



# Select Committee on the Social and Economic Impact of the Gambling Industry

## Corrected oral evidence: Social and Economic Impact of the Gambling Industry

Tuesday 25 February 2020

3.30 pm

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Members present: Lord Grade of Yarmouth (The Chair); Baroness Armstrong of Hill Top; Lord Layard; Lord Lipsey; Lord Mancroft; Lord Smith of Hindhead; The Lord Bishop of St Albans; Baroness Thornhill; Lord Trevethin and Oaksey; Lord Watts.

Evidence Session No. 15

Heard in Public

Questions 162 - 170

### Witnesses

I: Lord Currie, Chair, Advertising Standards Authority; Guy Parker, Chief Executive, Advertising Standards Authority.

### USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on [www.parliamentlive.tv](http://www.parliamentlive.tv).

## Examination of witnesses

Lord Currie and Guy Parker.

Q162 **The Chair:** Thank you very much, and welcome. A list of members' interests relevant to the inquiry has been sent to you and is available. The session is open to the public; it is being recorded and is accessible via the parliamentary website. A verbatim transcript of the evidence will be taken and will be put on the parliamentary website. A few days after this session you will be sent a copy of the transcript to check it for accuracy. It would be helpful if you would be kind enough to advise us of any corrections as quickly as possible.

If, after this evidence session, you wish to clarify or amplify any points made during your evidence, or you have any additional points to make, you are more than welcome to submit supplementary evidence to us. If the Division Bell rings, I will adjourn the meeting and it will resume about 10 minutes later, but my intelligence tells me there will not be any Divisions today.

If you would be kind enough to introduce yourselves, just for the record, that would be very helpful.

**Lord Currie:** I am the chairman of the Advertising Standards Authority.

**Guy Parker:** I am the chief executive of the Advertising Standards Authority.

Q163 **The Chair:** I will kick off, and then, as usual, we will spread the questions out. It would be very helpful for the Committee if you could go into a little more detail about collective regulation of gambling advertising, and just describe how you work with the Gambling Commission. The Committee has heard suggestions that the Gambling Commission should have greater powers over advertising, rather than the present system of collective regulation. We would be very interested to get your views on that.

**Lord Currie:** The ASA model is one of collective regulation and self-regulation. The sense in which it is collective is that we work with other regulatory bodies, and we work with the advertising and media industry on the enforcement of our decisions. It is self-regulatory in that regard. Our co-operation in the area of gambling advertising means we co-regulate broadcast and video-on-demand ads with Ofcom, and we work with the Gambling Commission on non-broadcast gambling ads. We work very closely with both in those areas, and Ofcom and the Gambling Commission act as our legal backstops when it comes to gambling advertising. The other regulators that we work for in the broader space include the CMA, the FCA, trading standards and the Information Commissioner's Office.

Co-regulation means we can respond quickly to get ads that breach the codes amended or withdrawn. That is a pretty effective mechanism; we deal with more than 98% of ads in a self-regulatory or co-regulatory way. We rarely have to make use of our legal backstops with trading

standards, the Gambling Commission or Ofcom. A vast volume of ads are reduced to a small funnel that go, in the end, to the legal backstop. It works very effectively and, I would emphasise, swiftly. As somebody who has been a statutory regulator at the CMA, and Ofcom before that, I would say that the self-regulatory system is nimbler and able to move faster.

**Guy Parker:** I will add a couple of points of detail on how we work with the Gambling Commission. The Gambling Commission makes it mandatory for operators to comply with the UK advertising codes and the ASA system, our regulation. David has said that we work very closely with the commission. There are a couple of examples I would love to give you of where we have taken joint action; they are two good examples of collective regulation.

In September 2018, we jointly wrote to the Premier League, the English Football League, the FA and the Scottish FA to highlight our rules and how they applied to all football club websites. We asked the clubs to take immediate action to remove gambling advertising claims from pages that were aimed at or were likely to have particular appeal to under-18s. That is one good example.

A year earlier than that, we took joint enforcement action with the Gambling Commission against gambling operators who were advertising what are called game tiles on their websites. These are colourful, often cartoony, buttons that you click on to access a game on the website. Those game tiles are ads under our codes. We were concerned that some or many of them were likely to appeal particularly to under-18s, and specifically to younger children because of the use of cartoony imagery. We and the Gambling Commission put together a statement on what we were concerned about. We sent this statement out, along with a cease-and-desist letter, to all the gambling operators that were using these sorts of game tiles. We followed up and monitored their response. We found that they swiftly made changes to their game tiles to bring them into compliance with our rules.

That was another good example of collective regulation in an area that is quite nuanced, because deciding between a game tile that uses cartoony imagery that is likely to appeal particularly to younger children and one that does not is difficult.

**The Chair:** That is an example of you being proactive rather than simply being complaint-led.

**Guy Parker:** It is also an example of that. Concerns were raised about such game tiles, but they were not raised in our complaints environment. It would have been a nightmare for us to have waited for complaints. That would not have served the public well.

**The Chair:** This Committee's task is to look at gambling harm. Underage gambling is well within your remit, and you have just described the action you have taken, which is very important. In terms of the guidelines and

the code that you judge complaints against, or upon which you base your own, proactive action, to what extent do those guidelines move beyond the idea of advertising making claims that it cannot substantiate, or making misleading claims, to the actual concept of harm and potential harm?

**Guy Parker:** They do to a substantial extent. Making sure that claims are accurate is actually only a small part of our regulation in this area. It is quite an important part of it, because free bets, bonuses and sign-up offers need to be accurate and responsible too. A lot of the rules in our codes and guidance try to make sure that gambling advertising does not encourage younger people or vulnerable people to gamble when they should not or to gamble more than they should.

**The Chair:** How do you define vulnerable people in that context?

**Guy Parker:** It is not always easy, because it is not always right to pinpoint vulnerable groups as if they are fixed entities. The reality is that everyone can be vulnerable, depending on circumstances.

**The Chair:** It is a pretty subjective test, is it not?

**Guy Parker:** Yes, it is. We have to make judgments about whether we think advertising is irresponsible in terms of the impact it might have on vulnerable people. We are making those sorts of judgments a lot, in other areas too. A lot of the decisions that we make and the regulation that we deliver stray into quite subjective territory, so it is something that we have a lot of experience of doing.

**Lord Currie:** In the gambling context, problem gamblers are presumably a vulnerable group. If there was any evidence that advertising was being targeted towards that group, that would be a quite definite breach of our codes, the requirement being to target advertising away from such a vulnerable group.

**Lord Mancroft:** Lord Grade asked how you define "vulnerable people", and you explained it was very difficult, for reasons that are pretty obvious. I completely agree with that. How do you define "vulnerable people"? That was the question he asked, which you did not answer.

**Guy Parker:** It might be better that we follow up in writing afterwards with an explanation of how we unpick this question of vulnerability, rather than risking giving a rushed or inaccurate answer.

**The Chair:** If there are any tangible examples, that would be good, even if you choose to redact the commercial names. I will leave that to you.

**Lord Layard:** The main issue is that, in so far as advertising is targeted, it is in their interest to target it at the vulnerable groups, because they are the people who are going to spend the most money. Perhaps you can just address that issue of how any targeted advertising can be anything other than targeted differentially at vulnerable people.

**Lord Currie:** Our codes require advertising to be responsible. It would not be responsible to be targeting vulnerable groups in that way. If there is evidence that it is happening, we would like to see it and we would wish to investigate it.

**Guy Parker:** There is an example of a ruling we published quite recently where we ruled against a gambling operator for serving an ad at someone who had used a search term that indicated that they wanted to find out how to avoid gambling activity and so on. The fact that they had entered that search term into a search engine had resulted in this gambling ad being served at them. We thought that was inappropriate and irresponsible, and that the gambling operator concerned, and the agencies and so on that it worked with, should have made sure that it was not serving adverts at people that were entering such search terms in search engines. That is one example of that.

**The Chair:** That is a very good example. Was that the result of an algorithm? If that ad is served to an individual, that is an algorithm at work there, is it not?

**Guy Parker:** Yes, it is, but you can specify which key words you want to serve ads at. What went wrong here was that the gambling operator and the partners it was working with had not taken enough care to make sure that it was preventing its ads from being served to people that were entering search terms such as the one that the complainant entered.

**Lord Layard:** We have had evidence, in many of our sessions, of people who had self-excluded and were then targeted with ads. There is a lot for you to look into about these algorithms being used.

**Guy Parker:** Yes. We have not seen a lot of evidence about that. We would like to see it, because if we saw evidence of that sort of activity taking place, it would be a very clear-cut breach of the advertising codes and we would want to stop it. We do not just want to stop gambling operators from using that sort of technology, data and targeting to advertise to people who it might be inappropriate for them to advertise to. We want them to go a step further—and, indeed, our guidance demands that they go a step further—in actively using data, technology and targeting to avoid people that might be in these situations. It is about using targeting and data as a force for good, definitely not as a force for ill.

**Lord Currie:** We would like those concrete examples where targeting is to those vulnerable people, because we can then investigate that. It is a breach.

**Lord Watts:** Just to be clear, you have not had any referrals from people complaining that they self-excluded and then, when that period was over, they were targeted by gambling companies. You have no evidence of that at all.

**Guy Parker:** I do not know whether we have zero evidence of it. I would have to check, and I am very happy to do that. We have a sense, which I think is accurate, that sometimes that sort of targeting of advertising is endemic, and that is not shown up in complaints to us from people that feel that they have been targeted with advertising in that way. It is a bit of a mismatch between what is sometimes reported and how this is sometimes talked about, and the experience that we have from complaints that we receive and other intelligence that we are privy to, including the discussions that we have with regulators such as the Gambling Commission.

**The Chair:** As you look back over the last few years, would you say that the volume and sophistication of gambling advertising have increased? I am pretty sure it has, but I will bow to your superior knowledge. If it has, would you describe that increase as exponential, extraordinary or just a gentle trend? How would you describe it?

**Guy Parker:** The volume of advertising has increased since the Gambling Act came into effect in 2007. In significant respects the Gambling Act was a liberalising Act. It allowed, for example, the advertising of quite a lot of gambling products on TV that had previously been against the law. It should not surprise us that there was an increase in gambling with those companies on TV.

We measure this. We have data on adult and child exposure to TV advertising going back 10 years, which, again, I am very happy to share with the Committee after this session. They are very detailed reports, but I know you will be interested in them. They show that there has been an increase since 2008, which was the first full year after the Act came into effect. Between 2008 and 2018, which is the last year that we have data on—we are about to have data on 2019—there was approximately a two-and-a-half-times increase in adverts seen by adults and children. That is off the top of my head, so forgive me if it is slightly wrong.

The trend has been downwards for children since the peak in 2013. Bear with me one second and I will give you the figures on this, because I do have them in my briefing. The average number of gambling ads seen by children on TV fell to 3.2 per week on average in 2018, from a peak of 4.4 in 2013. The 3.2 a week on average corresponds to about 2.2% of all the TV ads children saw in 2018.

The majority of the TV gambling ads seen by children since 2011 are for bingo, lotteries and scratchcards. That consistently surprises me a bit, because we think it will be ads for in-play betting seen around Premier League football matches, but most of it is not; it is bingo, lotteries and scratchcard advertising. Children saw, on average, one gambling ad on TV for every five seen by adults in 2018. Children do, of course, see more TV gambling ads now than they did before the Gambling Act came into effect.

**Lord Watts:** Are you able to know whether an amount of advertising is done at a certain time? I am thinking of vulnerable people who may be

targeted by advertisements after the pubs close, at 11 pm or midnight. Is there any evidence that that takes place, or are you not able to monitor that?

**Guy Parker:** We could monitor that. The 2019 data that we will soon be publishing may show some changes because of the whistle-to-whistle ban. That is forcing pretty much all advertising to after 9 pm, so it is going to be more concentrated after 9 pm and before 6 am, or whatever it is. I do not know how much of that is in the time period between 11 pm and midnight, when pubs close. We could get that breakdown; it would be quite interesting to see.

**The Chair:** If you had to characterise the purpose of betting advertising, is it to grow the market or is it simply a battle for market share within the existing market? Is it a balance of the two? If so, where does that balance lie? That is probably a very difficult question, but you are the only people I know who could potentially answer it.

**Guy Parker:** It can be both. Depending on the type of gambling product or service you are talking about, there might be a different answer to that question. Do not forget that the gambling sector is very broad. It ranges from high-street bookies, national lotteries, scratchcards, bingo operators that have been around for ages, to online casinos that people can now access through their smartphones and in-play betting for sports events; there are more sophisticated, newer gambling products. There is quite a big difference between those. There is also a difference between operators, from very well-known and well-established companies which are household names in this country to companies based in Gibraltar, the Isle of Man and so on, which are more international in scope and are providing different gambling services.

**The Lord Bishop of St Albans:** As I understand it, according to the law, children should not see any gambling adverts, so clearly even those that they are seeing are of concern. Can you say whether the figures for adverts take into account the fact that young people are, year on year, watching less television? Their lives are increasingly spent online, so do we have a handle on how many adverts they are seeing, when we suspect the majority are online anyway? It seems to me that television is not the big concern; it is a concern, but it is not the big concern. Could you comment on that, please?

**Guy Parker:** Yes, it is a very good question. People are watching less TV. Children, particularly, are watching less TV on TV sets. TV watching is still big, and it is still big for children, but they are substituting time they were previously spending watching TV with other activities, principally time online, and they are substituting a lot of other time they were spending playing with time online. That is growing significantly.

The data for what people are seeing online is really difficult to get. With TV, for many years, we have had very high-quality BARB data. It is industry-recognised. We do not have anything approaching that for online, and online consists of lots of very different things, from claims

that companies are making on their own websites and social media spaces, to paid-for ads that we could all recognise as ads, to advertising on social media platforms, to affiliate advertising. This is the reason why we have invested and are continuing to invest in using new technology: so that we can try to answer the question about what people are seeing online.

We launched our avatar monitoring last year, where we designed profiles that mimicked the behaviour of children of different ages: very young children, children aged eight to 12, and young teenagers. These avatars were accurate representatives of children of those ages. We sent them to hundreds of websites and video-sharing platforms, and we gathered the advertising that was served to them. One of the big challenges of working out what people are seeing online is that if you and I go to the same website at the same time, we will be served different ads based on our data.

We analysed the advertising that was served to them. On the back of that, we found examples of gambling advertising that should not have been served to those children. I will give you some data on this. There were 10,754 times that ads were served to the child avatars across 24 websites and 55 YouTube channels clearly aimed at children. This was in the two-week period of monitoring. Gambling ads were served to the child avatars on 11 of the children's websites monitored. They were seen by child avatars on those 11 children's websites a combined total of 151 times. That was 1.4% of all the ads served to the child avatars. Please be careful about concluding that that means that exposure was 1.4%, because while these avatars were accurate mimics of children of those ages, what we asked those avatars to do was not; we sent them to these websites twice a day, 200 websites a day and 200 video-sharing channels.

**The Chair:** What that demonstrated was that the operators pushing those adverts had no filter. They were not in control.

**Guy Parker:** That is correct. One of the gambling operators—a company called Vikings Video Slot—was responsible for 122 of those 151 ad impressions in that two-week period. It was being very careless and not filtering when it should.

**The Lord Bishop of St Albans:** I remember reading the research when that came out, and I applaud your proactive approach. While you can have some statistics about how many adverts children are seeing on television, do we need to say, without wanting to put words in your mouth, that we have very little idea how many they are actually seeing in terms of spending a lot of time online? Do we have any real, solid evidence about whether that has stayed the same, or is declining or increasing?

**Guy Parker:** No, that evidence is very hard to get. The Government spent quite a lot of money last year in trying to answer that same question for advertising foods high in fat, salt and sugar, as part of their

look into the obesity problem and responses to it. Again, I am speaking slightly off the top of my head, so forgive me if these figures are not precise, but they found that roughly 20% of child exposure to advertising for foods high in fat, salt and sugar was online advertising. The piece of research that gave that rather vague answer was very expensive.

The challenge here is that there are no agreed metrics, unfortunately. There are no agreed metrics to calculate exposure to advertising for adults or children online. Indeed, there have been concerns in recent years about how much one can rely on the metrics of individual companies that really should be able to provide good metrics. Famously, there have been examples of big companies saying that you can reach more people aged 18 to 35 in North America than there are people aged 18 to 35 in North America. There is a long way to go until we get to the standardised data that we have for TV.

**The Lord Bishop of St Albans:** You talked about the number of gambling adverts that children are seeing. Are you defining those by paid-for slots that come up? We have had this line from the industry about there being a whistle-to-whistle ban, but there is independent academic research to show that, for 85% of the time that you are watching a match, you see either betting logos or wraparound adverts. Are they included in your definition of adverts?

**Guy Parker:** Some of them are. Advertising that appears on perimeter boards is advertising that is subject to our codes and our regulation.

**The Lord Bishop of St Albans:** That is not banned, is it?

**Guy Parker:** No, it is not banned. That is not what I am talking about when I talk about the advertising that our avatar monitoring is targeting. Our avatar monitoring is targeting ads that are appearing in paid-for space online, ads that we would all recognise as being paid-for ads.

**The Lord Bishop of St Albans:** The definition of the adverts that children are seeing relates to the paid-for space and not the gambling logos and wraparound adverts they are seeing 85% of the time, which are not paid-for space. Is that what you are saying?

**Guy Parker:** I have not given you a figure for child exposure to advertising online, because we do not have that figure and no one else does.

**The Lord Bishop of St Albans:** Sorry, I am talking about watching matches on ordinary, terrestrial television. We say that children are seeing three adverts or something, I am trying to find out whether that includes the fact that 85% of the time they are seeing logos and wraparound adverts. Is that the three they see?

**Guy Parker:** No, for the TV exposure research that we do on an annual basis, that is only adverts that are appearing in commercial breaks. That also excludes any sponsorship idents, because we do not regulate them—Ofcom does—and it excludes advertising slogans or the names of

advertising companies that might appear on football shirts and so on. You are right that there is more to this than just the commercial spots.

Q164 **Baroness Thornhill:** On algorithms getting to the individual, I am concerned about the ethics of somebody receiving a message advertising an online casino when they have been putting certain things into the search engine. How much do you feel social responsibility models should be built into the algorithms? Could they be, should they be, and how much should they be?

You were saying, "We do not get much evidence of this being a problem". It appears to me that there is a small group of people for whom the consequences can sometimes be, quite bluntly, fatal. Therefore, who should find out who these really targeted algorithms are actually getting to? We have had evidence from people who have said that they would be at a certain stage, they would be doing something, and a little thing popped out: "Are you feeling lonely? Do you want to come and join our wonderful bingo game?" How much can we regulate some degree of ethics into this, because surely nobody would say that is right?

You have been very proactive on the stuff you have described, but you seem reactive on this. Do you have the expertise and the resources to be one ahead of people who are working on these darned things in the first place? It is about regulation, the ethical side of it, and your own capabilities.

**Lord Currie:** Let me come to the ethical part second, not because it is not the most important. On the resource question, it is clear that we have to invest in new technologies and machine-learning. We need to use the algorithms to work with the algorithms. The industry is morphing. Unless we change and transform what we do, we will be left behind. That is not just true of us, although we are in a very fast-moving area; it is true of regulators more generally.

We have launched a digital strategy and we are in the process of implementing that. It is going to take a while and we need to work at it. Yes, it will be expensive. We have resource to invest in it. Coming back to collective regulation, it is also important that other regulators, such as the FCA, the CMA, the ICO and overseas regulators, all invest in these new technologies. We need to work together. We need to make sure we are working together, because that will be very important in cracking the questions.

As for the ethics of individual targeting, in this area I can see it could be very dangerous and damaging, leading to terrible consequences. In other areas, people would regard it as appropriate and a good thing. There are ethical questions; we need to think about them and work at them, but we absolutely need to fight abuses of new technology with new technology in this area.

**Guy Parker:** It is another really good question. From this year, we are investing in in-house data science capability, precisely so that we can do some of the things that David talked about: use technology better,

including machine-learning, and create our own algorithms so that we are being proactive in trying to stop irresponsible advertising, such as advertising that is targeting people that it should not be targeting. We have the funding for that. It is important that we continue to get the funding for that in the next three or four years, because, if we do not have the funding to build this in-house capability properly, we are not going to be able to do the job that we need to do to tackle this sort of advertising.

The sponsored search result I talked about earlier was for a company called Casumo. The ad was served to someone who had put "how to unsubscribe from all gambling" into the search box. I just wanted to provide the detail on that, because I struggled to find it earlier.

We are not waiting and doing nothing proactively while we are making this investment in data science. We are continuing with our avatar monitoring programme, and we are expanding it. One of the important ways in which we are expanding it this year is to address this very question of how we can place obligations on companies to use their algorithms and their data to target advertising away from people who might be at risk of developing problem-gambling behaviours. I do not know where we will end up with that, but that is a really important piece of this year's work.

**Q165 Lord Trevethin and Oaksey:** We have been told that the amount of money spent on marketing by gambling operators is very substantial, and that far more is spent on online marketing and online advertising than is spent on TV advertising. One source of evidence has suggested that 80% of the spend is online and 15% is on TV advertising. Against that background, I wonder if you could tell us whether you think there might be merit in exploring some version of an advertising watershed in relation to online marketing and advertising. That is the first question: might there be or is there merit in exploring that possibility? The second, related question is whether it is feasible. How would it work if introduced?

**Lord Currie:** I will take the second question first. Is it feasible? It depends on the area of advertising. Guy has explained the complexity of things that happen online. There is a wide variety. It may be possible in certain areas; it may not be possible in others. It is certainly something that could well be explored. We have not done that in any detail, so we cannot give you a definitive answer to that.

We think that there is a certain risk that a watershed arrangement of that kind might cut across the line of development that we are pursuing, which is using the targeting technology to target away, in a different way. There are alternatives here, and work needs to be done if it was to be explored to investigate the relative merits of these different approaches.

**Guy Parker:** Targeted online advertising is everywhere. It is not all there is to online advertising; we talked about claims on companies' own websites. As paid-for advertising, the majority of what we all see online is targeted at us based on our data. It is already against our rules to target

that advertising at people who are under 18. That renders the concept of a watershed rather redundant; paradoxically, that could rather liberalise in this area, and change from a situation where you cannot do it at any time of day in any circumstances to one where you can after 9 pm.

There is some paid-for online advertising that is not targeted based on people's data. It is generally cheaper to buy. One could explore introducing the concept of a watershed for that advertising, but I do not think it would have a big impact. One could explore the potential for a watershed on claims on companies' own websites. It would require them to introduce technology that removed claims between 6 am and 9 pm, or whatever watershed you decided on, and then reintroduce them afterwards, which is not somewhere where watershed tools have ever gone before as far as I am aware; I could be wrong, but it has certainly not happened in the advertising space.

Our focus this year and beyond is primarily on getting gambling operators and the technology companies that they work with to target away from people that might be at risk of developing problem-gambling behaviours, because we think that will have more impact.

**Lord Trevethin and Oaksey:** Could the two constraints not be complementary? Assuming it is technologically feasible, which it probably is, could you not have an absolute ban on online gambling marketing during the relevant time period, together with the sort of constraints that you are contemplating, which are designed to prevent targeting vulnerable people? Would the two things not work together perfectly well?

**Guy Parker:** Technologically, I guess you could. The challenge would be making progress on both fronts at the same time. Complaints to us about gambling represent about 3% of our complaints inbox, but they take up substantially more than 3% of our regulation, as you would expect, because it is such a sensitive area. Delivering new interventions and tools takes up regulatory capital and resource, and we obviously want to make sure that we are putting that time, energy and effort into tightening up and delivering changes that are going to have the maximum effect. There might be a risk that, if we fought on two fronts, we would dilute the impact of our fighting on each of them.

**Lord Trevethin and Oaksey:** I understand. I have one short clarification question. Am I right to think that, until the 2005 Act came into force, there simply was no gambling advertising on television, apart from the lottery?

**Guy Parker:** There was the National Lottery advertising, and I think some bingo advertising was allowed. Again, we can provide chapter and verse on that; I do not have the facts at my fingertips, I am afraid.

**Lord Currie:** The big liberalisation was the 2005 Act.

**The Chair:** There is not sufficient research to tell us how widespread the harm caused by gambling is, but as a Committee we have heard plenty of

devastating evidence of harm caused by gambling addiction. Do you think that your guidelines are sufficiently developed to meet the specific dangers of gambling advertising, or do you think you might need specific guidelines for the gambling sector if the industry is going to continue to be allowed to advertise?

**Lord Currie:** We keep our guidelines under constant review. There is a lot of research on that to come that will shed quite a lot of light in this area. We will certainly look at that evidence very seriously and consider whether the codes need to be tightened or modified. It is a very active area of monitoring. I would not want to prejudge the results of that, but you can be assured we will look at that very seriously, along with any other evidence that is made available to us.

Q166 **Lord Mancroft:** In your corporate strategy, you emphasise the importance of greater buy-in from online advertisers, retailers, brands and other businesses. At the same time, you talk about being open to regulating differently. How do you describe your current relationship with gambling advertisers and businesses, and what is the justification for regulating differently rather than enforcing the regime as it is? It seems slightly unclear.

**Lord Currie:** We have already touched on regulating differently. As a regulator, we have to make sure that we operate in the best way we can, in an advertising industry that is changing very fast. Therefore, we have to regulate differently, finding new tools and new ways of doing things that are better and address the problems, both old and new. We absolutely have to regulate differently. That is the sense in which the expression is used.

Of course, we operate within the regulatory regime. We have to look at the codes to make sure that they are up to date in light of the latest evidence. We have to make sure that we have all the right techniques to do it. Our relationship to the companies that we are regulating is that we encourage them to be compliant. We do a lot of work in giving advice enabling them to be compliant but, if they are not, we will take robust action, with the Gambling Commission if necessary.

Q167 **The Lord Bishop of St Albans:** Your written evidence states that "exposure to gambling ads that comply with the UK's Advertising Codes is, of itself, unlikely to harm under-18s". Could you explain the evidence base for that belief, along with the evidence for believing that gambling adverts that do not comply with the advertising codes will harm under-18s?

**Lord Currie:** If you want the specific evidence, we will have to supply it to you, but the general point is that the restrictions in our code were introduced for evidence-based reasons. We therefore saw harm coming from those and felt it appropriate to restrict it. We do not have evidence that ads that are compliant with our codes are causing harm to under-18s. If we did, we would clearly want to revise the codes, in the light of that evidence. It is the evidence that we need that is important. I

suppose the general point is that we have to be rigorously evidence-based. If we are not and we make decisions, it is very likely those decisions will be overturned in the courts.

**The Lord Bishop of St Albans:** You say that it is unlikely to harm under-18s. That sounds like an opinion to me.

**Guy Parker:** CAP reviewed the evidence in 2014, based on the Responsible Gambling Trust's evidence review on vulnerable adults carried out by Per Binde and our own literature review of gambling advertising in children. That was the basis for the conclusion back in 2014.

**The Chair:** How independent was that research?

**Guy Parker:** The Per Binde research was independent, as far as I am aware. Do you mean of the gambling industry?

**The Chair:** Who paid for the research?

**Guy Parker:** Off the top of my head, I do not know, but I do not think it was the gambling industry.

**The Chair:** It would be very helpful to know.

**Guy Parker:** I think the Responsible Gambling Trust paid for that evidence. Again, we can follow up and provide all the detail.

**The Chair:** You will understand the concern that a lot of the research has been commissioned and paid for by the industry. I am not saying that the people who carried it out were not independent-minded, but there is always suspicion. The perception is that, if the gambling industry has commissioned the research, it is not as independent.

**Guy Parker:** I have been at quite a few gambling conferences and seminars where I have heard those concerns aired, so you are right about that. There is also a sense in the public health academic community that there is too little evidence that is specific to the UK. We all hope that the GambleAware advertising research—it has already published an interim report and it will publish its final report next month—will shed more light on the UK situation. We stand ready to respond to the findings in that research. If they change this picture and indicate that gambling advertising that we regard as complying with the existing advertising rules still risks causing harm, including to younger children, the onus is on us to tighten up the rules to plug the gaps.

**The Lord Bishop of St Albans:** This morning we have had a private session listening to people—and at least five of the families are sitting behind you—who have in all cases lost children through addiction, most starting before the age of 18. There is a pressing question for us in trying to work out what is leading 15, 16 and 17 year-olds, who should not even see a gambling advert, to join the ranks of the 55,000 teenagers who are diagnosed with some sort of gambling problem. This is behind the

question of what adverts young people are seeing and what influence they are having. It sounds to me as if you are tighter on the television. We have the avatars and it is encouraging you are being proactive on that. I am glad to hear you want to develop that, but I do not know whether you can help us with how this is getting through to young people. A sizeable number, by all definitions, are grappling with a really serious issue to do with gambling-related harm.

**Guy Parker:** The wider indicators show that child participation in any form of gambling has actually been trending downwards in the last decade and that problem-gambling rates are stable.

**The Lord Bishop of St Albans:** You are making that statement on the record. That is one definition of gambling, but it does not yet deal with gaming addiction, does it? Loot boxes are now banned in some countries as a form of gambling. That statement is going by just our existing definitions.

**Guy Parker:** I do not know how the Gambling Commission defines gambling, but we can look into that and follow up on that point. These indicators are not conclusive, because they do not allow us to infer causality, for obvious reasons. This is not to minimise the terrible harms that can result from people developing problem-gambling behaviours. The indicators do not accord with the view that the undoubted increase in gambling advertising and in accessibility to gambling services, through smartphones, is driving a significant increase in problem gambling. I worry about this, because it seems common-sensical that, if there is a big increase in the volume of advertising, all other things being equal, it ought to lead to an increase in problems. The data is not showing that, with the caveat of your point about whether the data is capturing everything that it needs to vis-à-vis e-gaming, loot boxes and so on.

I come back to the point that we worry about our regulation of gambling advertising. We worry whether we are drawing the line in the right place. We expend a lot of intellectual energy and resource on trying to answer questions about whether we are doing our bit and doing the right thing by the public and citizens.

**The Chair:** Forgive me interrupting. Do you agree with the statement that it is very difficult to be, quite correctly, an evidence-based regulator where there is very little evidence? There is just not enough evidence around on which to make the very difficult judgments you have to make. All the roads point to a lack of independent or meaningful research in all the different aspects of gambling. You have a heck of a job to do.

**Lord Currie:** That clearly makes it much more difficult, and we would welcome better research in this area. It is not necessarily for us to do that. We are regulating advertising as a whole. Better research and evidence would help and would undoubtedly influence the codes that we draw up and, therefore, the decisions that we arrive at.

**Guy Parker:** The changes that we have made, for example in tightening up the guidance in 2018 and 2019, have resulted from our assessment of evolving evidence. The regulation that we are delivering in the standards that we are setting is not standing still. I would be surprised if we do not explore as a system, with the Gambling Commission, further tightening up based on the GambleAware research that will be published next month. We will have to wait and see what that research shows.

Q168 **Baroness Armstrong of Hill Top:** I want to come to the whistle-to-whistle ban in sport, in football in particular. How do you think that is working? What is your analysis of the impact of that? Is it effective in reducing the amount of gambling that is going on and acting against what I and several people call the normalisation of gambling as part of our sporting world, which leads to particularly young and vulnerable adults feeling that they can get on and do all of that?

**Lord Currie:** The gambification of sport and the normalisation of gambling are trends that I am on record as saying I dislike. Indeed, I deplore them. They seem to have been a consequence, in large part, of the liberalisation that the 2005 Act gave us. Combined with the growth of the internet, which was probably not anticipated at that time, it has worked out in a way that was perhaps not intended. I do not think we have been able to evaluate the evidence on the whistle-to-whistle ban yet.

**Guy Parker:** No, but we will be publishing the TV data for 2019 reasonably soon, and that might indicate an impact from that whistle-to-whistle ban. Bear in mind what I said earlier about the data up to 2018 showing that children see a smaller proportion of TV ads than I expected, and the sort of advertising that appears in and around live sport events. The majority of it is bingo scratchcards and lottery ads. The Gambling Commission published some research today, which you may have seen, that seems to show a statistically significant decrease in the proportion of respondents who say they have seen a gambling ad on TV in the last week. That was the question asked of respondents in this Gambling Commission survey. Maybe that is an early indication of an effect from the whistle-to-whistle ban, but I could not say for sure.

**Baroness Armstrong of Hill Top:** It seems the one thing we can all agree on is that the evidence of the effect of advertising around gambling is not very good. We are all saying we think it might be this or might be that, but the evidence is fairly poor. On that basis, why on earth did the gambling companies spend £1.5 billion last year on advertising and marketing? That is the other thing: there is no clear line between those two. They must know it has an effect, so what are we up to? What are you up to in terms of challenging them for their evidence?

**Guy Parker:** There is no doubt that advertising can have an effect, but the Gambling Act says that, as long as the advertising is responsible and targeted appropriately, it is allowed to have an effect. What the gambling companies are up to depends on the specific gambling operator you are talking about. Some are incumbent operators trying to defend market

share. Others are new entrants to the market, trying to challenge the incumbent operators and steal some of their market share. This can happen legitimately as far as the current regulatory regime is set. It can happen legitimately. The bigger question of whether we should be allowing advertising full stop is really one for Government and Parliament, given the Gambling Act 2005 has established and set the regime as it is.

**Baroness Armstrong of Hill Top:** What recommendations would you make to change the way things work at the moment? Given you have expressed very serious concerns or unease, as I think you put it, about what we see in young and vulnerable people, what would your recommendation be?

**Lord Currie:** The unease I expressed was personal. The ASA does not take a position. One of the reasons for that is that it is hard for a regulator to advocate changes in a regime, because it has to administer the regime. If it advocates for changes that do not happen, it has then argued that the current regime is defective. It is our job, if asked, to help make best-design changes to the regime, which is something we would be willing to do if that was the direction of travel of policy. In the end, these are questions for government and Parliament.

Q169 **Lord Layard:** In your personal capacities, what do you think about the law? You have thought a lot about these things. From what we have been saying, it is difficult to distinguish between advertising that may have harmful consequences and other advertising, so is there not a case for going back to the pre-2005 situation, in which whole tranches of advertising were simply banned? How much loss in human welfare would be incurred if there simply was not that advertising? It is not easy to see that it would be a great tragedy to have less advertising of gambling. What about more limited bans, for example of online or sports-related advertising? What are your personal views on this?

**Lord Currie:** I am reluctant, given my position, to be firm in saying this or that should happen. My opinion is no more valuable than that of any Member of this Committee or anybody outside it and the House, so my views are not particularly useful. It is important that research is done on changes to policy and that, if there is an intention to go in that direction, it is really worked out. The Government have the resources to do that.

Q170 **Lord Watts:** The ASA cannot impose fines on the gambling industry. Does that impede your ability to regulate? What additional sanctions would you like to have to increase your ability to regulate in the future?

**Lord Currie:** We do not have fining capacity, because we are a self-regulatory system and fining capacity has to be given by statute. It is important to note that a number of statutory regulators do not have fining powers. The Competition and Markets Authority can fine for breaches of competition law but not for breaches of consumer law, which is a very odd position. We do not think that we need fining capacity because, as I described before, we have an effective way of finding

against ads and having them taken down, through the way collective regulation works. The industry shuts down advertising campaigns that are not compliant. That has to develop fast with changing technology, but the system has been quite effective in ensuring compliance, and very few cases have had to go to a legal backstop. I do not think that fining is something that we would want to look for in our capacity.

**Lord Watts:** Are there any other sanctions that you do not have at the moment that you think would be helpful?

**Guy Parker:** We continue to rely on the wider advertising and media industries to help us to deploy some of the sanctions. I would like that industry and those companies to continue to support the work that we do when we need to instigate sanctions. For example, when we took on a wider role in regulating online advertising back in 2011, we introduced three new online sanctions that are very useful for us. One is an enhanced name-and-shame, so we can further draw to the attention of the public companies that refuse to comply. That wall of shame on our website is search-engine optimised. The usually smaller companies that feature on it show up in organic search results and people are warned. That can apply pressure on those companies to come into compliance.

We also have arrangements with search engines to suspend advertising campaigns by non-compliant online advertisers, where those ads link to website content that is dodgy and that the company is refusing to make compliant.

Another is advertising credit we get from these search engines to run our own paperclip campaigns further advertising the non-compliance of online advertisers. These are sanctions that we deploy in all sectors and not just for gambling, but they are effective. In this area, it is quite easy. In TV and video on demand, we can refer broadcasters and video-on-demand providers that accept dodgy gambling advertising to Ofcom, which can fine them or withdraw their licence. We can refer non-broadcast advertisers to the Gambling Commission. The Gambling Commission has fining powers, and it has fined based on bad behaviour vis-à-vis compliance with the advertising codes. There is precedent for that sort of action.

**Lord Watts:** Do you have any frustration with offshore gambling, because you cannot regulate that, as it is outside your area? Does that give you a challenge that you find difficult to deal with?

**Guy Parker:** That is normally taken care of at the licensing end. My understanding is that the Gambling Commission—although I am no world expert on this—broadened the applicability of licensing to offshore operators a while back and extended the scope of its regulation, bringing more into the current regime that we have.

**Lord Watts:** Do you monitor that?

**Guy Parker:** Yes. I do not know for sure, but I suspect that many of the gambling operators that I talked about showing up in the avatar monitoring that we did last year are companies based outside of the UK. Because they are running UK advertising, they are caught by our regulations.

**The Chair:** On behalf of the Committee, I thank you very much for giving us your wisdom and experience in these matters. Please feel free to add anything. I know there are a couple of items on which you have volunteered to follow up, which would be very helpful. Thank you, both, very much indeed.

**Lord Currie:** Thank you to you and the Committee. We look forward to your final report.