



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

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

Tuesday 3 March 2020

4.20 pm

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Members present: Lord Grade of Yarmouth (The Chair); Lord Butler of Brockwell; Lord Filkin; Lord Foster of Bath; Lord Layard; Lord Mancroft; Lord Smith of Hindhead; The Lord Bishop of St Albans; Baroness Thornhill; Lord Watts.

Evidence Session No. 18

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Questions 198 - 208

### Witnesses

**I:** Dr Henrietta Bowden-Jones, Director, National Problem Gambling Clinic for Children; Simone Vibert, Senior Policy and Public Affairs Analyst, The Children's Commissioner's Office; Dr David Zendle, Lecturer in Computer Science, University of York; Lee Willows, Founder and Chief Executive, YGAM.

### 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

Dr Henrietta Bowden-Jones, Simone Vibert, Lee Willows and Dr David Zendle.

Q198 **The Chair:** May I welcome our witnesses—some of them for the second time. You are very welcome. I will read out the formal health warning. A list of the interests of Members relevant to the inquiry has been sent to you and is available. The session is open to the public, being recorded and is accessible via the parliamentary website. A verbatim transcript will be taken of the evidence and will be put on the parliamentary website. A few days after the session, you will be sent a copy of the transcript to check it for accuracy. It would be helpful if you could advise us of any corrections as quickly as possible thereafter. If you wish to clarify or amplify any points made during your evidence or have any additional points to make after this evidence session, you are more than welcome to submit supplementary evidence to us. If I may, I ask you individually if you would be kind enough to state your name for the record. Thank you.

**Dr Henrietta Bowden-Jones:** Dr Henrietta Bowden-Jones.

**Simone Vibert:** Simone Vibert.

**Lee Willows:** Lee Willows.

**Dr David Zendle:** Dr David Zendle.

Q199 **The Chair:** We have a lot to get through. I will try to limit the session to one hour. I hope not everybody will have to answer every question, so only come in after somebody has answered if you want to contradict or some really important point has been missed. I look at my colleagues and hope they will help keep us on track. We have a little bit of business to do after the public session. Thank you.

Dr Zendle has undertaken research into the link between loot boxes and disordered gambling. Could you explain briefly the conclusions of the research and whether these apply more broadly to other forms of activities on the gaming/gambling border, such as skins betting and football player packs?

**Dr David Zendle:** If it is okay, I will kick off. Loot boxes are items in video games that may be bought for real-world money but contain randomised contents whose value is uncertain at the point of purchase. They are part of a new form of making money from games. In the 1990s and early 2000s, the games industry made money by you handing over some cash in exchange for a product. Over the past 10 years, they have realised that you can use games as a platform to sell other things, such as a skin to make your character look different, an item to make your character more powerful, or a boost, in games such as "Candy Crush". The strategy of using your game not as a product but as a platform is massively lucrative. The "Candy Crush" franchise, one of many in a cosmology of games, is estimated to make over \$1 billion a year through this kind of microtransaction. We are talking huge amounts of money.

**The Chair:** What is the age of that game?

**Dr David Zendle:** I believe that is deemed suitable for children. I cannot speak to its specific rating, but it is deemed suitable for children. I do not know whether it is aged three-plus. I imagine it would be.

Since 2012, games developers have realised that there is another way they can sell things to people in games. Rather than you already knowing what you are buying when you pay your money, they sell you a sealed container. It might have something really good in it; it might have something really bad in it. This is the generic term for loot boxes. Loot boxes encompass all sorts of things. They might look like a box, such as a treasure chest, or they might look like a pack, such as the player packs in "FIFA".

The generic term that the recent Digital, Culture, Media and Sport Select Committee used to refer to them was "things in video games where you are handing over money and you are getting something uncertain that is determined randomly in some way". I put that definition together and put it in a paper. It was moved forward into that Select Committee. It was taken up in the background to the Queen's Speech. I think this is a good definition of loot boxes, and it certainly encompasses player packs. It encompasses basically anything where you are putting money in but you do not know what you are getting out the other end.

All these things have been linked to problem gambling. The more money people spend on these, the more severe their problem gambling seems to be. This seems particularly true for adolescents. When we studied adolescents, we found that there was a stronger link between spending on loot boxes and gambling. Recently, in some research I have been doing with Heather Wardle, who I know has presented to the committee before, we found that young people who spend money on loot boxes are more than 10 times as likely to be problem gamblers than those who do not.

**The Chair:** So it is a gateway?

**Dr David Zendle:** We do not know. We just know that the two things coincide. It might be a gateway. You spend, spend, spend on the loot box. You are conditioned to associate this gambling-like product with some sort of reward, maybe an arousal reward, and you go out into the real world and see something that looks just like a loot box, in the form of a slot machine, and you spend more on that. It could be the other way around. You are already a young problem gambler. You already have a disordered, excessive relationship with slot machines. You go home and load up your favourite game, and you see something that looks just like them, and you spend, spend, spend. Either way, I would argue it is not great. I think there is clear harm there, whether the harm is in the form of turning people into problem gamblers or whether it is in the form of taking a vulnerable population and taking lots of their money away.

**The Chair:** What would you do about it?

**Dr David Zendle:** The ideal thing to have happened would have been industry self-regulation. It would have been some sort of big commitment from the video games industry to find out what is happening and do something about it. That has not happened. Therefore, I am not against the proposals of the recent Select Committee inquiry that some form of regulation external to the games industry is necessary.

**Lord Foster of Bath:** I have a very small supplementary question. Within your definition of loot boxes, would you include the sorts of things that have been happening for 40, 50 or more years where, for instance, you get plastic toys out of a cornflakes packet or, going back 30 or 40 years, you get a pack of cigarette cards? It seems to me the difference between all those and an online game loot box is that in the case of the cigarette cards and the products out of a packet of cornflakes, you can swap them with your mates and find a way of building up the complete set that you are looking for.

**Dr David Zendle:** I agree with you that there are distinctions. I would say that distinction you have outlined is a legitimate distinction. There are also others. The key piece of evidence here is that we tried to replicate this link between problem gambling and loot boxes. The link is extraordinarily robust. It is of a magnitude that is uncommon in the social sciences. You see it every time you measure how much people are spending on loot boxes and their problem gambling. It has been replicated across the world, from Canada to Finland to the UK. We tried it again with collectible card games, which you might know from games such as "Pokémon Trading Card Game" and "Yu-Gi-Oh! Trading Card Game". I think that is the closest physical analogue of loot boxes, and we could not replicate the results. It just does not seem to be there.

There seems to be something special about loot boxes, and we do not know what it is. Maybe it is the fact that with physical games you can swap things around, so developers have less control over the environment. When I used to play "Magic: The Gathering", which is a popular collectible card game of my youth, we used to allow each other to play with proxies. If we did not have a card, we would say, "We will just scrawl the right card on it, and you can play along with it". You cannot do that with a digital environment in which they control everything. I cannot say, "You can just play with Ronaldo in FIFA Ultimate Team", because I do not have control over the game's code.

**Dr Henrietta Bowden-Jones:** I want to add a third potential component to this. We have heard about people moving from gaming to gambling, possibly encouraged by the loot box factor, and we have heard about problem gamblers who may also be young and using loot boxes. If we look back to Luke Clark's contribution earlier, there is a very neuroscientific explanation as well, which could be of common, shared neurobiological vulnerabilities that predispose somebody to finding loot boxes and gambling as exciting as each other. Because gamers are accessing the activity of gaming so much earlier, I think we need to be careful talking about a gateway until we do the research, which we do not

currently have. We have great research from David leading the way, but I want us to be careful about making assumptions.

**Q200 The Lord Bishop of St Albans:** This may be quite a quick question because you have already partly alluded to it. The Children's Commissioner for England's report recommended the Government should take immediate action to amend the definition of gambling in the Gambling Act to regulate loot boxes as gambling as well as undertake a wider review of the current definition of gambling in the Gambling Act. What are your views?

**Simone Vibert:** What we have been discussing so far is a really important consideration as to whether loot boxes lead to disordered gambling and whether there is causation. Obviously, there is some evidence to suggest the two are somehow linked. What we were concerned with in our research looking at gaming in general, not just the monetisation thereof, was how children experience this in the here and now. Monetisation or spending came up pretty quickly, and loot boxes, particularly in the form of football player packs, were widely used in the group of children that we spoke to. This is a qualitative piece of work. What they told us was quite concerning, in our eyes. Some of the children said that they spent in games.

**The Chair:** How old were the children?

**Simone Vibert:** They were aged 10 to 16. There was a mix. Obviously, this was at the higher end of the spending. They said that they spent in games. In some cases, they felt their spending was difficult to control. Some of them described opening a player pack, not getting what they wanted, opening another, not getting what they wanted and repeatedly opening them, in a concept that seems a bit like chasing losses to us.

**The Chair:** Do you think the game designers know what the player wants through the algorithms and data that they collect?

**Simone Vibert:** Are they targeting them? I think they know that a certain player will give you a better chance of progressing within the game than others. If you want to do well in the game, you want the particular player.

**The Chair:** So it is not strictly chance, is it?

**Simone Vibert:** No.

**The Chair:** Sorry. I interrupted you.

**Simone Vibert:** I think the most important point that came out of our research was that children themselves describe this as gambling without being prompted. If it looks like gambling and it feels like gambling in children's eyes, our message is very simple: that it should be regulated and recognised as such. That is where our conclusion to amend the Gambling Act came from.

**Lee Willows:** I can build upon that as well. I am the founder of the Young Gamers and Gamblers Education Trust, a former problem gambler and formerly a patient of Henrietta's clinic. My colleagues and I established the charity five years ago. We initially called ourselves the Young Gamblers Education Trust. Last year, we changed our legal name to the Young Gamers and Gamblers Education Trust because a lot of the practitioners who we were working with—we train teachers—were coming to our workshops not because of gambling but because of gaming as well. That prompted us to do some research in this area.

Last year, we did a piece of research with Red Brick Research and Bournemouth University. We worked with 2,000 students over a term. I can send you a copy after today's session. We all know gaming is an unregulated activity. Students found both gaming and gambling helped them with their stress in university. Gaming specifically is widespread. Of those 2,000 students that we sampled, 80% of them had gamed at least once in the past 12 months. Of those 80%, 35% of students were gaming most days and 17% were gaming every single day. Of those 17% who were gaming every single day, 48% said it was in conflict with some of their studies.

Gambling is regulated, where gaming is not. In that same cohort of 2,000 students, where we had 80% gaming, 47% had gambled in the past 12 months. There was a similar percentage of those who partook in the activity every single day. For gaming, it was 17%. For gambling, it was 16%. A lot of those students may be at moderate risk of gambling-related harm. The conclusion from the research was that there is a lack of understanding between gaming and gambling. Gaming is an engaging, fun, trendy activity, whereas young people and students see gambling as an activity for adults. In fact, there is no difference between gaming and gambling. As we all know, students do not necessarily reach out for help if they need some support in this area.

**Dr Henrietta Bowden-Jones:** I would like to bring the conversation to a higher Gambling Commission level for a second. I think it is vital for you to hear the opinions of people working in the field with people suffering from harm. One could accept that up to now there has been a dire lack of independent large-scale research in the field of gambling, let alone gaming. You can bring gambling in general, gambling harm and problem gambling all together and say we have not invested independently in the knowledge that we needed. This has sometimes left the Gambling Commission without the facts and without time. For over a decade, although there was a need for a public health approach to this issue, no such approach was taken. We have only very recently agreed on this.

I am thinking of the FOBT scandal—as I can call it now, looking back—regarding lack of action in relation to something that was screamed about as something that was so dangerous. In a way, we could say there is a level reached where a product is regulated, knowing that enough people feel it belongs to gambling, without necessarily having the research to prove it is harmful. We may be there now with loot boxes as some

countries are already banning them. To add to the reports you heard today, we were in a school this week with hundreds of children all talking to us about their loot box gaming and how it was gambling, et cetera.

I believe some of the issues that have arisen in relation to the Gambling Commission are that people feel that they, their loved ones or their young ones are not being protected or have not been protected. It may be possible to use ground-up information, whether it is coming to the Government or a commission. People are worried. Let us investigate.

**The Chair:** Are you arguing that if you regulate first and research after, you can always adjust the regulation?

**Dr Henrietta Bowden-Jones:** Absolutely.

**The Chair:** Is that what you are asking?

**Dr Henrietta Bowden-Jones:** That is what I would ask for. I know you do not have that much time, but, while I am on the subject, I also believe some of the issues have arisen because a regulator may not be the best person to make decisions about what needs to be addressed as potential structural faults.

**The Chair:** You would expect to regulate and consult widely with the stakeholders and have advisory boards?

**Dr Henrietta Bowden-Jones:** Independent advisory boards.

**The Chair:** Of course.

**Dr Henrietta Bowden-Jones:** Looking at the future and the new Act, there is an enormous amount of work to be done in how people's concerns are received, processed and passed on to the body that can decide.

**The Lord Bishop of St Albans:** I would like a brief clarification, please. Mr Willows, you referred to some research about young people gambling. Forgive me if we have already received that in some submissions you have given. We are slightly drowning in paperwork but doing our best to work through it systematically. I was not quite sure of the age of the young people you were talking about who are gambling. Could you provide us with the data and what you found? Was it from the University of Bournemouth?

**Lee Willows:** Absolutely. We worked with the University of Bournemouth as a research partner on that piece of research. It was 2,000 students aged 18 to 21 years old who were at the university.

**The Lord Bishop of St Albans:** So they were above the age at which they can legally gamble? That was part of my question. It would be very helpful if you could send that to us.

**Lee Willows:** Of course.

Q201 **Lord Watts:** The *Gaming the System* report makes various recommendations about limiting the role of money in children's experience in gaming. What action do you think should be taken by the gaming developers to reduce the role of money in gaming? When I say reduce money, I think we need to include high-value goods as well. It is not just loot boxes and cash but computers, iPads and so on. What should gaming developers do to reduce that? What should the Government do to legislate, if they fail to do so?

**Simone Vibert:** As we have spoken about, our report talked about loot boxes and the impact of what we would call gambling-like activity. In fact, we would call it gambling. We also looked at spending in general, that is, spending even when you know what you will get. I am very aware I am speaking to a committee focused on gambling, but it is important to bear in mind that when children are spending, they are perhaps being nudged to spend when they do not want to or it is not in their best interests. That is why we had a set of recommendations in our report focused not just on gambling but on spending.

For children, we said that spending within games should be limited to items that have aesthetic or cosmetic value that is not linked to progressing within the game, such as an outfit. They should not buy things to get a better chance of achieving what they want to in the game.

We also said there should be facilities to enable children and their parents to track their spending. There should be daily limits on what they can spend, which should be on by default. It is very important to raise that we do not know how old many players are online. We do not know who the children are, and we do not know who the adults are. This has been discussed for years and years in the online harms world, and regulation in the online harms world is moving rapidly towards requiring companies to age verify. It is problematic that companies do not find out who the kids are now.

**The Chair:** How could they do that?

**Simone Vibert:** There are various means of doing that.

**The Chair:** For example?

**Simone Vibert:** For example, you can use documentation. You can use a passport. Age estimation technology is being developed where just by looking at a smartphone or a camera you can know, for example, whether a child is 10 to 13 or 13 to 17. There are different ways. Because this will be required in regulation outside of gambling, there is a whole industry moving along very quickly. It is worth bearing in mind that not enough is being done by companies at the moment to know who the kids are. If you want to have these protections for children now, you need to know who they are.

**Dr David Zendle:** There is a central and historical problem underlying all our discussions. We have moved from a video game economy in which we have a roughly uniform distribution of spending among players to one

that is totally different. It used to be the case that when I bought a game, I paid £50, and when you bought a game, you paid £50. We all paid roughly the same amount to buy the game.

We have now moved into a different economy, where a huge number of people pay nothing or almost nothing. At the very far end of the distribution, we have people regularly reporting spending thousands of pounds every month on things in games. The term in the industry for these players is whales. People have stopped using it recently because it has started to get a lot of bad press. It is a term directly adopted from the casino industry. You might see it as having similar problems as VIP spenders in online betting.

We know nothing about whales. The industry rhetoric surrounding them is that if a Russian oligarch and a Saudi billionaire want to go to war in the game and spend tens of thousands of dollars and make it free for everyone else, it is a great deal for all the players. We do not know who these people are. We do not know whether they are Saudi oil billionaires. We do not know whether they are taking money out on credit cards.

**The Chair:** How do the operators of the gaming companies know this? How would they know whether I am an Arab oil sheik?

**Dr David Zandle:** They do not know. I would be interested to hear them answer that question. I have yet to hear a credible answer.

**Lord Smith of Hindhead:** That has nothing to do with gambling, does it?

**Dr David Zandle:** It is only to do with gambling inasmuch as these loot boxes are an emerging feature.

**Lord Smith of Hindhead:** The loot boxes are part of the games. The fact some people do not pay anything to play the games while others might pay a lot is not itself gambling. There is no gambling element to the point you have just made.

**Dr David Zandle:** I am sorry if I was not clear. When I talk about people paying to play the games, I mean buying things in games that may or may not be loot boxes. It might be that you are spending tens of thousands of pounds on bonuses in "Clash of Clans", a game that does not have loot boxes.

**Lord Smith of Hindhead:** That is not gambling, is it?

**Dr David Zandle:** No. It might be if you were spending those tens of thousands of pounds on loot boxes in "Clash Royale". It depends on what you define gambling as, but that would be loot boxes.

**Lord Smith of Hindhead:** One of the problems we have at the moment is loot boxes are not defined as gambling in law. It may well be that this committee will recommend to the Government this could be addressed. The point that you have just made is not very helpful to us in formulating

that view. People spending money to get this sort of game is not really involved in the gambling part of the loot boxes, is it?

**Dr David Zendle:** I disagree. Financial harm is one of the main forms of harm we are talking about here. If we have a roughly uniform distribution of spending where no one is particularly spending much, maybe because there are spending caps in place where you cannot spend more than £100 a week, making an argument about financial harm is very difficult. However, if we have an ecosystem in which we are fairly confident that people are spending many, many thousands of pounds a year in a product, you can say that may be damaging to them as it is taking money away from them that perhaps they do not have. Does that make sense?

**Dr Henrietta Bowden-Jones:** I would like to bring the conversation on to gambling and young people specifically. I am well aware we are defining young people as 25 years old and under. There is a very high-risk population we are tending to slightly disregard because we are all worried so much about the children. By that I do not mean just those in this room but people in general. People aged 18 to 25 years old, who are highly impulsive, who often have money in their hands for the first time because of their first jobs or their university grants, et cetera, are ending up spending enormous amounts of money, if they are vulnerable to doing so.

I have several new cases in my clinic every week. I hear with incredulity the stories of young people who have not been through any affordability checks, who are on university grants and have had to drop out. I have young people who have incurred debts of £50,000, £60,000 or £70,000 whose parents have remortgaged their house to pay off those debts.

How does this work? How can it be possible that an industry with data on the slightest movement to the right or the left of a gambler at a machine is not aware of what these young people are earning and what their spending potential is for a recreational activity? I know there is all this about loot boxes, but we must not lose sight of the fact there are at least 55,000 problem-gambling children. There will be a lot of younger people who are losing out on their futures because of this spending. They are not being focused on enough.

**Lord Watts:** What are you advocating for finding out whether there is an affordability issue? How would you do that?

**Dr Henrietta Bowden-Jones:** My field of expertise is problem gambling and gambling disorder. I do not know enough about the financial tracking technology to tell you how they can know. All I know is they either somehow will know or will need to know. What could they be required to do in order to do no harm to the people taking part in their gambling activity? You have asked us to think through by what means the accountability of the gambling industry can be demonstrated. I think it is demonstrated by not taking more money than someone can choose to lose.

Q202 **Lord Mancroft:** Professor Julia Hörnle gave us evidence in which she said, “In the online sector, the Commission has been very mindful of innovation, perhaps even a little too reluctant to step in to protect children”. What do you think of that? What additional steps would you like to see the Gambling Commission take proactively to protect children and young people both from online gambling and the constant technological developments that underpin online gambling?

**Lee Willows:** I will answer this first and build on what Henrietta said. There is a huge amount of stigma. Imagine you are an 18 year-old at university for the first time. You have your loan. You may be partaking in sports betting. All your friends are doing it fine. They are in control. They are responsible. They are gambling responsibly, but you cannot. There is a draw and desire to go back time and time again, and you find yourself going down that spiral. It is a very hard thing to tell your friends and to reach out for help. If we look at the research, education and treatment in the country today—the RET—I think the education part of that has been lacking. I am encouraged by, for example, the Safer Gambling Commitments from the Betting and Gaming Council, which enable us and GamCare to deliver a national education program to raise awareness.

**Simone Vibert:** In our view, the fundamental stumbling block here is the Gambling Act’s definition of gambling. In particular, the definition of a prize, “money or money’s worth”, does not reflect the way children spend and, in our eyes, gamble money online. Some of these items in games do not have monetary value. Some of them do because you can trade them illegally on other sites, but let us park that for now. They have immense value to the children who are spending money to get them, whether that is to take part in the game all their friends are playing or whether it is to not be bullied, in some cases. That is where we feel the Gambling Act is not working in the way it should in the modern world.

**Lord Mancroft:** These are children who are underage?

**Simone Vibert:** They are underage.

**Lord Mancroft:** So they are, as it were, outside the Act because the Act already forbids them from gambling?

**Simone Vibert:** Yes.

**Lord Mancroft:** So whatever definition you have would not make any difference because it is illegal anyway? I am being technical here, but it is a problem.

**Simone Vibert:** I am talking about loot boxes and other features that are not currently designated as gambling.

**Lord Mancroft:** I understand definition is very important. However well they are defined, these children should not be gambling anyway, according to the Gambling Act.

**Simone Vibert:** Exactly.

**Lord Mancroft:** So nothing in the Gambling Act is going to change that.

**Lee Willows:** Except on category D machines. There is some anonymous gambling.

**The Chair:** It is not regarded as gambling under the definition in the Gambling Act.

**Simone Vibert:** Under the definition in the Gambling Act, it is not regarded as gambling.

**Lord Mancroft:** Even if it was defined as gambling, they still would not be able to do it because they would be underage under the Gambling Act.

**Simone Vibert:** Exactly.

**The Chair:** At the moment, it is not illegal.

**Simone Vibert:** That is what we would like.

**Dr Henrietta Bowden-Jones:** The minute it is made into a gambling activity, no child should be able to access a loot box. This is where it is all heading to.

**Simone Vibert:** Just to finish one point, the fundamental stumbling block is the Gambling Act. The Gambling Commission is constrained by this Act. We would like to see more public debate about whether the Gambling Act is fit for the modern age. We are glad there is a review coming. It is up to the Gambling Commission and DCMS to do more research into the impact of these products.

**Dr Henrietta Bowden-Jones:** I would like to bring the conversation very briefly on to bookmakers. Please do not forget land-based gambling. All the stimulus control technology is working very well. There is self-exclusion. Both people who are trying to stop their online gambling and people who are allowing people to self-exclude are participating. We have an enormous amount of people at harm, not just problem gamblers but people who are suffering at some level, who end up at the bookmakers. They then decide to self-exclude. Unfortunately, we are missing the technology there to keep people out of the bookmakers.

**The Chair:** Out of the physical premises?

**Dr Henrietta Bowden-Jones:** Yes. When we are looking at the review of the Gambling Act, I would suggest we look at a national approach that uses technology to help us address this.

Q203 **Baroness Thornhill:** We have talked a lot about age. What I am not clear about is whether there is a causal link between how early you start and the likelihood of becoming a problem gambler. Is it because, to put it bluntly, you are having a tough life? I think they use the term "negative life experiences". I am horrified by these games you are talking about. I am about to become a granny, so it will be a few years before it will be relevant, but what about advice to parents and parental awareness? This

has triggered something in me. Parents probably do not even realise what is happening.

**Dr Henrietta Bowden-Jones:** We have some valuable information from the last prevalence surveys in this country. The last such survey was dated 2010 and was very clear in showing that exposure to gambling activity, parental gambling, grandparents gambling and pathological gambling in close family members had an association with the individual growing up with a problem. In part, we are still talking about individual vulnerabilities, which will be neurobiological, at some point including high levels of impulsivity and poor decision-making.

Having environmental stimuli of people enjoying gambling and gambling at all times also plays a big part. If you are trying to protect young people from indulging in these behaviours that they should not be taking part in, removing any environmental cue is vital, particularly within the family home. This is why seeing so much exposure to gambling advertisements is so complicated for us. It is a very important factor.

If you never see a gambling advertisement and you never watch anyone else gambling but you have that vulnerability, you will start gambling at the age of 30. You might still develop that illness very quickly. I saw someone this morning who became a pathological gambler from the word go. It does not save you, but it will probably reduce significantly the number of people with a problem.

**Lord Watts:** I am just trying to be clear about what you are advocating. Quite frankly, many families have a history of gambling. They enjoy it and they do it on a regular basis.

**Dr Henrietta Bowden-Jones:** I am not a prohibitionist in any way. The prevalence study was looking at gambling behaviours in the household that were pathological but was also looking at the prevalence of gambling within the household. It is an association. It is not a causation. I am just reporting the study on a large scale. I am not telling you this as my personal opinion.

**Lord Watts:** I understand the study. I am not sure what we are supposed to get out of that study. I think what you are suggesting is that children who see their parents gamble are more likely to gamble themselves. That may be the case, but I do not know what you could do about that. People will gamble. They enjoy a gamble and will continue to gamble.

**Dr Henrietta Bowden-Jones:** Maybe just be mindful of the fact that large-scale studies show there is a greater likelihood of people developing problems if they come from a background where gambling was present in childhood. You could potentially understand what I have just said only, biologically speaking, by saying, "Some families have a problem and that is how it is". The studies are showing this information.

**Lord Watts:** I am sure they are, but I am still struggling. I will give you an example. In a family where someone enjoys a drink and goes to the

pub every night, their children are probably more likely to go to the pub. A family that likes to go out for Chinese food and go out for Indian food is likely to do the same. I do not know what you can make out of that research.

**Dr Henrietta Bowden-Jones:** I agree. Maybe we should do nothing other than be aware of the situation. I am not in any way suggesting that families should not participate in doing something. Not at all. These are the results we see.

Q204 **Lord Foster of Bath:** We have talked a lot about activities which are currently not defined as gambling but perhaps should be. We also know that even within activities already defined as gambling, a lot of underage gambling takes place. Since you have mentioned bookmakers, we know seven out of 17 bookmakers tested allowed 16 year-olds to place bets on Royal Ascot. We know it happens. The current licensing condition is very clear that a betting company should not allow somebody to be involved in gambling until it has gathered data, including date of birth. We also know the social responsibility code is very clear that licensees must have and put into effect policies and procedures designed to prevent underage gambling and monitor the effectiveness of these.

With all that happening and underage gambling still taking place, the question is what more should be done? For instance, we know the Chief Medical Officer for Wales has told us that gambling companies should be required to demonstrate the measures they put in place. We are interested in what you think we should be recommending.

**Lee Willows:** I am very surprised operators do not have to demonstrate that evidence already. As a charity, our social purpose is to work with teachers and everything, but we also have a trading subsidiary to YGAM that works with operators. We bring lived experience into the boardrooms of operators. We train staff in those operators in customer-facing roles. I can tell you that we have developed a level 2 qualification around safeguarding and harm minimisation that is aimed at colleagues who work in the bookmakers and colleagues who work in call centres. They are working very hard to not let under-18s in the bookmakers.

People under 18 cannot gamble online. Obviously, there is an anomaly in the law that young people and young children can gamble on category D machines. I know we are weaving gambling and gaming into the same conversation, but if we are talking about big mass-population approaches, surely participation in gaming is far more prevalent than gambling among young people.

**Lord Foster of Bath:** I know my colleagues will ask questions about the age at which you can do various things in a minute. If we have a clear licence condition and a clear social responsibility code requirement and yet underage gambling is still taking place, what should be done about it?

**Dr Henrietta Bowden-Jones:** The industry and the regulator have been addressing the need to stop children from accessing online gambling, but a lot more needs to happen for the system to be effective. This is

imperative if we are to say a public health approach has been taken. I truly believe that. In the last decade, with the help of blocking software such as Gamban and Monzo successful steps in protecting vulnerable players have been taken. Much more can be done. When successful, we see the end result, where people are frustrated because they cannot gamble because they have been self-excluded. They cannot gamble online anywhere if the blocking measures are effective, this helps the work we do at the clinic. The same applies when gamblers cannot get into the bookmakers, apart from some exceptions I have mentioned.

For example, a lot of the young people I have come across who were gambling as children were doing it by stealing their parents' credit cards. I am not quite sure what to say about that. I do not know what the industry could do. It is a big issue, but it is not an uncommon situation. I have seen it many, many times. The parents go away or give the details of the card in case it is needed, and that card is used. One way of approaching this would be to put a block on all cards unless you unblock it because you want to use it. You would be made aware if your son or daughter decided to do that. I would not place all the emphasis on the industry not doing a good job. That is not at all what we are saying. I think it is very hard for a child to gamble.

**Lord Foster of Bath:** Technologically, in attempts to try to work out how to prevent young people accessing pornography, the industry has been able to come up with age verification mechanisms that are anonymised and appear to work. Sadly, the Government do not intend to make use of the blockchain technology that is available. Should we make this a requirement? It would be helpful to the industry, would it not?

**Dr Henrietta Bowden-Jones:** It would be very helpful. This will not remove the fact that young people play poker with each other and spend lots of money that way. They are finding ways to gamble that are under the radar of what big gambling firms can intervene in. That would be very helpful.

Q205 **Lord Layard:** Could I just ask about the age limit? Last week we had a meeting with parents of people who had taken their lives. Almost all of them said that their children had started between 16 and 18. Do you think the age limit should be 18 rather than 16?

**Dr Henrietta Bowden-Jones:** Very strongly so. I have a doctorate in neuroscience from Imperial College London, specialising in addiction. I understand young people's brains in relation to impulsivity and decision-making. They are far more vulnerable to chasing losses. They are an at-risk population in relation to the availability of products nowadays because they all hold their phones in their hands at all times. The problem is not so much the product. I do not think the National Lottery is particularly addictive. Having things people between the ages of 16 to 18 can repeatedly access in the hope of gaining something of greater value, which is the definition of gambling, is a problem for that particular age group.

**Simone Vibert:** To add to that, we would say 16 and 17 year-olds are still children despite being older. We need to bear that in mind.

**Lee Willows:** There will be appetite from the industry for the National Lottery to move up to 18. It still does not address the gaming question, as David spoke of earlier, because they are not age-restricted products, per se. Although there is a PEGI rating on them, they are not age restricted. A 15 year-old can still spend a lot of money purchasing loot boxes and skins. There is inconsistency.

**Dr David Zendle:** We are talking about age limits for things that are currently regulated as gambling. We are not discussing things that look almost the same as gambling in many important ways but children are allowed to use. I do not know if you have heard about social casino games as part of this. If you go onto your phone, whether it is an Android phone or an iPhone, and you go to the top-grossing game, you will see it is something called "Coin Master". Essentially, it is a slot machine. It looks like a slot machine. You put gold in and get stuff out at the other end. You can never turn the stuff you get out the other end back into cash. For that reason, it is not regulated as a form of gambling. There has been no appetite, as far as I am aware, from the Gambling Commission to regulate it.

**The Chair:** Do you put cash in?

**Dr David Zendle:** You put cash in. This is why it is the top-grossing game. You cannot get money out at the other end. This game is PEGI rated as 12. We have done an analysis. In 2012, there were roughly 30 million downloads.

**The Chair:** Why do people play it?

**Dr David Zendle:** These are classed as video games. This falls under the video games industry. These games are called social casinos. They are gambling games, but you cannot get money out. Many of the developers are former video game developers who switched to this, presumably as a way of making lots of money. If you look back to 2012, in our analyses there had been about 30 million global downloads of these games. That seems to have increased at a linear rate to the present day, where we have about 1.4 billion downloads of these games globally. That is an extremely conservative figure. A recent study of Canadian youths found that as many as 12.4% of those have played these games. When we asked UK adults how many had spent money on these, it was about between 3% and 5% in a representative sample. We are not talking off the scale prevalence, but we are talking about a substantial chunk of people.

**The Chair:** It is a grey area of legislation.

**Dr David Zendle:** It is a grey area. I think it is because a lot of the time the question is at what point something looks enough like gambling that we should legislate against it to prevent gambling-related harm. As far as

I am aware, the research to determine what the specific active ingredients are in this grey area of products has not been done.

Q206 **Lord Smith of Hindhead:** I will ask you a question, and I know exactly what you will say. I know the answer you will give. I would like to ask it anyway so we have it on the record. Should the National Lottery have an age limit increase in all its games from the current 16 to 18 years of age? [All the witnesses indicated assent.]

**The Chair:** Does anybody want to argue against it? [All the witnesses indicated dissent.]

**Lord Smith of Hindhead:** Yes or no?

**The Chair:** Does anybody want to say that it should be left at 16?

**Lee Willows:** No. I think there is appetite from the industry to raise it to 18 as well.

**Lord Smith of Hindhead:** So we take it on the record that, in your expert opinions, the age for the National Lottery should be 18 in all its games. Is that right? This would include the lotteries, the scratchcards and the instant wins, where you can play games that are almost indistinguishable from other online games and lose quite a lot of money quite quickly on their maximum stake £10 game, which can be played by 16 year-olds at the moment, which is state-sponsored gambling.

**Dr Henrietta Bowden-Jones:** Scratchcards very much so.

**Simone Vibert:** We do not have a stated position on this.

**Lord Smith of Hindhead:** What about your personal view?

**Simone Vibert:** My personal view is that it absolutely should. The point that it is indistinguishable from many of the online games' features we talked about is a valid one. As I say, 16 and 17 year-olds are children. Generally, we do not allow children to gamble.

**Lee Willows:** I would like to add to that as well. If we are going to be bold, if there is going to be a new Gambling Act, the National Lottery is seen as a soft product by some. In moving from 16 to 18, you are regulating on a soft product. I do not know whether that is true. Henrietta will probably know more about that than me. It still misses out on the social gaming, which is a far harder product that has a higher reach among young people.

**Lord Smith of Hindhead:** We have covered the social games.

**Lee Willows:** It is an interesting journey, but it still does not affect the one that has mass appeal.

**Dr David Zandle:** If you look at the research literature, spending on the National Lottery is very weakly linked to problem gambling, particularly in comparison to other forms of gambling. If the reason for regulating it is

that you believe people are problem gambling on the National Lottery, I would say there is not very much evidence for that. Another question is whether early spending on the National Lottery leads to problem gambling later in life. As far as I am aware, there is no credible evidence either for or against that. If you wish to take a precautionary approach on this, I would say raising the age is appropriate. If you do not, leave it as it is.

**Lord Smith of Hindhead:** I would agree with that if it was just buying a ticket for the lottery or a lucky dip.

**Dr David Zendle:** Yes. That is what I am talking about.

**Lord Smith of Hindhead:** I would not agree with that when it comes to scratchcards and instant wins for a completely different game.

**Dr Henrietta Bowden-Jones:** Scratchcards are a problem.

**Lord Filkin:** Some of what we are hearing from Dr Zendle is extremely interesting about grey-area problems that have characteristics of gambling but are not treated by the Gambling Commission as gambling because they do not appear in the Gambling Act. Could we please have the data on that?

**Dr David Zendle:** Absolutely.

**Lord Filkin:** Not now. I mean send us a note.

**Dr David Zendle:** Yes, I absolutely can. I would say that many of these products have never been studied. However, if you look at aggregate engagement in gaming-related gambling products, these things that fall into this grey area, we believe that the prevalence of engagement in that among adults is probably around 18%. It is probably about as common as betting on the dogs and more common than using electronic slot machines.

**Lord Filkin:** We need some numbers if we are going to think about saying any of that.

**Dr David Zendle:** Absolutely. We have data on this that we would be happy to send over.

Q207 **Lord Butler of Brockwell:** In regulatory terms, in relation to category D machines, should a distinction be made between fruit machines, on the one hand, and other category D machines, such as cranes and pushers? Are fruit machines more dangerous?

**Dr David Zendle:** I think the correct answer is nobody knows. I am not aware of a single paper on coin pushers, for instance. I do not think there is any paper. One of the central questions behind these inquiries is what the active ingredients in gambling are, as if it is a drug. Can we quantify those active ingredients and say what the risk of a specific thing is? The research has not been funded on that. I would think very carefully about why.

**Lord Butler of Brockwell:** We had personal evidence from four individuals who explained that fruit machines had played a big part introducing them to gambling.

**Dr Henrietta Bowden-Jones:** Many of our patients started on fruit machines. It does not mean that we have the research, though. These are anecdotal accounts.

**Lord Butler of Brockwell:** This is anecdotal.

**Dr Henrietta Bowden-Jones:** May I bring something to your attention in relation to distorted cognitions? There is a fear of these games that do not pay out but somehow give a skewed impression to the player of the likelihood of winning when they play for money in real gambling activities. We know this is happening. I have read about this in several papers. I think this needs to be addressed in the new Gambling Act. Are there social casino games online that are giving odds that are different from the real ones that would be presented in a similar game?

**Dr David Zandle:** I will not waste your time very much, but I would follow up on Henrietta's point by saying there is a particular danger of this because while you put money in, you are not playing with real money. You put the money in, and the in-game money does not really exist because they never have to pay out. There is a great flexibility in how they can schedule payouts in that. They might be able to give you a very big win right at the beginning, for instance. We do not know whether this happens.

**The Chair:** I am sure it does.

Q208 **Lord Layard:** Could we talk about advertising? What can be done to protect children from advertising of gambling products? Obviously, with many forms of advertising, it is quite difficult to hide the children away from them. Is there any intermediate solution, or should we go back to the pre-2005 situation where many forms of gambling advertising were banned?

**Dr Henrietta Bowden-Jones:** I think it would be very helpful to invest significant funds to understand exactly what everyone is worried about and what the repercussions are in relation to exposure in terms of hits per child and extent of time. Again, applying the precautionary principle, it would be helpful to live in a country that did not enmesh sports and gambling to such an extent. I think the majority of the population would agree that we have reached saturation with gambling and sport exposure and the link between them. It would feel appropriate to think about a very late time in the day before gambling advertisements were screened so that although you cannot be assured of no children watching it, you would certainly be highly unlikely to have children watching the advertisements because they should all be in bed by that time, say 11 pm or something like that.

**Lord Layard:** What about sponsorship at sporting events on T-shirts, et cetera?

**Dr Henrietta Bowden-Jones:** You are talking to the wrong person. I spend my life deeply, closely linked to people who have been harmed by gambling exposure and triggers to do with gambling. I worry about the young generations growing up unable to distinguish between a true sport and gambling on a sport. I feel that we need to address this radically.

At the same time, I am also aware that there might be compromises to be made. That is why I think talking about addressing things such as in-match betting but still allowing advertising at certain times of the day would be appropriate. You are talking about someone who is really quite extreme on this because I am aware I spend my life with people who are suicidal because of gambling. I may be the wrong person.

**The Chair:** Thank you very much. On behalf of the committee, may I thank you all for your time and your candour. All that will eventually feed into our report. Thank you very much indeed.