for banks no longer processing cheques presented to casinos by overseas customers is that such clientele present heightened money laundering risks, by virtue of the jurisdiction from which the cheque and the player originate, and that high-end London casinos attract international Politically Exposed Persons (PEPs).
- 98 A credit facility offered by the casino itself, where the operator accepts all associated risk and can therefore be held accountable by regulators, may present lower risks than certain other options, such as the casino cashing cheques with money service businesses that present higher money laundering risks than banks, or HNW customers acquiring credit from other sources for use at the casino.
- 99 However, there are certain risks that may arguably increase as a result of a credit extension facility and which casino operators would need to mitigate. For example, where the casino chooses to grant credit to a customer, source of funds and source of wealth checks should be conducted immediately on that customer. In other words, the casino should not delay such checks until, for example, the point that credit is settled. There should also be no delays in the accurate recording of customers' transactions or reporting suspicions of money laundering or terrorist financing. Casinos would need to satisfy themselves at the outset as to how much money the customer is likely to spend in the casino and of the origins of the customer's wealth and funds. Ongoing monitoring of the customer's gambling activity and transactions with appropriate interventions, using a risk-based approach, would be essential.

Safer gambling

- 100 The industry request to change s.81 was made only in respect of enabling extremely wealthy players to gamble. However, it should not be assumed that such players are

⁴⁶ The [Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#), as [amended by the Money Laundering and Terrorist Financing Regulations](#).

intrinsically unlikely to experience gambling-related harms. The Commission introduced a ban on credit card gambling in 2020, in part due to the correlation between gambling-related harm and the use of borrowed funds for gambling. [GREO's analysis of the Commission's tracker data \(PDF\)](#) suggested that individuals with easy access to credit cards (for example in full-time work, with a mortgage and/or in AB social class) may be more likely than lower social grades to use this credit for gambling. There was a higher prevalence of the use of credit cards, overdrafts and loans for gambling among AB social class than in any other of the classes. While this data set does not extrapolate to HNW overseas individuals who play in high-end casinos, the analyses taken together serve as a general indicator that wealth is not preventative of gambling harms. Casino operators would need to ensure they had appropriate policies and procedures in place to minimise harm to any customer before considering the extension of any line of credit to them.

- 101** In 2020 the Commission introduced new rules⁴⁷ and guidance,⁴⁸ applying to all customer-facing licensees including high-end casinos, on the treatment of high value customers and incentivisation. This made it clear that HVC schemes must be offered in a manner which is demonstrably consistent with the licensing objectives. Where licensees cannot apply effective controls including effective due diligence, senior oversight, clear accountability, and a culture of responsibility around these schemes, they should not be operating them.
- 102** With Government support, the Commission also intends to consult further on customer interaction and how operators identify customers at risk of harms such as binge gambling and significant unaffordable gambling over time.

Other key considerations

- 103** As part of any considerations on legal or policy changes in this area, it is essential to establish **which authority would have the supervisory role** over high-end casinos, if they were allowed to extend credit. The Commission is the designated supervisory authority for casinos for anti-money laundering purposes (as per Money Laundering Regulations) and, under the terms of the Commission's existing MOU with HMRC, this includes casino activities which are money service business activities, such as foreign notes exchange and cheque handling.
- 104** Government will also need to consider whether the extension of credit by casinos would necessitate such casinos falling under **Financial Conduct Authority (FCA) authorisation**. One of the key questions would be whether the extension of credit by casinos is caught as 'regulated credit'. There may be potential exemptions on FCA authorisation, such as zero interest lending or 'high net worth borrower' exemptions where credit value exceeds a certain threshold, but this would need to be established as part of any process that amends the current statutory prohibition.

⁴⁷ [LCCP Condition 5.1.1, Rewards and bonuses – Social responsibility code, Gambling Commission.](#)

⁴⁸ [High Value Customers: Industry Guidance, Gambling Commission, September 2020 \(PDF\).](#)

Delivery of safeguards through the regulatory framework

- 105** As to *how* safeguards might be put in place to protect the licensing objectives if credit is to be permitted for high net worth overseas customers, the following issues should be considered:
- a. *Activities:* Government should consider whether credit may be used for *any* gambling activity on the relevant casino premises. It is our recommendation that it would be impractical to restrict the use of credit to certain forms of gambling (eg for use only on games of chance and not sports betting). Government would therefore also need to consider amendment to s.177(2) which prohibits the extension of credit in respect of casino *premises* licences. The statutory condition at s.177(2) prohibits, for example, a casino operating licence holder who also holds a betting operating licence from offering or facilitating credit for *betting* activity conducted *on casino premises*.
 - b. *Need for legislation:* Legislation is needed to allow the giving of credit. Legislation is likely to also be the most appropriate route to restrict the giving of credit to overseas customers, and possibly also to apply a definition of 'high net worth'.
 - c. *Transition:* Such legislation would need to be commenced only when the appropriate safeguards are in place, and if necessary, any transitional arrangements in place.
 - d. *Route for further controls:* If credit may be permitted for such customers in *any* casino premises, the appropriate means of applying controls is most likely to be general licence conditions, made by either the Secretary of State or the Commission. If credit were to be permitted only in some premises, an application to vary an operating licence may be the appropriate means of applying controls, resulting in individual licence conditions.
 - e. *Enforcement:* The Commission would reserve the right to attach individual conditions to an operating licence, on a case-by-case basis, to nullify or restrict the otherwise permissive general conditions applying to that licence (for example, if an operator were to breach the legislation or relevant conditions, established following a review of its licence).

New type of Category B machine offering much higher stakes/prizes but where such machines are restricted to high-end casinos

- 106** The proposal suggests a new category of machine offering £50 maximum stake and £100,000 maximum prize, limited to membership-only high-end casinos, where all play on machines would be cashless and can be tracked. The high-end casino operators estimate that they might install 10 machines per premises if they were able to have such machines as described. This would mean a potential increase of around 30 to 40 machines in total.
- 107** This concept had been previously suggested as part of the 2018 Government Review when the National Casino Forum put forward the idea of a B1H machine. The National Casino Forum's intention at that time was that the B1H machine concept would be restricted to the ten higher-end casinos in the Westminster and Kensington and Chelsea boroughs.
- 108** Our advice to Government in 2018 remains relevant to this concept: 'A key challenge with this proposal is how it could be implemented so that **only** high-end casinos could make the new category available for use. One option could be a minimum stake alongside a maximum to ensure only high-value customers were attracted. Another would be for casinos to opt **either** to have their B1 entitlement **or** be permitted to offer a much smaller number of B1H machines. A third option could be to introduce a ratio

option of gaming machines to gaming tables of 1:3, together with a lower cap on gaming machine numbers. This would ensure that table gaming remained the predominant activity in any casino offering these machines and would limit their uptake to the high end. For the time being, however, our view is that there would need to be more evidence on the controls that could be put in place to provide these machines in a socially responsible manner and in a way that would substantially restrict their availability’.

- 109** There might be another option whereby DCMS might seek to introduce a new class of casino premises licence to capture high-end casinos only.
- 110** We note in the proposal that all play on such machines would be cashless. It would be helpful to understand exactly what cashless payment mechanisms the casinos propose to use, given that most customers in high-end casinos are overseas players and may not typically carry money with them. Whichever cashless architecture is used, we would wish to understand how safer gambling and Anti-Money Laundering controls might be robustly adopted. Relevant London Borough local authorities may also have views that DCMS should seek.

Permit more types of electronic games such as blackjack

- 111** The essence of the proposal from the casino sector is that ‘traditional casino games (non-slots) may be made available on electronic terminals using random number generators instead of cards or physical equipment to determine outcomes’. The industry submissions note that ‘while it is relatively simple to provide games of roulette electronically (based upon the spin of a physical ball on a physical roulette wheel where all players bet on the same event), it is far more complex to provide electronic card games based upon physically dealt cards (where cards are typically dealt to individual players). As a consequence, it is simple to offer games of roulette to customers using electronic terminals, but not blackjack’.
- 112** In making this proposal, the industry also puts forward that ‘the key consumer benefits of the change will be the ability to play a wider range of traditional casino games at low price points (which is possible via electronic terminals due to lower operating costs). For example, minimum stakes for roulette in a London casino are typically £1 or £2 per chip on physical tables, but as low as 10p a chip on electronic terminals.... New or infrequent customers in particular like electronic table games because they allow them to try out games at low cost’.
- 113** S.235(2)(h) and (i) of the Act permit partly automated and wholly automated table gaming to be provided by casinos. Those provisions require, however, that both partly and wholly automated gaming must be based on a real game of chance (‘real’ is defined at s.353 as ‘non-virtual’) for such gaming facilities to avoid being defined as ‘gaming machines’.
- 114** Partly-automated roulette gaming is a well-established concept, whereby customers can bet on the outcome of a real, live roulette wheel by placing their stakes via a terminal that has a communication feed to the wheel. Wholly automated versions of this concept (where the roulette wheel auto-spins without the need for a croupier) are also possible. We would agree with the industry’s reasoning that while it is relatively easy to provide automated gaming for roulette, it is more difficult to do so for Blackjack or any other game where the cards dealt are specific to individual players.

- 115** The industry's proposal for providing games like Blackjack on electronic terminals would rely on results being generated by software, rather than real live games. To deliver the proposal as described would require that electronic casino games are no longer constrained by the s235(2)(h) and (i) provisions for automated gaming (real games of chance) and that casino games could instead be provided as virtual gaming on terminals. Crucially, one of the key implications of the proposal is that such terminals would **not** be caught under the definition of a 'gaming machine'.
- 116** If Government wanted to allow this proposal to be delivered as anything other than a 'gaming machine', they could consider carving out an exemption for virtual casino games to not be caught as gaming machines (similar to how s.235 already carves out bet receipt terminals, lottery ticket dispensers, bingo and prize bingo machines from the definition of a 'gaming machine'). Government could then seek to limit the permitted numbers of such terminals per casino premises via, for example, Operating Licence Conditions or Regulations.
- 117** However, the Commission has significant concerns about this proposal being delivered in the manner described by the industry submissions.
- 118** If virtual games were to be made available on terminals which were **not** caught as 'gaming machines', then - and notwithstanding that numbers of such terminals could be curtailed by regulation - each such terminal would be available to consumers as a product with **unlimited stakes and prizes**. The product, in offering unlimited stakes electronic gaming based on random number generator software, would *de facto* be indistinguishable from the Category A gaming machine concept (noting that gaming machines are not confined to 'slots' content and can essentially provide any game of chance, including casino games).
- 119** Casinos are of course permitted to offer unlimited stake and prize gaming at tables and, by virtue of automated gaming provisions, at roulette terminals. However, we would note the **rates of harm for casino table gaming** in the [2018 Health Survey data for England](#) and in [our research on problem gambling in Wales](#). This shows that, in England, 5.7 percent of those who played casino tables games were problem gamblers with a further 11.4 percent at a moderate risk of experiencing harm. In Wales, 11.1 percent of casino table gamers were problem gamblers with a further 23.2 percent at a moderate risk of experiencing harm.
- 120** We consider there may be significant risks of harm to players if table games such as Blackjack were made available on terminals that:
- a. could be played by consumers, likely anonymously, and potentially with less supervision than if they were playing such a game at a live table,
 - b. would not be subject to any of the Commission's gaming machine technical standards (such as controls on game speed), due to the product not being caught under the s.235 definition of a 'gaming machine', and
 - c. would not, at present, be adequately captured by the [Commission's Casino Technical Requirements](#) (which, for example, provide speed of play limitations for wholly automated gaming), as the terminals would not be caught as automated gaming facilities under s.235.
- 121** Indeed, given the rates of harm noted above, there may be an argument for stronger safer gambling measures to be introduced for existing terminals that provide partly-

automated roulette gaming facilities, due to the risks that may arise from consumers playing these products in physical isolation from the live game.

- 122** Further, while the proposal provides Blackjack as an example of a game that might be provided, in making available other ‘traditional casino games’ on electronic terminals with no limits on stakes, prizes or game speeds, it is possible that consumers could experience high levels of volatility in their play sessions, leading to high rates of loss for some.
- 123** Importantly, this proposal could subvert the balance between live tables, gaming machines and electronic gaming by offering unlimited stake and prize virtual gaming on single-player devices. We note elsewhere in our advice the importance of offering a balance of gaming products in casinos and other licensed gambling premises.
- 124** However, given that the industry emphasises in its proposals that the key consumer benefit of the concept would be the ability to play such games at low stakes, we would advise that **significantly less regulatory risk would be involved by only permitting such games on gaming machines**. This would ensure that such gaming is kept to relatively low stakes as the machines would be subject to stake and prize limits (for example Category B1 machines have a maximum stake of £5), and the machines would be subject to the Commission’s machine technical standards. It would also avoid a subversion of the balance between live tables, gaming machines and automated gaming. Indeed, if Government is minded to increase gaming machine numbers for casinos, operators may choose to vary their gaming machine product offering by providing Blackjack, or other traditional casino games, on B1 machines alongside slots.

Cross-sector proposals concerning gaming machines

New types of Category C machine described by industry proposals as ‘entertainment with prizes’

- 125** The idea of a Category B5 gaming machine, proposed by Bacta as part of the Government’s review in 2018, was conceptually similar to what is described as an ‘Entertainment with Prize’ machine in the recent call for evidence submissions (albeit the concept is now proposed as a Category C machine). The B5 concept at the time proposed:
- A £10 stake, £125 prize with 30 second game cycle.
 - ‘a more varied entertainment product for the adult arcade market’.
 - A higher staking option that ‘would allow games designers to develop new and inventive concepts such as horse racing style products’.
- 126** Our [2018 advice to Government on gaming machines and social responsibility measures \(PDF\)](#) covers the B5 concept on page 22 of that advice. The key points from that are:
- The B5 could be used to offer roulette and other casino table games (on the basis that a £10 maximum stake would allow the player to spread their stakes in smaller quantities across the roulette table).
 - We noted that the proposed relatively long game cycle duration (speed of play) of 30 seconds for a B5 would mean that the *theoretical average loss rate* would be less than that for a B3 slot game (at maximum £2 stake and 2.5 second game

cycle, subject to return-to-player (RTP) percentage). We therefore noted that using theoretical loss as one factor of risk suggests that it could be appropriate for these machines to be provided in an adult gambling environment.

- We also noted however that as theoretical loss rate is indeed only one potential factor of risk, we would need to understand much more about how players would interact with this type of machine before we could advise that it is acceptable.

- 127** The industry submissions to the call for evidence develop that concept a little further and suggest that the £10 maximum stake could be limited to 10 x £1 stakes within a game, and that the idea should preferably be deployed as a Category C variant (with the Category B5 suggestion secondary to that preference).
- 128** We note the following points in consideration of the relevant submissions on the 'entertainment with prizes' gaming machine concept.
- 129** The reference to 'Entertainment with Prizes' does not mean that this would be a skill machine or otherwise a non-gambling product, as the concept would still involve **games of chance** (and therefore playing the machine would be gambling on a **gaming machine**).
- 130** For clarity, allowing up to ten single £1 stakes per game would, in our view, mean that this is a gaming machine with a **maximum £10 stake** in practice. In the Categories of Gaming Machine Regulations and Circumstances of Use Regulations, 'charge for use' means the amount a person pays for using a gaming machine once. Regulation 2(2) of the Categories of Gaming Machine Regulations states: 'A person is to be treated for the purposes of these Regulations as using a gaming machine once, even where he uses the machine to gamble more than once, if the payment for each gamble is made before he is able to know the result of any of them.'
- 131** The submission suggests that the concept would enable virtual horse racing, by way of an example. It should also be noted that it would enable virtual roulette as a more viable commercial proposition than roulette on Category B3 or C machines which are limited to £2 and £1 stakes respectively. This is because it would allow the player to place multiple stakes across the roulette table at a higher aggregate stake value than B3 or C machines could permit.
- 132** While the submissions imply maximum **single** stakes of £1, with up to ten single stakes per game, it is not explicit in the submissions as to whether a player might be able to place multiple single stakes on the **same** potential outcome (for example on the same virtual horse, or on the same number/colour on a virtual roulette wheel) and whether this could encourage riskier game play strategies.
- 133** Paragraph 2.17 and Figure 2 in our 2018 advice should be considered in the context of this suggestion. Figure 2 outlines that over 60 percent of sessions on B2 machines - before the stake cut from £100 to £2 - were played at (average) stakes of £10 or less. While the advice noted that, in general, the proportion of players identified as problem or at-risk gamblers was smaller at lower staking levels, it is possible that the 'entertainment with prize' concept may be attractive to those who play or formerly played on B2, given that no other machine category currently offers stakes up to £10 per game.
- 134** If the concept was to be made available as a Category C machine (a subdivision thereof), then the product could be made available in **alcohol licensed premises**

(including pubs) by virtue of section 282 of the Act. We would note that ALPs are of course not licensed gambling premises, and the Act restricts higher stake gambling opportunities to appropriate licensed gambling environments only. There would be very little regulatory control over a £10 stake gaming machine in a pub (for example little control over the *environment* that the machine is situated in – where the main purpose of the business is food and beverage sales and any gambling should only be ancillary - and little restriction on the *numbers* of such machines that might appear in pubs, given that pubs can apply to their local authority for a permit for additional machines). We have raised concerns about underage gambling test purchase results in pubs in recent years, which in turn raises concerns about the level of supervision of gaming machine play that pubs might provide.

- 135** The submissions provide calculations for what is described as a ‘maximum’ loss to the player, but these calculations are actually the *theoretical average hourly loss* rates based on maximum stake, game cycle speed and RTP percentage. The *maximum* loss per hour rather depends on multiple factors in addition to these, including the speed at which the player loads funds onto the machine, the speed at which they interact with the game platform itself once funds have been transferred to the machine, their staking ‘strategy’ (interplaying with RTP percentage) depending on the nature of the game being played, and the volatility of the game itself (whether the game structure offers smaller frequent wins or larger infrequent wins).
- 136** But assuming it is possible to lose all of one’s £10 stakes on any given game cycle, and even based on a minimum 30 second game cycle duration, it is theoretically possible that a player could lose over a thousand pounds in an hour on this game concept. To illustrate, if a roulette game was available on the £10 stake machine and the player continually spread just £5 stakes across five single numbers (that staking pattern being replayed roughly every 30 seconds), if none of their numbers came up then the player would lose £50 in around five minutes. In any event, it should be noted that actual losses could be much higher than £120 in an hour (equally, actual losses on traditional Category C reel-based games could be much higher than £144 per hour).
- 137** We have provided in Table F some initial calculations to illustrate the *theoretical average* loss rates on this game concept (referred to in Table F and Table G as an ‘EWP’ machine meaning entertainment with prizes, as per the industry description). The theoretical average loss rates for other types of existing gaming machine games are also provided, by way of contrast. The *theoretical maximum* loss rates for the EWP concept are provided in Table G alongside the rates for existing games.

Table F - Theoretical Average Loss Rates by game

Game description	Maximum stake	Game cycle	Return to player, based on average for game type	Over 10 minutes	Over an hour
Entertainment with prize, roulette ⁴⁹ (conceptual)	£10	30 seconds	94.74 percent	£10.52	£63.12
Entertainment with prize, virtual horse racing (conceptual)	£10	30 seconds	89.05 percent ⁵⁰	£21.90	£131.40
Entertainment with prize, slot (conceptual)	£10	30 seconds	86 percent	£28	£168
Entertainment with prize, slot (conceptual)	£10	30 seconds	92 percent	£16	£96
Category B3 roulette ⁵¹	£2	2.5 seconds	94.74 percent	£25.25	£151.49
Category B3 slot	£2	2.5 seconds	86 percent	£67.20	£403.20
Category B3 slot	£2	2.5 seconds	92 percent	£38.40	£230.40
Category C roulette ⁵²	£1	2.5 seconds ⁵³	94.74 percent	£12.62	£75.74
Category C slot	£1	2.5 seconds ⁵⁴	86 percent	£33.60	£201.60
Category C slot	£1	2.5 seconds ⁵⁵	92 percent	£19.20	£115.20

⁴⁹ Based on American Roulette (double zero version, as opposed to European Roulette with a single zero) which has become a predominant variant of roulette on B3 machines in betting premises.

⁵⁰ Operators may be able to set RTP as they wish. Here, an average RTP has been calculated from the virtual sports vertical from our online Covid-19 data.

⁵¹ Based on American Roulette (double zero version, as opposed to European Roulette with a single zero) which has become a predominant variant of roulette on B3 machines in betting premises.

⁵² Based on American Roulette (double zero version, as opposed to European Roulette with a single zero) which has become a predominant variant of roulette on B3 machines in betting premises.

⁵³ When played at the statutory maximum stake, each game cycle must take no less than 1.5 seconds to complete and the average duration of games, taken over one hour, should not be less than 2.5 seconds (as required by the Commission's Gaming Machine Technical Standards for Category C machines).

⁵⁴ When played at the statutory maximum stake, each game cycle must take no less than 1.5 seconds to complete and the average duration of games, taken over one hour, should not be less than 2.5 seconds (as required by the Commission's Gaming Machine Technical Standards for Category C machines).

⁵⁵ When played at the statutory maximum stake, each game cycle must take no less than 1.5 seconds to complete and the average duration of games, taken over one hour, should not be less than 2.5 seconds (as required by the Commission's Gaming Machine Technical Standards for Category C machines).

Table G - Theoretical Maximum Loss by machine category

Machine category	Maximum stake	Game cycle	Maximum loss in 10 minutes	Maximum loss in an hour
Entertainment with prize machine (conceptual)	£10	30 seconds	£200	£1200
Category B3	£2	2.5 seconds	£480	£2800
Category C	£1	2.5 seconds (average duration in an hour) ⁵⁶	£240	£1440

We assume for the purposes of this table that stakes on an EWP machine could be placed on the same event (such as 10 x £1 bets placed on a single number).

138 We have noted elsewhere that gaming machine sessions lasting longer than 60 minutes correlate with sizeable losses. For this particular game concept, we would note the possibility that the combination of the staking structure on roulette and the relatively slow game cycle could encourage longer play.

139 Noting in particular the points above that the game concept would make it the highest staking gaming machine available in the market (enabling the highest stakes per single game cycle), alongside its potential attraction to former B2 players (pre-stake cut), we would advise that this concept is not pursued.

Proposals from the arcade, betting and pub sectors to permit linked machine jackpots (either in venue or more widely)

140 Section 244 of the Gambling Act 2005 prohibits multiple gaming machines being linked such that they operate together, and the value of the prize available on one machine being determined to any extent by use of another machine. It provides an exemption for casino premises, subject to all linked machines being sited on the same casino premises. The maximum prize that can be won on a single B1 machine is £10,000 but [gaming machine amendment regulations in 2014](#) allowed a £20,000 maximum prize where the prize is generated from linked B1 machines.

141 In practice, this concept entails B1 gaming machines being linked together in a network to generate what could be described as a 'community jackpot'. A small proportion of the stakes (circa 1 percent) placed on each B1 machine in the network is used to contribute to this jackpot. It is often referred to as a progressive prize as the value of the community jackpot increases progressively as players continue to gamble on the linked machines. The progressive prize can only be won by players on the same casino premises. Players can win both the prizes offered by the individual

⁵⁶ When played at the statutory maximum stake, each game cycle must take no less than 1.5 seconds to complete and the average duration of games, taken over one hour, should not be less than 2.5 seconds.

gaming machine they are playing (maximum £10,000) and win the linked jackpot (maximum £20,000).

- 142 Our [technical standards for linked machines \(PDF\)](#) require a linked progressive meter to display information to players, such as the current total of the progressive jackpot prize in monetary value, and to be visible to all players who are playing a linked machine. It must be clear to the player that he is playing a machine that is linked to the progressive prize network. The progressive jackpot will trigger if the appropriate combination or trigger event is achieved.
- 143 The casino sector has not asked for any changes to progressive prizes as part of this review, but in respect of the current proposals from the AGC/Bingo, Pub, and Betting sectors to allow progressives to be introduced to those sectors, we can in part refer back to our [2018 advice to Government on gaming machines and social responsibility measures \(PDF\)](#) paragraph 2.50 onwards (which considered a request at that time from the casino sector to allow a £100,000 maximum progressive prize and allow machines to be linked across multiple casino premises).
- 144 We noted that increasing the maximum progressive jackpot prize amount could present some risk to players, for example to the extent that **the volatility of each machine game might increase to fund the progressive jackpot.**
- 145 As noted above, in casinos around 1 percent of stakes placed on each individual B1 machine in the network are taken out of the game and used to fund the community prize. This essentially means that the theoretical return-to-player (RTP) percent on each machine is slightly reduced as a result of this funding mechanism, and the volatility of the game (in terms of potential win/loss outcomes for the player) can increase.
- 146 The *number of linked machines in the network* and the *size of the jackpot* will both have an impact on the extent of any game volatility.
- The greater the number of machines contributing to the pot, the smaller the contribution per machine (and per player) and therefore the smaller the impact on game volatility.
 - But the higher the community prize, the greater the total contribution required (meaning an increasing impact on volatility).
- 147 Regardless of volatility, there is also a risk that the potential to win a much higher prize could itself lead to riskier gambling by machine players. Even where the community prize amount is limited to the maximum prize value of a single gaming machine, the opportunity for players to win on both the machine itself and win the progressive prize may have the potential to encourage more immersive gambling (for example where the player sees the progressive prize value incrementally increase). We would note here the research from Australia, below.
- 148 Our view in respect of the casinos sector's submission in 2018 was that increasing the limit on progressive jackpot prizes would be inappropriate unless operators can implement additional measures to manage the risk of gambling-related harm effectively.
- 149 These considerations have some read-across to the proposals now being made by other sectors of the land-based gambling industry:
- There could be a risk of more immersive play in arcades, betting premises and other premises (for example more intense or prolonged gambling) by virtue of the

opportunities to win prizes on both the machine itself and the progressive jackpot, where it is likely that the value of latter prize will rise incrementally over time with such increases being visible to players.

- In any case, the ability to offer linked jackpots in high street premises such as arcades, betting shops and bingo/arcades – as opposed to just in casinos which are historically considered to be at the top of the regulatory pyramid and more ‘destination’ venues than high street gambling premises – **could represent a significant change to consumers’ gambling experiences in such venues.**

Research

- 150** While there does not appear to be any research literature or studies on linked jackpots specifically in the British context, there are a couple of studies from Australian academia which, while a few years old, outline some important findings. The research may indicate that linked machines would be of particular risk to vulnerable consumers, and this would need to be more fully explored before considering linked machines as per the industry proposals.
- 151** [The Influence of Venue Characteristics on a Player’s Decision to Attend a Gambling Venue \(PDF\)](#) noted that linked gaming machine jackpots were a potential risk factor for the problem gamblers in the study who most frequented a hotel, club or casino. Problem gamblers tended to prefer to visit venues that had linked jackpots available. It references a previous Victoria State study which reported that 30 per cent of problem gamblers specifically went to venues in order to play linked jackpot machines, compared to only 3 percent of non-problem gamblers. It further notes that, while empirical research in this area has been inconclusive, it has been argued that linked jackpots encourage chasing losses, encourage higher expenditure per spin, reinforce false cognitions about the randomness and independence of machine games, and undermine pre-commitment decisions.
- 152** [The Impact of Jackpots on EGM Gambling Behavior review](#) references a study which found that problem gamblers preferred to sit around machines with the best features or jackpots compared to other players with less severe or no gambling problems. **The availability of large, linked jackpots was one of the top triggers for players who exceeded their precommitment decisions on machines.** Moreover, both moderate risk gamblers and problem gamblers more often played linked jackpot machines and machines with higher jackpot prizes compared to other players. Lastly, prior to playing, problem gamblers were also more likely to think about what jackpots were available at the venue. Similarly, [the Influence of Venue Characteristics on a Player’s Decision to Attend a Gambling Venue \(PDF\)](#) found a positive association between problem gambling severity and prioritizing the availability of linked jackpots when choosing where to gamble amongst people in treatment for gambling problems. The paper noted that these observations were at least consistent with problem players becoming entrapped by losses which they hoped to recuperate through a large jackpot win.

Video Bingo Terminals

- 153** It is worth noting for completeness that bingo premises can offer linked jackpots for *bingo games* via bingo machines (video bingo terminals, VBT). VBTs enable both single-player bingo and community bingo games to which the VBTs are linked in a network. Adult gaming centres can also offer VBTs but can only offer bingo under prize gaming rules (where prizes cannot be determined by the amount paid or raised by the game or the number of players). **It should be noted that VBT bingo games are required to have much slower games speeds than gaming machines. There must**

be no autoplay function and stakes are relatively low. As such, one would expect the risks of harmful play to be much lower with VBT linked bingo than with linked gaming machines, and there would be no question of volatility with linked bingo jackpots because all stakes must be returned to players (after participation fees are subtracted) in bingo.

Other points

- 154** We have noted elsewhere that we would not recommend any removal of the current restrictions on gaming machines in pubs given the weaknesses in in respect of test purchasing, which in turn brings into question the ability of pubs to supervise machine play. Further, as pubs and clubs are not intended to be bespoke gambling environments, we do not consider that allowing progressive machine prizes in alcohol-licensed premises would be consistent with the licensing objectives.
- 155** The Return to Player percentage (RTP) for Category C gaming machines tends to be significantly lower than that for Category B machines. Linking Category C machines to a community and funding a progressive prize from Category C stakes would lower the RTP (and potentially increase the volatility) of linked Category C machines even further.
- 156** As research indicates that linked jackpots can be of particular risk to vulnerable consumers, we recommend that the proposal to introduce linked machine jackpots in arcade, bingo and pub premises would need to be more fully explored, perhaps through controlled pilots, before allowing machines in these premises to link and create additional jackpots.

Piloting or testing new gaming machine in a live environment

- 157** A number of submissions from the arcade and pub industries suggested that a legal framework should be created to enable new gaming machine games or concepts (such as linked jackpots) to be tested in a live 'sandbox' environment. It was proposed that sandbox testing could help to generate evidence of harm and mitigations which the Commission and industry could evaluate, enabling the Commission or Secretary of State to then decide whether to allow the product or concept to be rolled out to market.
- 158** The submissions to the call for evidence did not provide any detailed suggestions for how such piloting might be delivered, but it is likely that sandbox testing would require some legal exemptions to enable the trialling of games or concepts that would otherwise not comply with regulations or licence conditions.
- 159** The proposals from industry raise some key considerations that would need to be addressed, as follows.
- 160** While certain gaming machine controls are in the Commission's own technical standards (such as game cycle duration or 'speed of play'), most controls are in Secretary of State regulations or in the Gambling Act itself. Government may therefore be required to disapply legislation – such as the limits to gaming machine stakes and prizes,⁵⁷ or s.244 of the Act in respect of linked machine jackpots - to enable new

⁵⁷ The [Categories of Gaming Machine Regulations \(as amended\)](#) provide stake and prize limits for each category of gaming machine.

gaming machine products or concepts to be piloted. Further, many of the technical legislative requirements interconnect with the maximum stake and prize limits.⁵⁸ Government will therefore need to carefully consider which of the existing legislative requirements it might be prepared to disapply.

- 161** Subject to the outcomes of a pilot, there is likely to be an expectation among industry participants that legislative change would follow. Government would need to consider whether it is prepared to commit to further legislative change and timetabling after the Gambling Review.
- 162** The concept of piloting would also introduce significant resource implications for the Commission for example the resources needed to ensure that a trial is designed and delivered in such a way that it is **likely** to produce sufficient data to enable a robust evaluation to be conducted. Conversely, one would need to consider whether smaller-scale and less resource-intensive pilots may be too small to generate enough data to properly assess harms. Government would need to be clear on the rationale for, and scope of, any given pilot, and appropriate mechanisms for funding any pilots would need to be established.

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⁵⁸ For example, provisions in the [Gaming Machine \(Circumstances of Use\) Regulations 2007](#) concerning payment limits and committed payment limits, autoplay, and the delivery of monetary prizes.

Annex J: Bibliography

Annex J sets out the bibliography of evidence referred to in our advice. The links provided in the advice and the bibliography are correct at the time of publication but will not be maintained over time.

[This annex is available separately on our website.](#)

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