

Written evidence submitted by The Betting and Gaming Council

- I. The Betting and Gaming Council (BGC) is the new standards body which represents 90 per cent of the UK's betting and gaming industry including betting shops, online gaming businesses, and bingo. We don't represent the National Lottery, which represents a 21.4% of all gambling in the UK, nor do we represent large society lotteries and arcades, so we cannot therefore speak on their behalf. Further the BGC does not represent any unlicensed, unregulated offshore operators that exist online via the black-market that may be targeting UK customers.
- II. Our members are a key part of the leisure and entertainment industry directly employing over 70,000 people and contributing more than £3 billion in taxation to the UK economy each year. Of the 70,000 people employed in by our members, 56% are women and 24% are aged under 24. Jobs in our industry range from retail assistants in betting shops (each shop employing on average six members of staff), skilled croupiers in casinos to high tech jobs in online operators and suppliers. Our members also support training and apprenticeships, which is growing in provision.
- III. Sport is also a major beneficiary. Horse racing receives over £350 million per annum through the horse racing industry levy, media rights and sponsorships. Racing in turn supports 59 racecourses across the UK, 85,000 jobs and delivers an economic value of £3.45 billion to the UK economy. For other sports, gambling supports everything from international sporting events to grass roots activities.
- IV. Betting and gaming companies and their staff also play an active role in their communities. Most recently our members donated well over £2.6 million from the profits of the virtual Grand National to NHS charities Together and our members are playing an active role in supporting the National Effort during the crisis.
- V. We welcome the opportunity to respond to this Call for Evidence setting out a response to recommendations made by the National Audit Office (NAO) in its report of February 2020. However, we would note the brevity of our response reflects the limited timescales allocated in the Public Accounts Committee Call for Evidence.
- VI. The NAO's report 'Gambling regulation: problem gambling and protecting vulnerable people' examines how well gambling regulation protects people from gambling-related harms and addresses new risks from social and technological developments.
- VII. The NAO report highlighted a number of important areas including the estimated levels of problem gambling, the regulatory framework and

where improvements can be made to safer gambling including in educating consumers, advertising and loot boxes. We will look to address a number of these points in our submission.

Estimated levels of problem gambling

1. The rate of problem gambling among adults in Great Britain has – according to official estimates – remained broadly stable over the last two decades. The first major household survey to assess problem gambling rates in Great Britain – the British Gambling Prevalence Survey 1999 – reported a problem gambling rate of 0.6% of the population (16-years and above). The most recent estimate – from the combined Health Surveys 2016 – also reported a rate of 0.6% . The highest rate of problem gambling was recorded in 2010 (0.9%) and the lowest in 2012 (0.5%).
2. In 2016 (the most recent year for which we have data from a major household survey), the central estimate of the number of people in Great Britain with problem gambling (using the DSM-IV) was 290,000 (0.6% of the population above 16 years). If those identified as problem gamblers under the Problem Gambling Severity Index (but not under the DSM-IV) are added, the central estimate rises to 340,000.
3. It is often reported that there are two million people in Great Britain at risk of “developing a serious gambling problem”. This is based upon the findings from Health Surveys that people are classified (under PGSI) as ‘low-risk’ or ‘moderate risk’ gamblers. Low-risk gamblers are defined within the PGSI as having “few or no identified negative consequences” from their gambling. Moderate risk gamblers are described as having “some negative consequences. In 2016, an estimated 1,886,000 people scored 1 or more (out of a maximum 27) on the PGSI. Of this number, 506,000 were estimated to be “moderate risk” and 1,150,000 “low-risk”.
4. Analysis of questions from the survey that might identify specific harms suggests relatively little change. Over the course of the six surveys, the percentage of respondents who bet more than they could afford has fallen. The same is true of those borrowing money, selling items or committing a crime in order to gamble. The proportion of respondents stating that gambling had caused them financial problems or health problems has been stable across the surveys.
5. The use of self-report surveys to identify gambling-related harms is not perfect. Some critics argue that problem gamblers are likely to be under-represented and that accuracy of recall (or even dishonesty) may depress reporting¹. On the other hand, some researchers contend that problem gambling prevalence surveys produce a high proportion of false-positives²

¹ e.g. Doughney, 2007

² e.g. Ross et al, 2008

and have poor validity when compared with clinical screening. This, it is argued inflates reported rates of problem gambling.

6. Caution should be exercised in making comparison of problem gambling rates between international jurisdictions, given the capacity for methodological and cultural differences to distort results. However, so far as we can tell, the rate of problem gambling in Great Britain is relatively low by international standards³.
7. To the extent that problem gambling affects a relatively small proportion of Britain's population and a somewhat larger (but small) proportion of gamblers; that the reported rate of problem gambling has remained relatively stable between 1999 and 2016; that harms (to the extent that they are recorded) appear to be stable or in decline; and that rates appear low by international standards (and in line with western Europe), we consider that Britain has been moderately successful in fulfilling the licensing objectives that underpin the 2005 Gambling Act.

Regulatory Framework

8. BGC members adhere to regulatory requirements as set out by the Gambling Act 2005 which is enforced and regularly updated by Gambling Commission using the extensive powers granted to them by the Act. The Gambling Commission adopts a vigorous approach to regulatory compliance. In 2018/19, the regulator carried out 1,200 compliance assessments on licensees. During the same period, a total of £19m of divestments by gambling companies were made in relation to regulatory investigations (through penalties on operators). This reflects an increasingly stringent approach to enforcement by the regulator. In the year to April 2019, the Gambling Commission also revoked five operating licences and issued warnings or conditions to a further eight companies. The regulator also revoked 20 personal licences and issued warnings to a further eight personal licence holders.
9. The Gambling Commission's own National Strategy to Reduce Gambling Harms, of which the industry was broadly supportive, set out two strategic priority areas: prevention and education – to make significant progress towards a clear public health prevention plan which includes the right mix of interventions; and treatment and support – delivering national treatment and support options that meet users' needs. Included within this was the suggestion of the creation of a central data repository to assist the development of research, including the potential to research ways to better protect particular demographic groups – as suggested in the NAO report. Integral to delivery of this strategy is the need for industry to work together with the regulator and other relevant third

³ Significantly higher rates of problem gambling have for example been observed in Australia, Hong Kong, Macau, South Africa and The United States of America

parties to develop a verifiable evidence base on which to build an ever-improving safer gambling environment.

10. The benefits of evidence-based policy development including fully utilising evaluation processes to ensure the effectiveness of measures in place cannot be over emphasised.
11. Where the NAO recommends consideration of incentivising better behaviours, we would recommend a role for the Gambling Commission in highlighting and sharing best practice including in areas of social responsibility and player protection measures.
12. We are committed to working with the Gambling Commission and other relevant bodies to reduce gambling-related harm and to ensure a safe environment for consumers.
13. To this end our members, in many cases, go further than their regulatory requirements under the Gambling Act with a number of voluntary measures and through adherence to the BGC Code of Conduct.
14. By way of context our members have already introduced, or are introducing, the following changes:
 - a. restricted under 25's from qualifying for high value customer accounts ('VIPs');
 - b. adopted a 25+ age gating rule [where platforms allow], to be fully implemented through the Industry Gaming Industry Code for Socially Responsible Advertising (IGRG);
 - c. changes to features in games design to stop customers reducing spin speed below 2.5 seconds;
 - d. introduced a 'whistle to whistle' ban on advertising 5 minutes before, during and 5 minutes after any sporting event, this is in addition to a ban on all betting adverts pre-watershed where there is no sporting event taking place;
 - e. substantially increased funding for research, education and treatment (RET). Our largest members have committed an additional £100m over the next four years and 1 per cent of profit thereafter;
 - f. introduced new ID and age-verification checks which have resulted in hundreds of thousands of accounts being closed where the customer was unable or unwilling to provide the necessary verification information;
 - g. implemented a ban on betting with credit cards, which we welcomed. Although it is worth noting that whilst you cannot gamble using a credit card with a BGC member it is still possible to gamble with a credit card on the National Lottery and on the black-market.
15. It is also worth noting the collaborative approach already taken by the BGC and its members with the Gambling Commission when three working groups were established by the Commission with industry leaders on the use of VIP incentives; safer advertising online; and the use of safer product design. Alongside representatives from over 30 operators, this

work has, and continues to include, collaboration with GamCare to ensure that its service-users' experience informs policy outcomes.

16. The Gambling Commission has launched formal consultations to ensure that these measures are incorporated into the regulatory framework meaning that all operators will have to abide by the new consumer protection rules.

Additional voluntary action during COVID

17. Following the COVID-19 crisis, all betting shops and casinos were closed on 20th March. There are 148 casinos in the UK employing 14,000 people and 6,920 betting shops employing 50,000 people. We are working tirelessly to ensure that the 64,000 staff and their families are supported throughout this crisis.
18. With the absence of sport, the closure of all betting shops and casinos and the Government rightly introducing social distancing measures, our members are acutely aware that some adults may wish to continue to bet online. It is worth pointing out that contrary to an increase in gambling during COVID, overall gambling levels in the UK have fallen dramatically and as a consequence so too has total gambling revenue which is down between 50-60 per cent according to initial reports from members. To put this into context, this is the equivalent to a drop in gambling by UK adults of £100 million per week.
19. Also announced in recent days was a drop in revenue at some of the major online operators including Flutter, Sky Bet and GVC. Flutter announced that for Paddy Power Betfair during the period 16 March 2020 to 12 April 2020 online revenue is down 32 per cent year on year, with sports betting down 57 per cent and retail revenues obviously zero due to closures. Although the market updated showed that there has been some growth in online gaming at Paddy Power Betfair this growth is lower than it was prior to the lock down and is vastly outweighed by the significant collapse in sports betting. Sky Bet reported for the same period that UK revenues are down 30 per cent and sports betting is down 65 per cent. GVC in their market update on 6 April 2020 estimated that COVID would result in a negative impact of approximately £50 million per month.
20. What seems to be happening and contrary to the fears that some raised about lockdown that we would see an increase in gambling and a big increase in online gaming is not borne out from the seven sets of major household gambling prevalence surveys carried out in Great Britain between 1999 and 2018 that show the overwhelming majority, 4 out of every 5, online sports bettors do not take part in online gaming. But because we are aware that a minority of players may now chose to switch to online gaming, and to ensure the highest safeguards are in place,

despite this dramatic drop in total gambling, the BGC introduced a 10 pledge action plan on 27th March, that came into force immediately.

21. The 10 pledge action plan requires heightened monitoring, tailored responses and new action to address the unprecedented situation of social distancing and home working. To be clear this monitoring will look at spend, advertising volumes, player accounts numbers, amongst others to determine what changes, if any, are occurring across customer behaviour during this time.

The BGC 10 pledges focus on safer gambling practices and protecting potentially vulnerable or at-risk people at this time:

22. **Pledge #1: Members will increase safer gambling messaging across all sites, apps and channels including inbox messaging to all existing and new customers reminding them of the safer gambling tools available.**
 - i. Messaging is a crucial method of nudging customers into taking actions to remain in control. Actions include using tools that offer customers an important way to set limits and raise awareness of their play. Their prominence in the customer journey should be emphasized during this period.
 - ii. Operators provide hundreds of thousands of safer gambling messages year-round, from the time of account opening to play. These messages encourage safe play such as setting deposit limits or taking time out from betting. Members are stepping up their messaging including a direct communication to customers reminding them to set a deposit limit. We expect increases in volume and type of messages compared to other communications. We are reviewing with operators their safer gambling message changes as part of our data collection review. Safer gambling messages also appear on the home page of every website.
23. **Pledge #2: Members will implement heightened monitoring and data collection in the knowledge that customers are required to abide by social distancing measures. Any change in customer play patterns, including any increase in time and spend, beyond normal patterns before the crisis, indicates potential markers of harm and operators must step up interventions.**
 - i. While total gambling has reduced due to no UK sporting events taking place, internal tracking and customer protection systems should be adjusted where necessary to ensure that changes in customer behaviour are identified.
 - ii. We are collecting data on advertising, patterns of play, behaviour responses to messaging and other measures (such as pauses in play) as part of our ongoing commitment to increasing safer gambling. Currently

algorithms which monitor play can be calibrated to identify deviations from typical patterns. This takes into account factors like the payment type, time of play, length of play and product amongst others. Thresholds for interventions are varied but occur across the entire customer journey. Therefore, atypical patterns of play will get picked up by these systems and enable early intervention by the operator. There is no standard of deviation as the metrics must take into account a multitude of variables but operators do concentrate on overall spend. Increased spend levels trigger interventions, which range from messaging to mandatory deposit limits to account closure, dependent on rising risk levels associated with the markers of harm.

- iii. In addition, the Gambling Commission, at their request, are being supplied with additional customer and account information to assist with their scrutiny of the industry.
24. **Pledge #3: Members operating heightened monitoring shall actively promote deposit limits and send a deposit limit message with link to the tool to any player exhibiting abnormal patterns of play that are a marker of harm.**
- i. The current crisis can lead to changing patterns of consumer behaviour, particularly online. Where companies are aware of customers increasing their play beyond their normal routine, they should ensure this triggers an appropriate response in establishing the customer's welfare and being prepared to intervene with a deposit limit message or mandatory limit where appropriate.
 - ii. Deposit limits cannot be removed without the request from the customer, following an intervention by the operator and/or a cooling off period.
25. **Pledge #4: Members shall commit to an immediate and ongoing review of their marketing and advertising - in volume, content and targeting - and will act to ensure it is both appropriate and responsible given the increased risk.**
- i. Members should ensure that that gambling is not portrayed as a suitable or desirable response to those experiencing boredom or frustration during self-isolation.
 - ii. Telephone, text and e-mail contact should not be increased from normal patterns during this period with the exception of promoting safer gambling messaging.
 - iii. The industry is acutely aware of the risks arising from potential new patterns of work and leisure caused by the current lockdown. As such the industry is determined to ensure that marketing and advertising is appropriate and sensitive to these potential risks.

- iv. We have recently introduced a series of measures aimed at advertising including trialling de-targeting technology, creating an industry-wide list for suppressing advertising around certain subjects and a 25+ age-gating function for social media platforms.
26. **Pledge #5: Members will report to the BGC instances of illegal rogue and inappropriate advertising and the BGC will report these to the regulator.**
- i. Illegal offerings and their advertising can be found on the web and are unethical where they seek to take advantage of a customer's vulnerability. BGC members should report such advertising to the regulator or the BGC who will inform the regulator. This is part of the overall effort to clean up any advertising which is irresponsible and accessible to the UK public.
 - ii. Recently we have reported inappropriate advertising from illegal operators taking bets as well as affiliates advertising offerings which make false claims about their domicile. The BGC aims to play its part in assisting all action against illegal and rogue advertising.
27. **Pledge #6: These Pledges will fully apply to all affiliates. Members will enforce a strict one-strike-and-you're-out policy for breaches of these Pledges.**
- i. Affiliates provide an important role in providing messaging and responsible advertising to customers. This means affiliates must in no way mention or use the words associated with COVID-19 such as "bored", "isolation", "stay at home" amongst others. The BGC will collect and provide a list of key words and phrases to members, affiliates and social media platforms to prevent their misuse.
 - ii. This Pledge covers inappropriate advertising related to Covid-19 which goes beyond regulatory restrictions.
 - iii. The BGC is also going further in producing a Code for Affiliates which will cover areas such as content responsibility, deeper screening of affiliate advertising and incentives for affiliates.
28. **Pledge #7: Members will sign-post to GAMCARE advice and the 24-hour free to call National Gambling Helpline and GamStop for self-exclusion in their safer gambling messaging, particularly where issues around anxiety or isolation are apparent from monitoring systems or customer interactions.**
- i. The industry provides safer gambling messaging to all customers. At this time, it also needs to address issues arising directly from the current crisis. To this end members shall incorporate additional information for customers requiring intervention as part of our corporate responsibility.

- ii. The BGC is also highlighting the National Gambling Helpline as part of or messaging around safer gambling. We are consulting with charities to provide us with any data which will inform changes in normal call patterns so we can identify any areas of concern and address them in real-time.
29. **Pledge #8: Members re-state their commitment to maintaining the vital flow of important funding for Research, Education and Treatment (RET).**
- i. There are a great many companies and people reliant on our members, many of them small organisations that may lack the resilience to navigate this crisis. This is even more important for charities and organisations that deliver the crucial Research, Education and Treatment services which need to stay available to customers.
 - ii. We are firmly committed to RET, regardless of the current situation. While such contributions are voluntary in terms of magnitude, we remain committed to increasing RET contributions over time. Last year the largest operators committed to increasing RET to 1% of GGY, up from 0.1% as provided by guidance of the Gambling Commission.
 - iii. Over £10 million has been committed to safer gambling education as well as our continued support this year for the BetRegret the public awareness campaign. Despite dramatic falls in operators' revenues due to the current crisis, BGC members remain committed to supporting charities in this time of need.
30. **Pledge #9: Members shall conduct welfare checks on employees during this crisis.**
- i. Our employees are similarly affected by the same challenges and emotional risks as others. Companies should ensure that they have the mechanisms in place to make regular welfare checks on employees and fulfil their duty of care to ensure their safety and wellbeing.
31. **Pledge #10: Members should play a full part in supporting the Government's 'National Effort' by encouraging staff to volunteer for community service, as well as offering premises where possible for use by those supporting the effort to tackle COVID-19.**
- i. For those companies with large retail businesses on the high street, many employees know their customers and for those customers that are elderly, live alone or unable to fully support themselves during this crisis, staff are encouraged to assist where possible. The NHS also has a volunteer service which we encourage employees to volunteer for.
 - ii. The 10 pledges build on actions and interventions that BGC members regularly do as part of the BGC code of conduct; the Licence Conditions

and Codes of Practice (LCCP), the 22 new safer gambling commitments set out last year by the BGC and each operators' own safer gambling operations.

Illegal black-market in gambling

32. Whereas our members are committed to implementing high standards at all times, we would highlight that unfortunately there are some companies who operate outside of this environment in the illegal, non-regulated sphere. Analysis conducted for the BGC revealed that consumers are exposed to large numbers of unlicensed operators with 38 per cent appearing through results for key gambling terms on major search engines. The sizeable proportion of gamblers using unlicensed operators reveals that the size of the active 'black market' in the UK today is worth around £1.4bn in stakes.
33. The regulatory Advisory Board for Safer Gambling (formerly RGSB) warned in 2018 that internet service providers, app stores, search engine companies, and other relevant providers should be vigilant to the possibility of third party use of their products to provide illegal gambling to children and young people, and should be proactive in preventing it.
34. Such companies not only fail to abide by the regulatory requirements set out by the Gambling Commission and under the Gambling Act, but also fail to provide basic safeguards for customers who may be particularly vulnerable in that they have sought to use non-regulated entities. These companies do not participate in industry schemes such as GamStop; do not sign-post to support services; do not have adequate ID age verification controls in place; and do not participate in the development of industry safer gambling initiatives. Further, this sector does not contribute financially either to the costs of industry regulation nor to the public purse in the form of gambling duties. We would recommend greater resource be appropriated to seeking out and penalising such companies that do not contribute socially and seek only to benefit from those vulnerable to harm. We have specifically encouraged use of the Online Harms Bill to facilitate this.
35. In summary, the BGC welcomes moves towards greater collaboration between industry and the Gambling Commission and to ensuring that the resources are in place to do so.

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