

A National Consumer Protection Framework for Online Wagering in Australia

Response to Discussion Paper Illegal Offshore Wagering, November 2016

Submission by the Australian Gambling Research Centre (AGRC), Australian Institute of Family Studies (AIFS)

Self-exclusion (Chapter 3)

Self-exclusion programs can provide substantive benefits to gamblers, including assisting gamblers to reduce or avoid gambling, providing them with an increased sense of control, helping to decrease their gambling urges, and reducing negative consequences from excessive gambling. The discussion in the AIFS' *Review of electronic gaming machine pre-commitment features – Self-exclusion* report (2016) based on stakeholder consultations and a review of relevant legislation and literature highlighted the following important features of an effective self-exclusion program:

Simple and accessible self-exclusion agreements expressed in plain language and with broad coverage of online gambling sites

Self-exclusion agreements that are simple and easy to access and written in plain language are an important component of an effective self-exclusion program:

- Easily accessible and readily understandable self-exclusion agreements will facilitate take-up.
- A simple, quick and easy-to-use application process that enables gamblers to contemporaneously self-exclude from all online accounts/multiple/all gambling sites or on a jurisdiction-wide basis will enable non-onerous and effective self-exclusion by preventing gamblers from impulsively gambling across all online platforms.
- The provision of various options by which a gambler can access and activate self-exclusion is also a measure that may facilitate take-up.
- Self-exclusion as a component of a full and universal pre-commitment system, including the facility for limit-setting and provision of activity statements, may provide gamblers with more control over their gambling, allowing them to initiate self-exclusion in more flexible and accessible ways, such as by default by setting a loss limit of \$0 in a pre-commitment system. Such a system would facilitate the enactment of self-exclusion arrangements tailored to personal circumstances (e.g., accommodating binding pre-commitment to \$0 for specific periods of time, including short term self-exclusion).

Flexibility in available self-exclusion time periods

Rather than limiting self-exclusion to only long-term, non-revocable options, a broad range of easy-to-use and flexible time period options is aimed at encouraging gamblers to use self-exclusion at an earlier stage:

- The provision of only very long periods of self-exclusion may discourage some gamblers who could benefit from SE from activating this system.
- Providing flexibility to self-exclude for shorter periods and greater flexibility in relation to revocation for short-term self-exclusion may encourage uptake and allow people to self-exclude for particular periods of vulnerability including pay days or holiday periods.
- Shorter time limits and very personalised self-exclusion is likely to be more appropriate via a pre-commitment limit setting system than a dedicated self-exclusion program (e.g., where someone can set a loss limit of \$0). To be effective, however, it would need to operate in a pre-commitment system where the limit set is binding and not able to be easily revoked.
- It should be noted, however, that to our knowledge there is no clear research available that describes the effectiveness of short-term self-exclusion periods as a harm minimisation measure or on effects of including the ability to revoke or reverse self-exclusion. These features should therefore be properly evaluated if initiated to determine the benefits of increasing uptake of self-exclusion and the effectiveness and efficacy these systems in assisting gamblers experiencing problems with control.
- Gamblers also need the capacity to enrol in a dedicated self-exclusion program that extends for a substantial length of time.
- A cooling-off period may also be accommodated in such a system.
- An effective self-exclusion program would provide for the self-exclusion arrangement to remain in place at the end of the nominated period requiring the gambler to request the reinstatement of their gambling account at the conclusion of the self-exclusion period (i.e., opt back in). At a minimum, there should be sufficient flexibility to allow the gambler to easily request an extension of the exclusion period.
- Participation in reinstatement processes upon the expiration of self-exclusion should allow gamblers to receive information and referrals to support and treatment services. Appropriate support should also be in place to assist gamblers assess their readiness to return to gambling (this may be more appropriate following long-term self-exclusions). Such support may take the form of consultation with an appropriate person/body (e.g., a gambling counsellor).
- Australian research has recommended the provision of such reinstatement processes by organisations that are not associated with the provision of gambling services and nominate other post-self-exclusion options such as a probationary six-month period during which limits are set with the assistance of a counsellor (again this latter recommendation may be more appropriate for longer term exclusions).

Immediacy in activating self-exclusion

An effective self-exclusion program will enable gamblers to self-exclude with immediate effect. As noted above, the provision of a cooling off period will encourage the activation of self-exclusion arrangement while they have the resolve to do so, but with an option to revoke the arrangement during the cooling off period.

A system that prioritises privacy and confidentiality

An effective self-exclusion program will ensure customers' privacy and the confidentiality of their personal information. Measures that accommodate the privacy and confidentiality of personal information are vital to maintaining customer trust. These considerations also apply to other operator sharing institutions (e.g., credit applications).

Measures to prevent breaches of self-exclusion agreements

The ability to circumvent self-exclusion must be minimised in an effective self-exclusion program:

- An effective self-exclusion program will involve enforcement of self-exclusion agreements with the onus for detection of breaches falling on gambling providers and compliance with this enforced by regulator.
- Computer-initiated identification with coverage of all online gambling sites will facilitate the prevention of impulsive breaches of self-exclusion and prevent self-excluded gamblers from initiating new accounts.

Referral to support and treatment during period of self-exclusion

Referral to support and treatment during the self-exclusion period should be provided via clear and easy-to-use links to support services:

- The provision of links to both online and face-to-face counselling services, together with other referral information relating to therapeutic and non-therapeutic support services are important in the establishment of an effective self-exclusion program that supports gamblers seeking to self-exclude.
- Consideration should also be given to measures that could enable contact to be initiated from counselling services under specific conditions.
- Social marketing/advertising should be broad based and occur through different media, online (including on gambling sites) and in the general community.
 - These media messages should use clear and simple language and should employ an appropriate tone and be directed at encouraging help seeking behaviour among gamblers and members of their families and support network while also encouraging awareness about gambling problems and reducing the stigma associated with gambling in the broader community.
- Consistent with the intent of referral to support and treatment during the period of self-exclusion, it is not considered appropriate for operators to actively target individuals through promotions

and inducements to encourage them to return to gambling at the end of an exclusion period. In such circumstances, operators would have no knowledge as to the state of mind of the customer, who by definition has self-excluded by reason of experiencing difficulty with self-control over gambling. Individuals should not be able re-contacted by operators unless and until they have successfully completed an active process of re-instating an account with that operator.

Summary and conclusion

Overall, the design of an effective self-exclusion program should enable gamblers to initiate self-exclusion arrangements with ease (immediate and multiple points of access, one application covers many/all operators) with immediate effect (or as close as technologically possible). It should not be self-regulated by industry. As such, this would suggest the introduction of a single register with regulation and compliance through Commonwealth or states/territories. Legislation/regulation should be harmonized across Australia via the introduction of a national legislative regime or consistent legislation and regulatory arrangements established in each state and territory. The register would be administered by an authorized body. This could be a governmental department but could also be industry or other appointed body (e.g., in Victoria an appointed organization runs state-wide EGM monitoring including the precommitment system).

Pre-commitment scheme for online wagering (Chapter 4)

Pre-commitment technology can provide a variety of benefits to gamblers to encourage and support self-control. The discussion in the AIFS' *Review of electronic gaming machine pre-commitment features – Limit-setting* report (2016) based on stakeholder consultations and a review of relevant legislation and literature highlighted some important features of an effective self-exclusion program.

Type of pre-commitment system

The best available evidence demonstrates that the most effective pre-commitment system to protect gamblers is universal (full/mandatory) and binding. Such a system would overcome problems with very low uptake rates, normalise the concept of establishing affordable loss limits, and provide stronger protection for gamblers at risk of harm.

If a partial (voluntary) system is implemented it should be set up to readily allow conversion to a universal (mandatory) system at a later date. Within either a universal or partial system, limits should be binding (i.e., gambling cannot occur once a limit is reached).

Reductions in limits should be effective immediately but there should be a time lag of at least 24 hours before an upward change to limits can be set by gamblers. Revocation of limits in a voluntary system should consider longer cooling off periods. There appears to be a lack of empirical evidence in this area so the effects of time lags on upward changes to limits and revocation of limits should be evaluated once implemented to determine their effectiveness and any unintended consequences.

Multiple tools should be offered within the same system, these being:

- Limit-setting (money limits being offered ahead of time limits)
- Activity tracking (see also our comments on this within that section)
- Self-exclusion (see also our comments on this within that section)

Tools within a pre-commitment should be universal, i.e., they should capture and apply to every account established by an individual gambler. As such, we recommend a centralised system whereby gamblers use a single system for all their online wagering activities with all providers and where limits set apply to all wagering providers (i.e., a single limit that applies across online gambling activities). This is a simpler system for the gambler to operate, it provides for accuracy of activity tracking and facilitates tailored self-exclusion (i.e., by setting limit to \$0). If limits were able to be set up for different operators the gambler would have to keep multiple limits in mind at any one time. Further, it would also allow gamblers to set limits on some but not all accounts, thereby having a loophole to continue gambling past limits in the heat of the moment.

Opt-out or opt-in

We recommend an opt-out system as this encourages engagement with the system, normalises the idea of setting loss limits and is very likely to result in greater uptake of the system.

Accessibility to pre-commitment

Multiple access points should be included for gamblers including gambling apps and websites. Promotion of tools on gambling websites/apps should be prominent to gamblers – for example from the first page of app or website and in a prominent position, e.g., top left or right.

Access to pre-commitment tools must also be available away from gambling sites (e.g., regulator websites, gambling help websites, by phone or in writing).

Gamblers should be informed and regularly reminded about pre-commitment tools through a variety of mechanisms including

- a prominent link on the front page of gambling websites/apps,
- within regular activity statements provided to gamblers,
- if an account shows unusual activity, or sudden increases in spending, more immediate messaging could be pushed to the gambler. This may include an SMS reminder of the account balance and information about how to reduce loss limits and self-exclude.
- if a gambler chose to reinstate gambling accounts after a period of self-exclusion information on how to set loss limits should be provided.

An appropriate reminder about these tools may be through the provision of regular activity statements (e.g., monthly). That is, reminders should be regular but not too often or this may result in gamblers ignoring this information.

Consideration should be given to providing more frequent reminders to gamblers who have not set limits or where limits are relatively high, leaving those who have set low limits alone or providing them with

encouraging messages. This could only happen once research had been conducted to determine what a relatively high/low limit means.

Information about and promotion of pre-commitment tools should also occur through tailored promotional campaigns. Messages could be similar to those used in other public health forums; for example, “budget your gambling”, “isn’t it time you set a budget”, or “gambling past your budget is a problem” to normalise this action for all gamblers, and emphasise gambler self-management of gambling).

Types of limits

A variety of limits should be accessible to gamblers including:

- Amount of money deposited
- Money spent over a set period (e.g., per day/per week/per month/per year)
- Time spent over a set period

Simplicity in access and operation must be the guiding concept (e.g., one click to set a monetary spend limit) as too many features or choices can lead to confusion and frustration for gamblers. Preference should be given to monetary limits (deposit and/or spend limits). More advanced features such as the ability to set multiple spend limits, ability to block gambling on specific times of day, days or dates can be considered but should be offered within a secondary ‘advanced features’ type menu.

Default limits could be considered as they may have benefits in terms of making the setting of limits efficient and encouraging safer limits however, this area requires further research to determine what those limits should be and to evaluate the effect of offering particular default limits on different groups of gamblers (see AGRC report on limit setting for a detailed discussion). At this stage the most important focus should remain on the establishment of a pre-commitment system that allows gamblers to set their own limits.

Gamblers should have the ability to override any default limit and social nudging could be used with effect within this type of system (e.g., see our limit setting report re using a traffic light type colour coding system). Again more research is required to evaluate the effect of this type of system.

Banning lines of credit (chapter 5)

AGRC have not conducted research in this space. However, we support the general move to ban the provision of credit in any form for gambling (including deferred payment or knowingly providing credit to someone for the purposes of gambling or due to excessive gambling) as people who are either betting with credit or accessing credit to pay other expenses due to their gambling spending are almost certainly experiencing harm from their gambling.

We further recommend attention be paid to recommendations and information provided by experts in this area (e.g., Financial counsellors) who have a wealth of knowledge in the area and the outcomes that may come from an over extension of credit in relation to gambling.

Harmonising inducements offered by online wagering operators (Chapter 6)

As with any product or service, terms and conditions associated with inducements should be easy to find and presented in lay language. However, recent research in relation to inducements has shown that the terms and conditions associated with these are often difficult to find (Hing et al., 2015). It is also not clear how well customers understand these prior to purchase. Further, as with promotions for most products and in line with a harm reduction perspective, gamblers should always have the ability to easily opt out of receiving promotions and inducements at any time.

The environment of online wagering is rapidly changing. New research findings will emerge in response to these and evidence should be incorporated into policy and/or regulatory reform under the framework over time. The AGRC are currently undertaking two research projects and a scoping study that may inform on this aspect of the framework. *Weighing up the odds: young men, sports and gambling* is a project examining gambling attitudes and behaviours of young men who are involved in sports. *Effects of wagering inducements and marketing on vulnerable adults* is a collaborative project with Central Queensland University examining the effects of various types of wagering marketing on Australian adults. Findings from these projects should be available in 2017 and 2018. The scoping study proposes to establish a surveillance system of gamblers in Australia in order to track trends in gambling participation and harms on an annual basis. The scoping study will be complete by mid- 2017.

Activity Statements (Chapter 7)

The provision of activity statements for online wagering provide a range of important benefits for all gamblers. Activity statements can serve essential consumer protection functions by providing a record of the amount of money spent on gambling. The provision of objective gambling spending data can also serve as a valuable learning tool for gamblers, assisting them in gaining insights into their spending behaviour. The discussion in the AIFS' *Review of electronic gaming machine pre-commitment features – Transaction History Statements* report (2016) based on stakeholder consultations and a review of relevant legislation and literature highlighted some important features of an effective system.

The most effective system for providing account activity statements is within a universal, binding pre-commitment system. This type of system vastly improves the accuracy of account information. Breaches of limits should not be possible within a binding pre-commitment system.

Central administration is required for accuracy

It is important that activity statements are provided centrally, across all forms of online wagering to support effective pre-commitment. If the system were to be fragmented by gambling provider (e.g. bookmakers) this would introduce a high degree of complexity and compromise the accuracy of the activity statement for individuals (e.g. spending information would only provide partial insights into expenditure for gamblers with multiple accounts, difficulty in relating spending to any limits gambler had set on expenditure).

Data should be clearly displayed through this centralised system, as described below. In addition to the centrally provided interface, a principle of open-data should be adopted when establishing this system to allow gamblers (for instance through third party gambling support provider applications) to extract their

data and display this in a format that is meaningful to them. Over time, gambling support providers may develop of innovative ways to track and present data. It would be important to regulate providers to ensure that they do not include promotions or incentives to gamble, or provide deliberately confusing displays of account summary information.

Frequency: at least monthly

Statements should be provided with regular frequency, at least monthly for those who gamble within a given month. Consideration should be given to whether it is appropriate to provide a statement reminder for accounts with no activity, as this may act as a cue for some account holders to recommence gambling. A balance should be struck between ensuring gamblers are regularly informed about their spending, whilst at the same time avoiding reactivation of previously inactive accounts. It may be appropriate to pause statement reminders as well as any intermittent push notifications to inactive accounts. Consideration should also be given to increasing statement frequency for more involved gamblers (e.g., weekly statements for those who gamble daily or multiple times per week) to provide more up-to-date expenditure information. The frequency of this could be considered after the initial system has been established based on evaluation and feedback from users.

For accounts that show unusual activity, or sudden increases in spending, more immediate messaging could be pushed to the gambler. This may include an SMS reminder of the account balance and information about how to reduce loss limits and self-exclude.

Accessibility: online and paper based

Gamblers also should be able to readily access activity statement information of their own volition in an easily comprehensible format. This should at least be accessible from smart phones and from a computer desktop. By virtue of this mode of gambling it is likely that the majority of account holders will have a good degree of familiarity with the internet and electronic applications. This population of gamblers may only require access to their statements via email/ SMS and an online portal, with SMS reminders that the statement has been generated and is available complementing these mechanisms.

Telephone only account holders should receive a paper copy of their statement (unless they opt out) as this population of gamblers may not have easy access to the internet or may not be as familiar with online environments.

Content

The activity statement should be simple and easy to understand.

Minimum essential information should include:

- Front page/view: monthly summary of the account activity (indicating total win/loss over set period)
- Links/drill down: Activity history should be searchable to allow consumers to obtain information about particular events.

Activity summaries should have the capacity for gamblers to drill down into detailed historical information. Detailed information about each bet should remain available but not in the initial summary display screen (to avoid confusion). This data may include individual bet information such as:

- Win or loss
- Operator with whom the bet was placed
- Event details (type of event, description of activity, odds, bet amount, date)

To assist gamblers to understand their gambling patterns over time, and to recognise whether their gambling is escalating, regular (e.g., monthly) statements should allow gamblers to compare losses over current period to the past month, quarter or same time last year (similar to statements for utility bills). Statement activity should be available from the date at which an account is opened, or at least by the date at which these statements are required by law. This will enable gamblers to assess their losses over the course of their online gambling career.

No gambling promotional material should be provided with the account activity information. Health promotion information such as early warning signs for the development of gambling problems, and information about where to seek financial assistance and counselling could be usefully included. Links to support and help services should be included.

Where accurate data is available, consideration could be given to enhancing the information provided at a later stage in the roll out by providing comparison information to no-risk gamblers.

Staff training for online wagering (Chapter 9)

Members of AGRC have conducted research validating a behavioural checklist used to identify gambling problems in land-based venues on electronic gambling machines (EGMs) (Armstrong et al., 2013; Delfabbro, et al., 2016; Thomas et al., 2014; 2014). Our knowledge based on this research suggests the following.

- All staff with direct engagement with gamblers should be trained in signs of problematic gambling and ways to engage with these gamblers to assist them to access assistance
- Staff must also be trained (and provided with supports) in dealing appropriately with gamblers showing signs of distress including suicide ideation/plans
- Managers and executives within gambling provider organisations also need training to support front line workers and to understand regulation and requirements
- To be effective, processes for identification and intervention with people showing signs of gambling must be underpinned with rigorous training and strong, clear regulation (on when and how to intervene) that is monitored for compliance and which has significant consequences for non-compliance.
- Development of indicators for gambling problems in the online environment should use knowledge from land based gambling but it must be understood that many signs will not translate into this environment and that research such as has been conducted in the land-based environment will be required to determine specific signs for the online environment.

- The online environment lends itself to the integration of algorithms based on that can track gambling patterns over time and ‘flag’ people who are demonstrating patterns that suggest gambling problems.
- Evaluations should be conducted to determine efficacy and effectiveness of any system introduced to determine whether it works in practice and whether it is effective in assisting gamblers experiencing problems.

Customer verification and reducing the 90-day verification period (Chapter 10)

We have not done specific research in this area but support the recommendation that the time lag for identity verification be reduced as far as technologically possible. This should be in line with other, similar systems that use a variety of information to verify identity electronically.

Best practice harm reduction would suggest that gamblers are prohibited from using gambling account prior to validation process being completed. This would better protect vulnerable individuals including those under-age and people who have self-excluded from online gambling. It is likely that a prohibition on account activation pending verification would encourage industry to develop fast processes.

Chapter 11: Discouraging links between online wagering operators and payday lenders

We have not conducted research in this space. However, we support the general move to discourage links between online wagering operators and payday lenders as people who are either betting with credit or accessing credit to pay other expenses due to their gambling spending are almost certainly experiencing harm from their gambling.

We would support banning adverting for payday lenders on gambling websites, or through any type of referrals and promotions by operators.

Advertising of online wagering services (Chapter 12)

Research conducted to date demonstrates that gambling advertising exposes children and young people to gambling, promotes gambling as a harmless activity, contributes to the normalization of gambling and influences attitudes towards gambling. The effect of gambling advertising is likely to increase consumption and gambling problems. Evidence from allied areas such as tobacco and alcohol (products which are similar in that they are legal for adults and potentially addictive) suggests that advertising is a significant pull factor to these products, leading to increased uptake and consumption (see AGRC discussion paper *Sports betting and Advertising*, 2014). The saturation levels of advertising of online wagering has also been a source of wide community concern.

The evidence demonstrates that at a minimum consideration should also be given to banning gambling broadcast advertising during peak times when children are most likely to comprise audiences (e.g. television viewing hours between 6am to 8:30pm). Consideration should also be given to harmonizing the regulation of both traditional and social media advertising in relation to online wagering to bring it into line with regulation and control of advertising for other, land-based forms of gambling known to be associated with risk (electronic gaming machines, casinos).

Regulation and standards in relation to the marketing of gambling through social media platforms (e.g., Twitter, Facebook) should be in line with those pertaining to traditional advertising, for example inclusion of gambling harm statements, links to gambler help information, restriction of advertising during live sporting/racing events outside of gambling websites/apps). This includes non-traditional advertising such as funny videos or memes and cartoons. As with traditional media, wagering operators should be prevented from using social media sites to provide commentary on sporting matches, races or other programs.

In line with regulations preventing the marketing of gambling to children, consideration should be given to regulatory mechanisms to prevent promotional tactics that are particularly appealing to children (e.g., cartoons, animations).

Further, as a topic of interest and concern, other research is currently being conducted in this area. This includes two research projects being conducted by AGRC (*weighing up the odds: young men, sports and gambling* a project examining gambling attitudes and behaviours of young men who are involved in sports, and *Effects of wagering inducements and marketing on vulnerable adults* a collaborative project with Central Queensland University examining the effects of various types of wagering marketing on Australian adults). Evidence from these projects should be examined and used to inform policy decision making as it becomes available.

Some recommendations regarding more detailed aspects of the functional design and operation of various aspects of the system have been made above based on the research we have reviewed. We acknowledge, however, that this is a complex system as evidenced by the number of discussion questions. We therefore strongly recommend that a working group carefully consider design features and operation of the system/s as well as mechanisms for funding, regulation and administration. This working group should continue to seek advice from a range of stakeholders (e.g., through consultations and focus groups to inform on potential issues re how particular features may operate on the ground). While industry groups may have useful insights into some aspects of this system, they should not be part of a decision making body.

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