

Written supplementary evidence submitted by Parent Zone (OSB0250)

Damian Collins MP
House of Commons
London SW1 0AA

Dear Mr Collins,

We are writing to you in reference to the Joint Committee on the Online Safety Bill. We would like to congratulate you on the work of the committee to date. We would also like to flag specific concerns regarding video games which we believe have been overlooked in debates on the Online Safety Bill. It is our joint opinion that these issues are of great importance both to parents and to children.

Firstly, modern video games often adopt a service-based model, and frequently operate as forms of social media: Hundreds of millions¹ of individuals use these platforms to send direct messages and speak to each other. Damaging and harmful interactions (known within the community as ‘toxic behaviour’) are well-documented and thought to be prevalent. We find it anomalous that these large content networks are consigned to the fine-print of the legislation.

Secondly, we argue that the economic and systemic importance of large gaming companies – EA, for example, have indicated ambitions for the metaverse² – suggests that they are prime candidates as ‘category 1’ services.

Thirdly, whilst we fully understand the Bill has a sharp focus on the digital harms related to user generated content and media, we urge policymakers not to forget another type of harm: *financial harm*. Here, complex issues around modern video game monetisation overlap significantly with other types of digital harms, and extend well beyond the current ‘loot box’ debates. The financial harms associated with video games – liable to become increasingly complex over coming years – will not be solved by either the Online Safety Bill or by the review of the Gambling Act 2005. New legislation will be required.

Below, we deal with each of these issues in turn.

¹ <https://www.statista.com/statistics/746230/fortnite-players/>

²

<https://www.thedrum.com/opinion/2021/11/24/explaining-the-metaverse-major-players-enter-and-leverage-nfts>

[1] Video games as services.

Over the last decade or so, games like FIFA, Team-Fortress 2 and Star Wars Battlefront have moved to service-based models; ongoing, never-ending ‘online services,’ with associated game-related chat, conversational features (including voice chat), forums and secondary websites.

In fact, the draft Bill *does* make a single reference to games, where *meaning of functionality* includes: “sending direct messages to or speaking to other users of the service, **or interacting with them in another way (for example by playing a game)**”. Given the large user base, scale and size of video games – an industry more profitable than film and music, combined – we find it incongruous that gaming is consigned to this legislative fine-print. Instead, video games should be placed upfront in the legislation. Many service-based games are indistinguishable in terms of the functionality they afford from social media. These services should not escape the duties of care imposed on other services simply because of their incorporation of playful elements.

[2] Video game distributors as a ‘category 1’ services.

It is not just the games that are a service. Instead, video game *distributors* – content providers such as the *Apple Store*, the *PlayStation Network* and Valve’s *Steam* for PC games – are the gatekeepers of extensive libraries of 3rd party content, often generated by unvetted, small-scale developers. Steam, for example, holds a catalogue of tens of thousands of games and non-gaming products. The Apple Store is estimated to now contain nearly a million games³ – with numerous apps that can blur boundaries between news, media, gaming, advertising, social media, mature content and even pornography. Game and app stores are systemically central hubs: content providers for content providers.

We know, however, that many apps fail to comply with various self-regulated industry standards⁴. These systemically important service-providers should be directly responsible for the content that they manage and profit from, along with other Category 1 providers.

[3] Financial harms.

We welcome both the Online Safety Bill and the Review of the Gambling Act 2005, and we fully support a move for loot boxes to be subject to novel legislation. Here, the evidence robustly, consistently supports the utility of policy for harm minimisation purposes. The link between loot boxes and problem gambling has been established in over a dozen surveys⁵, all backed up by

³ <https://www.businessofapps.com/data/app-stores/>

⁴ <https://dSPACE.networks.imdea.org/handle/20.500.12761/350>; <https://osf.io/g5wd9/>

⁵ eg. D. Zende and P. Cairns, “Video game loot boxes are linked to problem gambling: Results of a large-scale survey,” PLoS One, vol. 13, no. 11, p. e0206767, 2018.

systematic review evidence⁶. Evidence suggests that the very highest spending ‘whales’ are not always simply rich individuals, but may disproportionately be drawn from populations of problem gamers and gamblers⁷. Loot box purchasing is associated with various demographic variables – including younger age, male sex, and lower sociodemographic profile⁸. All of this academic evidence, too, is backed up by ample personal testimony, all testifying to the financial and psychological harms that loot boxes can cause.

However, neither the Online Safety Bill nor the Review of the Gambling Act 2005 are sufficient to cover broader issues around ‘predatory video game monetisation.’ Here, we know that the ‘variable rewards’ of loot boxes in video games are not the only mechanism used to make money from video games⁹. Instead, they are situated within a complex framework of in-game currencies (with exchange rates that gamers report as confusing), dark design patterns, and limited time offers. This complex web of monetisation may lead to children and young people making purchasing decisions that are not in their best interests: the potential for well-known biases such as endowment and anchoring effects to influence spending in this domain is highly plausible.

For developers, the employment of these monetisation techniques can create outsized profits. For young people, emerging evidence suggests that it may lead to digital harms; both financial and psychological.

As the world moves inexorably towards the brave new worlds of augmented realities, virtual spaces and metaverses, it is imperative that we protect future consumers – especially children and young people – with specialised policy that ensures digital monetisation is transparent, clear and fair for all.

Yours,

Dr David Zendle, Lecturer, University of York

Professor Henrietta Bowden-Jones OBE, Psychiatry President, Royal Society of Medicine.

Dr James Close, Senior Research Fellow and Associate Lecturer, University of Plymouth

Vicki Shotbolt, Founder and CEO, Parent Zone

⁶ Garea et al, “Meta-analysis of the relationship between problem gambling, excessive gaming and loot box spending” *International Gambling Studies*; Volume 21, 2021 - Issue 3

⁷ J Close et al, “Secondary analysis of loot box data: Are high-spending ‘whales’ wealthy gamers or problem gamblers?” *Addictive Behaviours*, Vol 17, June 2021
<https://doi.org/10.1016/j.addbeh.2021.106851>

⁸ J Close et al, “Demographic comparison of 13,000 UK gamers: loot box engagement associated with male sex, younger age, and lower earnings, education and employment.” <https://osf.io/prx78/>

⁹ Petrovskaya & Zendle, “Predatory Monetisation? A Categorisation of Unfair, Misleading and Aggressive Monetisation Techniques in Digital Games from the Player Perspective” *Journal of Business Ethics* (2021)